

Management report to Council

Agenda item 6.1

Procurement Australasia Ltd - Trading results to 30 September 2020

Council

Presenter: Michael Tenace, General Manager Finance and Corporate and Chief Financial Officer

30 March 2021

Purpose and background

1. The purpose of this report is to present the annual results of Procurement Australasia Ltd (the Company) for the period 1 October 2019 to 30 September 2020.
2. The Municipal Authorities Purchasing Scheme was formed in 1985 when 14 inner metropolitan local governments, using infrastructure provided by the Council, co-operated to optimise purchasing contracts for commonly used goods in pursuit of high quality products at lower prices. The Council administered the scheme, providing resources including staff and a central store facility.
3. In March 1993, the Company acquired the scheme from Council for \$350,000 represented by the issue to Council of 250,000 fully paid ordinary shares and the payment of \$100,000. The Company has issued a total of 396,862 fully paid ordinary shares. Council holds 250,000 shares in the Company, being 63 per cent of the issued capital of the Company. Council has approximately 15 per cent of the voting rights (it does not have the ability to direct activities of the entity without the co-operation of the Councils). Therefore, a significant interest is held but not a controlling interest.

Key issues

4. For the financial year ended 30 September 2020, the Company posted an operating profit of \$0.16 million, compared to \$1.78 million the previous year.
5. Despite the impact of COVID-19, the Company managed to maintain a similar level of total revenue compared to last year at \$15.01 million.
 - 5.1. This is due to its strong performance in Trading Sales at \$5.28 million, a \$1.02 million increase from last year, as the company introduced a new product category, Personal Protection Equipment (PPE), following the COVID-19 outbreak.
 - 5.2. The increase in Trading Sales offset the reduction in other revenue categories:
 - 5.2.1. Sales Rebates revenue declined by \$0.86 million (10%)
 - 5.2.2. Consultancy Income declined by \$0.58 million (44%).
 - 5.2.3. Loss of Rental Income from Space Station sites was estimated to be \$0.90 million
6. The total expenditure was \$14.84 million, which was \$1.03 million higher than last year, mainly due to the increase in Depreciation of almost one million as a result of adoption of AASB16 Leases, which was applied to the long term office premises leases.
7. The Company declared and paid a final unfranked ordinary dividend of 7 cents per share totalled \$27,785 for the financial year. Council received the dividend payment of \$17,500 in December 2020.
8. The dividend had been significantly reduced from last year's 25 cents.

Recommendation from management

9. That Council note the annual results of Procurement Australasia Ltd for the financial year ended 30 September 2020.

Attachments:

1. Supporting attachment (page 3 of 93)
2. Procurement Australasia Ltd Financial Information 2019–2020 (page 4 of 93)
3. Procurement Australasia Ltd Annual Report 2020 (page 6 of 93)

Supporting Attachment

Legal

1. The report is for noting only and no direct legal implications arise from the recommendation made from management.

Finance

2. The Company paid a dividend of 7 cents per share for the 2020 financial year. The Council received a dividend payment of \$17,500 in December 2020.
3. The Company has received an unqualified audit opinion for 2019–20.

Conflict of interest

4. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a material or general conflict of interest in relation to the matter of the report.

Health and Safety

5. The management at the Company is committed to a safe work environment and complies with the requirements set out in the *Occupational Health and Safety Act 2004*. This is achieved through effective policies and procedures.

Stakeholder consultation

6. Consultation with the Company's management was undertaken in preparation of this report.

Environmental sustainability

7. There is no significant impact on environmental sustainability associated with the recommendation in this report.

PROCUREMENT AUSTRALASIA LTD FINANCIAL INFORMATION 2019–2020

1. The financial results for the company include the consolidated financials for Procurement Australia, Church Resources & Space Station brands.
2. The Company made a profit for the financial year ended 30 September 2020 of \$0.16 million compared to \$1.78 million the previous year.
3. The decrease in profit compared with the previous year was due to the following:
 - 3.1. The government imposed COVID-19 restrictions had impacted the business across all revenue categories.
 - 3.1.1. Sales Rebates revenue, which accounted for 53% of total revenue, declined by \$860K (10%) due to low travel activity and closure of schools and offices across the country
 - 3.1.2. Rental Income from office premises (including the newly commissioned Space Station in 440 Collins Street Melbourne) declined as a result of reduced demand due to COVID-19 restrictions and people required to work from home. Loss of rental income was estimated to be \$900K.
 - 3.1.3. Direct Sales increased by \$1.01 million (24%) with the introduction of a new product category Personal Protection Equipment (PPE) in response to the COVID-19 outbreak
 - 3.2. Expenditure increased to \$14.84 million (2019: \$13.80 million) due to the following:
 - 3.2.1. Cost of Trading Sales increased to \$4.66 million (2019: \$3.78 million) reflecting the increase in Direct Sales of PPE
 - 3.2.2. Depreciation and amortisation increased to \$1.34 million (2019: \$0.35 million) as the company adopted the new accounting standard AASB 16 Leases.
4. The company had a net cash outflow for the year of \$1.70 million, decreasing the balance of cash and cash equivalents to \$4.69 million (2019: \$6.40 million). The Company maintains a satisfactory level of liquidity with a current ratio of 3.18 (2019: 4.47). The current ratio is a measure of the company's ability to meet short term obligations and is calculated by dividing current assets by current liabilities. A ratio of 3.18 means that for every one dollar of current liability there is 3.18 dollars in current assets available to meet that obligation.
5. The Company continues to be debt free.

6. The Company adopted the AASB 16 Leases since 1 October 2019. This accounting standard requires the premise leases to be recognised as Right of Use assets and corresponding lease liabilities in the Balance Sheet. As a result, the total assets and total liabilities at the end of the year have substantially increased, as follows:

	2020	2019
Right of Use Assets	\$4,839,685	\$ -
Total Assets	\$17,262,861	\$12,254,803
Lease liabilities – current	\$723,078	\$ -
Lease liabilities – non-current	\$4,275,453	\$ -
Total liabilities	\$7,241,123	\$2,369,612

7. Total shareholder's equity amounted to \$10.02 million at the end of the year represented by contributed capital of \$0.40 million and retained earnings of \$9.62 million.

Annual Report 2020/21.



Procurement
Australasia Ltd.

Our Annual Report 2019–20 describes activities undertaken between 1 October 2019 and 30 September 2020 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

		<i>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.</i>
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1.

**A YEAR
IN REVIEW**

Stepping confidently into a post-COVID future.

What a difference a year can make. As we completed our 2018–19 Annual Report last year, little did we realise the momentous changes that were ahead. Within three months, our business — together with our supply partners businesses and members — would be called to face some of the most complex circumstances imaginable.

In every sense, the appearance of the pandemic was a definitive turning point for us. As a business and as industry leaders, we knew we had to dig deeper than ever before.

Submitting to the battle early was not an option. We were determined to combine our strengths and harness our unlimited potential to develop a master plan to not only survive the COVID-19 onslaught, but to thrive off the back of it.

As we closed out the 2019–20 period, we approached this next important stage with the same indefatigable energy behind us. In this spirit, we've taken the opportunity throughout this year's Report to actively reflect on what profound effects the COVID-19 pandemic has had on all aspects of our business — and where it's taking us to next. Operationally, we've pushed ourselves to do more than ever before, even if it is from a distance. On a personal level, we've seen firsthand how hard this virus has been on our extended community.

We've witnessed livelihoods be threatened and the way we live and work become dramatically upended. As we emerge from this persistent COVID cloud and steer towards a 'new normal', only one thing is clear — the future is decidedly uncertain.

Among ourselves, we are certain of one thing above all else: our people.



Despite the limits of social distancing, our awareness of the relationships and connections that keep us together is higher than ever before. We understand that it is this passion to be a people-driven business that helps others achieve amazing things will keep us moving forward through COVID — and beyond.

Forging a resilient path together through the company we keep.

From the early high expectations for a strong 2020 quickly came the resolute defiance of the virus to bend to our collective will. In the virtual wings of every business around Australia, the stress was overwhelming, and had the potential to become a dangerous pandemic of panic and negativity in its own right. Despite everyone's best efforts to carry on as before, the winds of change had definitely arrived. We knew that if we couldn't force the pandemic to disappear, we would have to forge our own way forward and through it.

As our management team discovered early on, this loss of a sense of normalcy hit hard. Life as we had known it had been effectively derailed and the future was indelibly uncertain. Amongst the chatter about the 'old normal' and 'new normal' we kept doing what we do best. We persisted in our daily business and focused on servicing our members above all else.

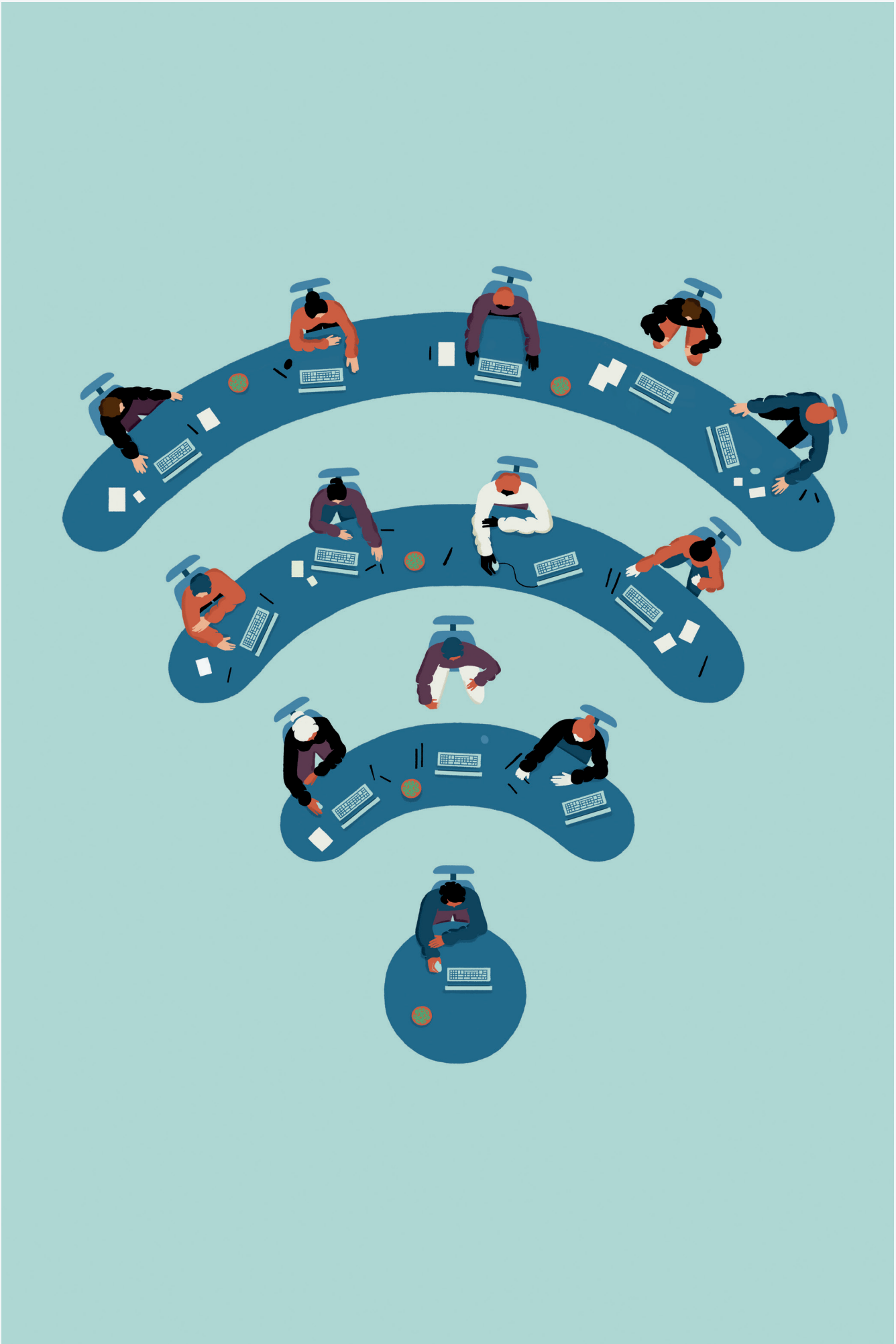
Upon review of the 2018–19 year to now, it's evident how much our leaders and staff have had to rise above. And while our focus this year may have been forcibly shifted, it doesn't mean we've lost momentum in the areas of growth most pivotal to our success as a business. Our indefatigable Procurement Specialists worked tirelessly with our partners and suppliers to 'reinvent the norm' and deliver some outstanding results for members throughout various sectors.

Similarly, over the previous year our focus was launching our newest flexible office Melbourne's CBD under our Space Station brand. Despite the challenges the pandemic has presented, we have refocused our energies in this space to demonstrate our innate ability to evolve as the market does.

As offices start to return to life, we're working with members to secure much-needed COVID-safe space. Our Space Station team is addressing the challenges of COVID office environments head on, with safety and social distancing being consistently delivered by our thoughtful processes and procedures.

Last but not least, last year we highlighted the importance of digital transformation, particularly how it is the integration of digital-technology into all areas of a business, fundamentally changing how that business operates and delivers value to its customers.

**THIS DEFINING
FOCAL POINT OF
THE YEAR PRIOR
MEANT THAT
WE WERE BETTER
PREPARED THAN
MANY OTHERS TO
CONFRONT THE
CHALLENGES THAT
LAY AHEAD.**



Thanks in part to our early planning, integration and deployment of digital business platforms across our business, we were able to deploy a fully operational business working remotely from the very first weeks of the pandemic in March 2020.

This extraordinary achievement wouldn't have been possible without the tireless efforts of our staff and Executive Leadership team. During the period that has passed since March, we've witnessed firsthand a dramatic acceleration in the digitisation of products and services, as well as core internal operations. If anything, the pandemic has further invigorated our commitment to become even more agile in our approach, including the way we help our members to achieve their goals.

Despite these extraordinary achievements, these times inevitably have taken a mental, physical, and emotional toll on us all. As a result, our Executive Team has implemented a process to ensure our staff are fully engaged and informed at all times, no matter where they are working. We endeavoured to find a sense of calm between us among all the confusion and elements outside of our control. As a leadership team, we made sure we spoke as one united voice, both to our valued members and suppliers, and our irreplaceable staff. We cannot express how proud we are of how our community has weathered this unpredictable storm.

As always, our members have driven the recent changes we've made available to our market channels. This year, we've worked hard to fulfill member requests for additional support services to help them make the most of our contracts.

Despite the challenges this year has presented, we successfully launched three innovative platforms to better support the core procurement functions in our members' businesses.

Procure Right

A value-add support service to assist our members make the most from professional tendering.

Procurement Gateway

An online platform that allows greater management and control of the tendering process and instant access for members to PAL Contract Pricing.

These projects are intricately linked to the goals and objectives of our overall strategic plan. The core tenets of our strategic plan haven't wavered: we're still focused on providing our community with the most digitally capable and personalised service delivery built around:

- 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.

By following our strategic goals we've reached another important milestone: we now service over 24,000+ members nationally, further building on our remit from previous years. By targeting long-term performance and sustainability via our Corporate and Socially Ethical Procurement and governance frameworks, we can continually deliver services through our own recognised centre of excellence.

The pandemic has led us to consider everything we do through a new light. This year, Procurement Australasia's Board, Management and staff have continued our own ongoing digital transformation. But we now know we need to do more, not only to contend with the challenges ahead, but to conquer them. At this important juncture we're focusing more on analysing our successes and building on them with new, innovative and resilient platforms to prepare for the new business as usual. We know the road ahead will not feel normal for a while still, but we're here to support our extended community and our staff through all that might lie ahead.

CEO report.



Welcome to Procurement Australasia's 2019–2020 Annual Report. While 2020 has proved to be a very different year to the one we first envisioned, it has further demonstrated how resilient we are as a team and organisation.

Considering the circumstances, we have managed to come through this difficult time with a lot to celebrate and be thankful for. This year, we have still recorded a profit, even under very difficult economic conditions. There is no single defining factor that can be attributed to this achievement; it is representative of the hard work that every member of the team has shown throughout this unprecedented year.

Before I dive further into the stand-out achievements I am particularly proud of, I would like to start by expressing my sincere gratitude for and pride in the entire Procurement Australasia team. The outbreak of the COVID-19 pandemic presented us with many tough choices as an organisation. In order to weather it, we had to stand firmly together as a united front, defiant in the face of uncertainty and considerable stress. The resilience and dedication of our entire team has exceeded all my expectations.

From the very beginning, our staff tackled the changes the pandemic brought with energy and overwhelming positivity. Within weeks of the outbreak reaching our shores, we were able to successfully pivot our operations to be completely remote. Despite the distance, our team worked harder than ever to serve our members and uphold our overarching mission: to provide the most comprehensive, socially responsible and rigorous procurement solutions to make the world a fairer place for everyone.

This year, our organisation's mission has been keenly reflected in our staff-wide attitude and operational prowess. Most significantly, I am immensely proud of the team's quick response to the needs our members experienced in light of the COVID-19 pandemic. When the outbreak hit Australia, our team did not waste any time before jumping on the phone to members and asking the key question: how can we help? In order to fulfill the rapidly growing demand for personal protective equipment (PPE), our team pulled out all the stops. Through the tireless efforts of the direct channel team we were able to help our members access PPE in record time.

Our ability to address our individual members' procurement needs and requirements was also greatly improved this year thanks in part to the establishment of the advisory side of our business, ProcureRight. Despite the challenges the pandemic presented our business, we were determined to provide our members with the bespoke procurement and advisory services they require to better fulfil their specific goals and strategies. To date, the ProcureRight solution has been incredibly successful at delivering on this. We have provided our members, and the greater procurement community, with specialised solutions to complicated policy issues; best practice principles; large event sourcing and social enterprise engagement — just to name a few.

Speaking of community, I am also thrilled with the way our sustainability-focused members have rallied behind our historic power purchase agreement (PPA). Under this new 10-year Victorian-based agreement, 13 Councils and 1 Statutory Authority now have the means to provide renewable energy for their selected large market and public lighting electricity meters. The PPA will support

our members to achieve their individual renewable energy goals for the next decade. We could not have achieved this remarkable milestone without the unwavering effort of Brendan Hoare, Director of Strategic Sourcing, and his entire team. Our renewable energy footprint has been growing these last four years and is now exemplified through this incredible partnership with Alinta Energy and the Bald Hills Wind Farm. This PPA and the remarkable outcomes it provides for our members and the environment are a testament to the dedication and vision demonstrated by Brendan and his team. We're looking forward to what the future holds with a planned PPA in New South Wales.

We have also focused our efforts this year back on what our members truly need from us as an aggregator that is determined to make procurement flexible and simple. To do this, we successfully updated our Contract Look-up system and replaced it with our new web-based solution, Procurement Gateway. In a first for our organisation, Procurement Gateway is an outward-facing member experience portal designed to deliver outstanding customer service with operational ease. Using this solution, both members and suppliers are now able to access and share information about public sector tender contracts, quotes and events. Releasing this digital transformation solution for our valued members and suppliers was a significant 2020 goal for us. We are excited to see the portal and its continuing functionality evolve as we take it into its next 2021 iteration.

Finally, I would like to thank the entire Space Station team for their commitment to this important side of our business this year. We could not end this year without recognising the opening of our 440 Collins Street Space Station location in February 2020. This space is a reflection of our commitment to our members

and what they need from us; a space to meet, grow, share and collaborate in. In a year of country-wide office shut-downs, our Space Station business was inevitably going to be adversely affected by the pandemic. We have experienced considerable losses in this area, especially in light of the extended Melbourne lockdown, which adversely impacted the overall profit for Procurement Australasia. As the projected occupancy levels at the Space Station sites were not achieved, the forecast profit for Procurement Australasia decreased from \$1.76m to \$164K.

While COVID-19 has changed some fundamental aspects of our Space Station operations, it has also helped us plan ahead to better support our partners and our own business. We are already fielding numerous requests from businesses and organisations keen to return to work in an environment that is COVID-safe, and we look forward to providing a pivotal support to businesses throughout Melbourne as they look to transition back to the office.

In closing, I would like to once again thank our incredible staff for all their hard work and resilience. My gratitude extends to our Executive Team, because of their continued efforts and support we can safely say the future is looking bright. To our Board, whose guidance and expertise through this challenging year has been invaluable, I extend a heartfelt thank you. Last but definitely not least, I would like to thank our valued members. We look forward to connecting with you, whether virtually or in person throughout the year. I hope this year's Annual Report provides you with the insights and information needed to assure you of our long-term vision for the success of Procurement Australasia.

JOE ARENA

*Chief Executive Officer
Procurement Australasia Ltd.*

Chair report.



The past 12 months have been truly momentous for all levels of the business. Despite the declaration of a global pandemic in January 2020, the Company has successfully navigated the circumstances to deliver a profit and clear strategic path forward for the business. These significant outcomes are largely due to the ongoing commitment of our outstanding Executive team and loyal staff who continue to play such a pivotal role in our ongoing success.

Throughout this unprecedented year, our leadership focus has been on weathering the challenges of the COVID-19 pandemic for the benefit of all our vital stakeholders. As such, our overall financial results from the 2019–20 financial period reflect a year of decisive decision-making to maintain the steady operations of the business. This year we delivered a net profit of just over \$164K. Compared to our previous 2018–19 profit of \$1.76m, the difference is notable. However, it is important to account for the extraordinary circumstances of this year, and the overwhelming positives we can take from it moving into the next financial cycle.

During a time where many organisations experienced heavy losses, we were able to deliver on our commitment to our shareholders in the form of a 7-cent dividend declared for 2019–20.

We are very proud of this result, particularly considering the economic conditions and extended lockdowns, especially throughout Melbourne and greater Victoria. Despite this, we remain committed to our strategic plan and its central focus points: to deliver value, opportunity, and innovation for our members, while always striving to increase our profitability and market share in existing and emerging arenas.

Looking more closely at our 2019–20 achievements, there are plenty of highlights to celebrate. However, I would like to take this opportunity to mention a few that have stood out most clearly in my mind.

From the outset, I would like to personally acknowledge the resilience of the business and our remarkable staff. In a year like no other, we have managed to emerge from a significant global event with an even clearer sense of our purpose as a business. While our net profit has been impacted by the pandemic compared to previous years, we have noticed a considerable increase in the characteristics and elements that set our business apart. We have seen members respond with vigour to our increased commitment to sustainability through our unmatched energy portfolio. Our connection with our suppliers is stronger than ever,

helping to provide our members with even greater opportunities to fulfill their individual procurement goals. Equally, we have noted how our staff have risen to the challenges of this year. Most significantly, every level of the business and their teams successfully transitioned to a work from home environment in a matter of weeks, while still maintaining the high level of customer service we are known for.

Much of this year's collective success can be directly attributed to the underlying strength and clarity of our strategic plan. The five pillars of our plan were instrumental in guiding us through 2019–20. For our members and external stakeholders, we focused our attention on further developing our systems to improve their experience of all Procurement Australasia has to offer. Internally, we continued to build upon the strong interconnectivity and responsiveness of our culture — we know that our people are our greatest asset. For this reason, the health and wellbeing of our staff has been front of mind throughout the entirety of this year. As a result of our efforts, we are even closer to realising our overarching strategic goal: to become the undisputed and most recognised procurement solution brand throughout Australia.

Of course, we would not have been able to achieve so much this year without the enduring support of our valued members and suppliers. The unwavering support of our members throughout this time has meant that we have been able to continue to do our best work, even when faced with often trying circumstances. Our members span across industries and organisation sizes, but their shared resilience through this year has struck us the most. Whether members aligned primarily with a Procurement Australia or Church Resources portfolio, the approach to this year from all has been one of solidarity for the achievement of everyone's procurement goals.

We also want to acknowledge the hard work and expertise of all our suppliers who have worked tirelessly alongside us to source and provide members access to much-needed goods and services throughout the pandemic. Without their efforts, we would not have been able to help our members access personal protective equipment (PPE) when it was needed most.

2020 also presented some early opportunities to connect face-to-face with our wider procurement community. In February we proudly opened our 440 Collins Street Space Station, the second of its kind in the Melbourne CBD. We were particularly thrilled with the high attendance rate, including The Hon. Sally Capp, Lord Mayor of the City of Melbourne, who officially opened the new Space Station. This newest space was designed to help facilitate meaningful and productive interactions between our members, their clients and larger networks. The pandemic and the government-mandated social distancing and remote working requirements meant that the Space Station sites had to stay closed, which had a major impact on Space Station as a business and to the profit of Procurement Australasia.

The expected profit for Procurement Australasia overall was forecast to be \$1.76m, and this took into account a certain level of occupancy within the Space Station sites which amounted to a first-year budgeted loss of \$215K. However, due to the restrictions, occupancy levels were not achieved, increasing the first year loss for Space Station to \$1.1m, and decreasing overall profit for Procurement Australasia to \$164K. Despite the pandemic, we have managed to further reimagine how this space can provide members and their guests with the facilities they need to work in the emerging post-COVID era. We look forward to welcoming you back to join us safely when conditions further improve for a wide-scale return to the office.

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

- Commencing the new consultancy advisory services to provide our members with bespoke procurement and advisory services to help fulfill their specific goals and strategies
- Continuation of our digital strategy which will improve customer experience by making procurement flexible and simple
- Supporting business as they transition back to the workplace with new flexible office solutions at our Space Station locations at 440 Collins Street and 461 Bourke Street.

In closing, 2020 has been an incredibly busy and productive year for the Board. We continue to focus on the initiatives and innovations that have brought us through this year and out the other side. However, we are also looking ahead to what more we can accomplish with our renewed strategic plan for the next three years and beyond. Particular thanks go to Chief Executive Officer, Joe Arena,

and his steadfast leadership throughout the year. This thanks also extends to the entire staff and Board of Directors of Procurement Australasia for their hard work and dedication. Finally, myself and the Board would like to recognise retiring Board member, Lydia Wilson. For 10 years Lydia has been instrumental in directing the Company to the elevated place it now occupies. Her expertise in policy, risk management, executive leadership and corporate governance has been invaluable, and will be sorely missed.

KEN MCNAMARA

*Chair – Board of
Procurement Australasia Ltd.*

Our strategic plan.

Throughout the roller coaster of 2019–20, our strategic plan has held the organisation in good stead. We've been able to hold strong to the strategic pillars that underpin all our work, and it shows in what we've been able to deliver against our larger strategic plan. Collectively, we have consistently aligned ourselves with:

People,

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

Customer Growth,

where we will strive to be even more customer-centric. By doing so, we will continue to grow our customer base.

Superior Customer Experience,

where we strive to be customer-centric and provide a 10 out of 10 engagement experience for our customers.

Systems Development,

where we drive innovation and increase customer engagement through new systems.

Heightened Brand Awareness.

where we will strive to be the most recognised and reliable procurement solutions brand throughout Australia.

1.
Supply & Procurement Manager, NFP Organisation, PA Member.
'(Our relationship manager) looks at every opportunity for our organisation. She got to know our business uniquely and understand what our pains and frustrations were...Because she took that time to get to know our situation she is able to offer immediate ideas and suggestions for improvements that genuinely support us.'



Digital Transformation

Despite the challenges of the last 12 months, we have achieved momentous things in all of our five focus areas. We have worked tirelessly together to innovate where we saw opportunity. However, we've also balanced this need for systems development and growth alongside our underlying strengths: our superior customer service and our people. All of these elements have placed the organisation in an ideal position to navigate the largely unprecedented challenges of 2020.

We continued to work steadily to improve our systems and processes in the digital space throughout this year. This vital work included the amalgamation of our separate IT networks and subsequent migration to a single, full cloud solution. We also deployed laptops rather than desktop solutions for all team members, as well as moving to cloud-based telephone and video conferencing. All these important steps set a strong and interconnected foundation for our organisation to be able to work and excel from any location.

Thanks to our unwavering focus on improving our own digital solutions, we were able to transition to an organisation-wide work from home arrangement relatively seamlessly. Our entire team was able to adapt to the government-mandated changes instantly.

Our focus on digital transformation continued throughout 2020 with the successful implementation of SharePoint. The introduction of this new system replaced our outdated digital file management system, allowing us to collaborate and communicate more effectively as a team. The entire team's adaptation of SharePoint is further testament to our organisation's commitment to prioritise digital transformation and continuous improvement.

We've also focused our attention on improving digital systems and solutions for our members and suppliers. The release of the Procurement Gateway web-based solution has achieved two important things: it has successfully replaced our Contract Look-up system and further improved our ability to deliver exceptional customer service. Through Procurement Gateway, our members can access all our public sector tender compliant contracts and supplier information. The platform has the ability to conduct Request for Quotes (RFQ) events, invite panel suppliers to submit quotes and review and evaluate quotes. Procurement Gateway also provides our suppliers with greater flexibility and functionality. Suppliers can now position their organisation across our entire membership base and respond to RFQ events created by members — all within the system.

Quality Assurance

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

The decision to adopt the Quality Management System was a strategic one. We initiated it into our strategic plan to:

- Improve the group's overall performance
- Provide products and services that adhere to statutory requirements
- Meet our customers governance requirements.

2.

SERVICES AND SOLUTIONS

A new energy future is in our sights.

-38° 46' 4.80" S
145° 54' 39.60" E

Procurement Australia

Procurement Australia is the recognised leading aggregator in the Energy category (gas, electricity and public lighting). We are proud to be at the forefront of this important category, consistently providing members with the solutions they need to deliver on their individual energy, sustainability and renewable energy goals and strategies.

Our first renewable energy power purchase agreement (PPA)

During 2019–20, we continued to demonstrate our expertise in the renewable energy sector with the delivery of our first renewable energy power purchase agreement (PPA). Under this new 10-year Victorian-based agreement, 13 Councils and 1 Statutory Authority now have the means to provide renewable energy for their selected large market and public lighting electricity meters.

Originating from a competitive tender process, Procurement Australia has signed an agreement with Alinta Energy to facilitate the execution of 10-year PPAs with our participating members. This PPA allows for each participant to take advantage of more manageable renewable energy use and costs, both immediately and throughout the decade to 2030.

The deal ensures that each member's requirements can be met, assisting each signatory to achieve their broader

sustainability objectives, both now and in the future. Through this agreement between Alinta Energy and us, we're delivering on our promise to all our members to facilitate supply of large-scale, renewable energy in a way that meets individual member's requirements and broader sustainability strategies.

More about the agreement

Under this PPA, the Bald Hills Wind Farm in Gippsland — an accredited GreenPower generator — will supply large-scale generation certificates to meet the specific renewable energy requirements of each member.

Standouts of this agreement

This PPA has allowed for Victorian members to take advantage of:

- Energy flow from 1 July 2020 and ongoing for 10 years
- The opportunity to select individual renewable energy requirements as applicable to individual goals and strategies
- Large generation certificates (LGSs) supplied by a cited renewable generating asset (the Bald Hills Wind farm in Gippsland Victoria)
- Price certainty in both power and environmental certificate costs across the life of the PPA.

The next iteration of our PPA

Our successful brokering of this

renewables-focused PPA is just the beginning.

We have commenced preparations to develop PPA offerings in both Western Australia and New South Wales. Our initial engagements with government, industry and members have been extremely encouraging. We are confident that we can secure these next PPAs in the year 2020/21, with the ultimate aim to help fulfill signatories renewable energy goals for years to come.

Strengthening our existing energy portfolio

- During 2019–20, we continued to focus heavily on our entire energy portfolio with our existing members. This primarily consisted of:
 - A traditional fixed-price fixed-term product for all members' Electricity, Gas and Public lighting requirements
 - Progressive Methodology for large market electricity
 - Large-scale renewable generation source power purchase agreement (PPA), accommodating all large market and public lighting electricity
 - Rooftop Solar with/without storage
 - Embedded Electrical Networks
 - Green Power options available at 10%, 20% or 100% on multiple energy products.



BALD HILLS WIND FARM, GIPPSLAND, VICTORIA

Review and renewal

We have also focused our attention on getting better energy deals for all our members. This year we conducted an aggregated tender for approximately 150 members in multiple states to renew their fixed-price fixed-term retail contracts for electricity, public lighting and natural gas requirements.

As a result of this tender process, Procurement Australia signed agreements with major retailers AGL, ERM Power and Origin Energy. These updated agreements will provide participating member's their electricity and gas requirements across a portfolio of 7,000 energy meters for up to 3 years, with identified and fixed pricing in each year of the agreement.

We also renegotiated and renewed electricity and gas contracts with major retailer AGL that specifically service Church Resources members.

Church Resources members using this contract represent approximately 11,000 energy meters nationally. The successful renegotiation of this well-used contract means members will continue to have competitive energy products for up to a further 3 years.

New Contracts.

2.

Procurement Consultant, CR Member.

'Whenever I've engaged with them it has been extremely positive. They really drill down to whatever questions I might have. You know you are talking to someone who knows what they're doing when you're talking to them...They're able to give me the depth of analysis that I need.'

Procurement Australia

New tenders and contracts in the following categories commenced or were delivered in 2019–20. Most categories had a national reach basis:

- Fleet Services & Consumables
- Recruitment, Training & Associated Services
- Security and Cash Collection Services
- Renewable Generation Power Purchase Agreement
- Retail Energy (two contracts)
- Mobile Bins
- Courier Services
- Retail Fuel (Fuel Card Solutions)
- Tree Pruning and Associated Services
- Personal Protective Equipment (PPE)
- Paint, Paint Accessories & Graffiti Removal Services
- Hire of Equipment

Advisory & Operational Consulting Services

The Sourcing Department completed a range of advisory and operational consulting briefs throughout the year via our new ProcureRight product.

Throughout the year, Advisory Consulting Services were provided to:

- Primary Health Tasmania
- Federation Square
- Bayside Council (New South Wales)
- World Vision Australia
- City of Boroondara

Tender event operational and associated support services were provided to:

- Primary Health Tasmania
- City of Melbourne
- City of Darebin
- World Vision Australia
- East Gippsland Shire Council

Church Resources

Travel

Our comprehensive Travel category solution has been significantly impacted by the travel restrictions and industry shutdown associated with the pandemic. As a result, we saw typical booking volumes fall by over 90% from April through September 2020. Despite the shutdown, we haven't been idle. We have taken this time to review and refine our offering, putting emphasis on the creation of new offerings for the post-COVID era. For example, we are putting the final touches on a hotel/accommodation offering both for domestic and international use by our members.

While travel may have been reduced during this time, many members have still found value in the Church Resources Travel contract. The contract has enabled many member organisations classed as 'essential services' to continue to operate and provide their essential services across Australia. Similarly, many members have been able to take advantage of healthy airline discounts and a range of other unique benefits, in particular those associated with domestic travel.

Even within the midst of a challenging year, our members still had approximately 20,000 bookings under the Church Resources Travel program and travelled a total of 52.80 million kilometres. The total contract spend on travel amounted to around \$17m – a particularly impressive number considering this was within a sector deeply affected by the pandemic.

Hotel Program

Earlier in 2020, a Hotel Program tender event was executed to provide greater choice and product offering under the Travel category. The launch of this comprehensive Hotel Program is set to commence towards the end of 2020 and early 2021.

This program will:

- Develop and expand the Travel Category to become a Total Travel Program
- Provide a comprehensive Hotel Program for our members (including 6 Hotel Chain Agreements and 58 individual fixed negotiated Hotel rates)
- Provide our members with a 'COVID-Safe' Hotel Program, ensuring member's safety while travelling remains a number one priority
- Maximise savings and increase overall value for organisations participating in the Church Resources Travel Program
- Protect and strengthen our existing business

- Assist in the growth of the Travel Program and increase the revenue stream to Procurement Australia

Foodservice

Our strategically important Foodservice Solution contract has continued to be supported and well-received, especially by the Aged Care and Health sectors. We have maintained our high level of service and delivery of this contract right through the challenging environment of 2019–20.

We have consistently assisted members to identify savings and efficiencies with a no cost, obligation free program. Our Foodservice Solution offers a simplified procurement process together with consistent value on all foodservice needs via our contracted partners. The contract provides members with access to some of Australia's most prestigious brands and major suppliers including Bidfood, Lion Dairy & Drinks, Goodman Fielder, and M&J Chickens. Numerous partner agreements were presented for renewal this year, with all 12 being renewed with the same preferred manufacturing supplier, and on the same terms and conditions.

A new webinar program was developed for members this year as part of the marketing strategy for this important category. This webinar program was designed to provide members with specialist advice, compliance advice, general education and specific solutions to their food sourcing challenges.

We were delighted to see how successful the implementation of this program was, and how well it was attended and received by members. The webinars primarily focused on the Aged Care and Education sectors and were facilitated by Dr. Karen Abbey, our Foodservice Ambassador. The webinars included:

- Aged Care — Foodservice Standards & Royal Commission Report
- Choice — Implementation Menu and Meal Strategies in the Aged Care Sector
- Food Safety — Update and Technology for the Aged Care Sector
- Education — Nutrition in School Canteens

Following the success of this program and overwhelmingly positive member feedback, we feel confident in holding a similar events in 2021 and including popular requested topics for future webinars.

Aged Care & Welfare (Disability) Channels.

The Aged Care and Welfare channels continued to be major focus for Procurement Australasia in 2019–20 following on from the development of a three-year Sales Initiative for the sector in 2018–19.

The high level of acceptance and enthusiasm we've received from members around this initiative had been extremely encouraging. We've also made other exciting initiatives available as a result of the Plan to our members this year, including:

- Engagement with MYOB to provide accounting packages at heavily discounted rates on a software-as-a-service (SaaS) basis
- The inclusion of Vital-Call Products into our direct-channel of products
- Delivery of online webinars, seminars and training sessions by Dr Karen Abbey our Foodservices Ambassador and lead panelist of our Excellence in Foodservices platform
- An alignment with Care-in-the-Cloud and Nallawilli Technology to deliver specialised digital platform development to our members to meet the challenges of the new Standards in Action

In light of the continued strong expansion and growth of this portfolio, aged care and disability will continue to be a primary focus of Procurement Australasia into the new financial year, primarily now through the addition of Personal Protective Equipment (PPE) into our product channel lineup.

3.

Procurement Manager, Aged Care Organisation, CR Member.

'In my experience, they are procurement people with high integrity, and they'll work with their customers to do what's best for them.'

Refugee and asylum seeker housing program.

From small and humble beginnings in 2013, Procurement Australasia continues to be a leading provider of goods and solutions through the Bulk Households Goods (BHG) program. Originally initiated through the Church Resources brand, the BHG program supports approved asylum and refugee families to obtain much-needed compliant housing in Australia.

Like many of our members, Church Resources started as a not-for-profit — servicing the needs of others in our community is part of our DNA and underlying service promise. However, this is only a small part of what we did this year to support not-for-profits in our network, even in the face of extremely challenging circumstances.

Community Housing and Facilities Services through COVID-19

While COVID-19 had a significant impact on our Community Housing and Facilities Services this year, we still committed ourselves to providing as much support as possible for those who needed it most.

Through our wide community of valued suppliers, we can supply everything needed for a house to feel more like a home. From electrical equipment and white goods, through to furniture and other necessary items, our property and facilities maintenance services team can fit out a property from 'scratch'. This year we helped to:

- Locate suitable property to be renovated or developed to suit any particular needs
- Design and develop NDIS and CDC Compliant properties
- Manage from end-to-end the selection, fit-out and out-servicing at the completion of a program.

As with all the support programs we develop, our Community Housing and Facilities Services are designed to assist members to fit out a wide range of spaces and facilities for clients in their network. We pride ourselves on our scalable approach; whether the need is small or large, domestic or commercial, we can put members in touch with suppliers who can service any number projects and installations.

Insurance.

The onset of the COVID-19 pandemic came at a particularly difficult juncture for our insurance department and InsureRight team. With the insurance market already ailing, many insurers were compelled to enforce significant premium increases and coverage restrictions to mitigate their losses. With the Australian market being one of the most impacted regions globally, the potential effect on our team and members was at the forefront of our minds.

Despite the challenges, we have achieved significant outcomes within a range of sectors during the course of this tumultuous year. Regardless of difficult circumstances, our goal was to create competitive tension among insurers and brokers for the benefit of our members. To do this, we continued to run competitive tenders to help our members to reduce their premium increases and provide significant value wherever possible during this time. In most cases, our insurance solutions were more cost effective than those that had been indicated to members by their brokers, with many reporting they achieved significant cost reduction benefits thanks to our efforts.

During these past 12 months, we were also determined to provide our members with as much of our expertise and experience as possible. Throughout the year we offered a number of member-exclusive insurance market conditions briefing webinars and education sessions.

We also held some one-one-one sessions with individual members over Zoom, Microsoft Teams and Skype meetings. Using technology to our advantage, we were also successful in providing members with the opportunity to virtually attend tender assessment and broker presentations. In light of the insurance industry flagging a continuation of virtual briefings into the foreseeable future, we expect that this trend will continue well into the next year in place of face-to-face meetings.

Speaking of trends, the inclination towards consolidation in the broking sector looks set to continue into 2021. This assessment comes off the back of Aon announcement of their acquisition of Willis Towers Watson, the world's second and third largest brokers, to be completed in the first half of 2021. The Aon announcement comes after Marsh acquired Jardine Lloyd Thompson in 2019, effectively reducing the number of truly global brokers with access to international markets.

In addition to our efforts to mitigate the effects of COVID-19, the insurance team undertook work in the following sectors during the course of the last year:

- Local Government
- Education (Independent Schools and Colleges)
- Not-for-profit entities (Aged Care, Mental Health, Community Services, Social Housing and others)

- Corporate organisations

A challenging market is set to continue well into 2021 and beyond. Thanks to the efforts and demonstrated expertise of our insurance team, we already have a number of members signed on to use our services throughout the next 12 months. We're committed to helping all our members come out the other side of this disruption, especially those who have been on the receiving end of major increases or coverage restrictions at their last renewal.

Our team is here to work alongside members to ensure every insurance program offers the broadest coverage for their specific risk profiles.

ProcureRight. Putting our members first.



ProcureRight

The creation and launch of the ProcureRight product showcases our member-first approach to innovation and product development.

ProcureRight was born out of an identified need to support our members in their bespoke procurement requirements beyond our aggregated contract products. As a team, we undertook an extensive development phase to bring the product to life. We approached this from a number of angles, including:

- Engaging and gathering member feedback through external workshops
- Harnessing third party consultancy support
- Numerous internal reviews

Using this methodology, we were able to ensure that the product we took to our members had a clear value proposition and clearly addressed their needs. Our efforts have resulted in a product we can all proudly stand behind. ProcureRight provides our members with a nuanced approach to the full sphere of procurement activity, from advisory and consultancy services, through to scope development and event management.

Through the program, we act as an extension of our members' organisation, aligning ourselves to the specific activities and outcomes. That way, we can ensure we deliver on each member's particular procurement and strategic goals. The ProcureRight approach is a natural progression from our aggregated contract product, putting the member, or a group of members, at the centre of the individual procurement outcome. Throughout the early stages of the product launch, we've identified some key trends in the solutions that our members are looking for. Some of our members are looking for greater social or local outcomes from their procurement policies and activities. Others are searching for more Indigenous engagement. While many are focused on a heightened emphasis of environmental credentials of the awarded supplier. Whatever the specific need, ProcureRight is the product that will deliver on those requirements — and much more.

ProcureRight was launched to the member base in May via a targeted campaign using both sales and marketing resources. An initial webinar was held as part of the launch, with over 65 of our members registering to attend. Since the launch date, we have continued to see growth in the number of opportunities we are identifying in connection with the product. We are also witnessing a heightened awareness and engagement of the

product throughout our wide member base. We're delighted to see that ProcureRight is consistently one of the more active web pages accessed via the Procurement Australasia website.

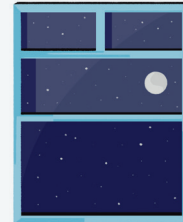
To date, we have supported members in a number of different capacities through the ProcureRight product. For one, we were instrumental in helping a state-based public health department to develop an all-encompassing health consultancy panel via the ProcureRight product. We've also assisted a major inner city council to create a contract that sourced their ongoing catering requirements from within their municipality. This locally-focused contract also included the added benefit of enhanced employment opportunities for disadvantaged sections of their community.

On the advisory side of the product, we've provided services to a multinational not-for-profit organisation, specifically addressing their procurement policies. With our expert involvement, we were able to help ensure that their approach aligned with best practice probity and transparency protocols. We've also worked with a regional group of local government agencies to deliver a collaborative procurement outcome for the purchase of road resurfacing and asphalt services. These are just a few of the successes we are proud to report as outcomes from the ProcureRight product and approach.

4.

Chief Financial Officer, Aged Care Organisation, PA Member.

'The first thing that always springs to mind with Procurement Australia is 'really good service'. Nothing is too big or small for them to help us out with - it makes for a really good working relationship.'



We know that finding the right procurement solution can be a challenge. That's why we created ProcureRight...

**IT'S OUR WAY
OF TACKLING
PROCUREMENT
THAT PUTS
OUR MEMBERS'
NEEDS FRONT
AND CENTRE.**

ProcureRight is a unique procurement product and allows our members to engage a truly professional procurement services organisation to deliver on their very specific procurement needs.

Direct channel.

As forward-thinking innovators, we're always looking for ways to update our offering to best service our members' needs. During the last year, Procurement Australasia Ltd has further developed the range of products and services we bring to our members. We haven't made these changes lightly. As always, our decision to update our offering or develop new products has been based on our market knowledge and in-depth analysis of critical industry data. One of the most significant innovations to come out of this year is Direct Channel.

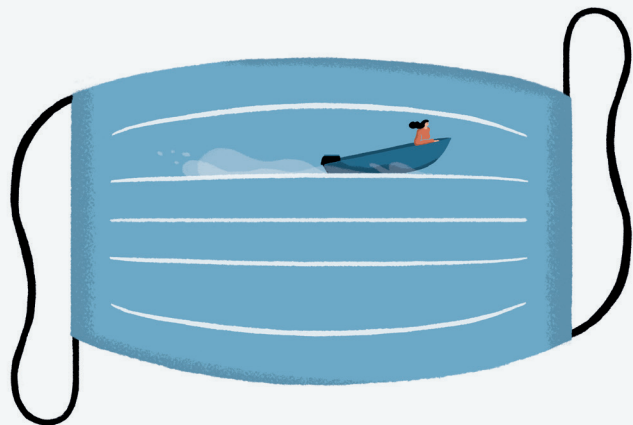
Originally an initiative fostered through the Church Resources brand, the Direct Channel has become part of our broader offering to members across the entire business. This channel's products and services have continued to grow throughout this year, reflecting an average increase of 3.0% per annum since integration across the business.

Direct Channel is part of our commitment to you, our members. As a direct supplier, we carry the responsibility of quality, price and suitability for our members needs on a B2B (Business to Business) basis. This way, we can do even more to save you time, money and other sourcing costs.

Consumer level and commercial level products such as white goods, electrical, furniture, IT and ICT services are purchased competitively and singularly via our online shop. Our Sales or Direct Services Team can also personally manage any individual member's direct sourcing needs. This has been especially valuable for those members who have been focused on larger project builds, major refurbishments or facility fit outs.

Some key features this year have been:

- **Effective sourcing of Personal Protective Equipment (PPE) such as masks, gloves, sterile suits, hand sanitisers and surface washes and swipes.**
- Introduction of Medi-Alert to assist older, frail or disabled members still living at home.



Capital Cities Procurement Managers (CCPM) Network.

As an ongoing initiative of Procurement Australia, the CCPM is an unrivalled opportunity for member capital city councils and procurement experts to meet and discuss shared procurement capabilities and opportunities for improvement. Originally established to provide a forum for senior local government procurement personal and administrators to network, the CCPM has grown to something even more valuable and enduring. Members have the opportunity to share knowledge and skills, develop policy and discuss sector-wide procurement strategy between capital cities council procurement teams in an effort to drive change at a national level.

The overarching goals of the annual event are to:

- Identify shared strengths
- Openly discuss improvement opportunities
- Determine actions that will build a local government procurement sector that is sustainable, efficient, effective and collaborative.

CCPM 2020 Focus

The CCPM met in Sydney on the 4–5 March 2020, hosted by the City of Sydney.

We felt privileged to have been able to meet in person this year just prior to the nation-wide shutdown later in March.

Heads of Procurement from the cities of Brisbane, Darwin, Hobart, Adelaide, and the Gold Coast attended an intense two-day session. Attendees focused on analysing and assessing the impacts of a circular economy and how it could potentially affect circular procurement over the following ten years.

We also continued our commitment to educate our members of the importance of best practice procurement. Attendees discussed in detail the early impacts of the Modern Slavery Act and the greater impacts of engineering an holistic social, ethical and sustainable procurement program that still meets all of the prerequisites of good process for local government procurement.

Procurement Australasia Limited is proud to be a driving force behind this important network and its work. We're thrilled to be able to bring together such a senior group of local government executives and decision-makers to share their specialist knowledge in the areas of procurement and supply chain.

Fostering connection through virtual events, networking and meetings.

For all the challenges that businesses faced in 2020, one opportunity birthed this year was to reshape the way we connect as humans. Methods we traditionally relied on – meeting face-to-face and holding events in physically-shared spaces – weren't a possibility in a world of social distancing and health hypervigilance.

Fortunately, Procurement Australasia had already done much of the groundwork to make this pivot, thanks to our focus on digital transformation in 2019. As a result, we were able to transition seamlessly without halting our interaction with our members.

We are grateful to have a team that rose unflinchingly to the challenge; continuing to network, run events and workshops, and continue to support members, albeit virtually. In total, 57 events were run across the 2019–20 year. Although most of these were online, they were all curated with the same intention to assist, educate and connect with the community we've created together.

Supporting local councils after the bushfire crisis

Even before the COVID-19 pandemic, the year began horrifically here at home. The 2019–20 bushfire season was debilitating for many Australians. Although we felt the ramifications around the country, regional areas within Victoria, South Australia, and NSW were sadly hit the hardest.

Local councils were left with the unprecedented burden of having to deal with one of the worst bushfire seasons in Australian history. As a business, we were committed to taking action that would relieve this strain as much as possible.

To do this, we offered free Half-Day Interactive Legal Workshops that focused specifically on the legal issues surrounding the bushfire emergency. Our team worked with local council members to empower them to better understand and manage the legalities facing them as they moved forward and rebuilt their communities.

Online briefings and sales

Our sales and marketing team did a fantastic job adhering to the new limitations of being bound by only meeting virtually. They were able to run highly constructive and impactful online sessions to work with new and existing members and suppliers.

Notably, this included Retail Energy, Security & Cash Collections, Recruitment, Fleet Services and Hire of Equipment sales meetings. Following the success of our 10-year deal with Alinta Energy, our team also facilitated numerous online PPA sessions to help members looking to secure renewable energy for their sites.

Education through innovative conferences

Our team's continual commitment to furthering our knowledge and keeping abreast of happenings in the industry was not slowed by this year's challenges. Rather, we actively attended and participated in a number of renowned conferences – including Catholic Mission St Valentine's High Tea Charity event, Pause Fest – inQ Innovation, VALA, and SWITCH.

We also made the difficult decision to postpone our own annual Procurement Australasia Conference, originally scheduled for August 2020. Although this was a disappointing but necessary outcome, we look forward to returning the event in 2021.



... AS A
BUSINESS,
WE WERE
COMMITTED TO
TAKING ACTION
THAT WOULD
RELIEVE THIS
STRAIN AS MUCH
AS POSSIBLE.



**THIS NEW SPACE IS
SET TO FACILITATE
INCREDIBLE
COLLABORATION
AND NETWORKING
WHEN IT'S SAFE
TO DO SO AGAIN
IN 2021.**



Space Station Launch: The Opening Gala

In February, Procurement Australasia was proud to launch our newest flexible co-working space in the Melbourne CBD. Situated in a prime spot on 440 Collins Street, this new space is set to facilitate incredible collaboration and networking when it's safe to do so again in 2021.

Over 100 people attended the Opening Gala, including The Hon. Sally Capp, Lord Mayor of the City of Melbourne, who officially opened the space.

Supporting our members online through brand-new avenues

In 2020, Procurement Australasia implemented a number of online events and programs to better support our members in navigating these unique circumstances.

This included the launch of our brand-new procurement program – ProcureRight. We've worked hard to create this collaborative, customisable and scalable solution, which has already seen great success in its early days of establishment.

Members also attended webinars, workshops, briefings and other meetings online, notable examples being:

- **Covid-19 – Virtual Roundtable**
 - Holding Redlich
- Insights and Insurance Market Update
 - **What to Expect in 2020**
- Education Insurance Session
 - **What to Expect in 2020**
- Aged Care – **Foodservice Standards & Royal Commission Report**
- Aged Care – **Implementing Menu and Meals strategies in the Aged Care Sector**

Whether the business world will continue to rely strongly on connecting virtually in 2021 or not remains to be seen. Either way, we're confident in our ability to adapt and use our learnings from 2020 as a roadmap for future success in events, networking, briefings and meetings.

Our member-led Sales approach.

The year started positively as we looked to build upon the impressive results delivered last financial year. Our members continued to see the value in our member-first approach, and our performance in the early part of the year gave us confidence that we would again deliver another glowing financial outcome.

The delivery of our first renewable energy power purchase agreement (PPA) was a historic moment for the organisation, and the sales team as a whole. This PPA was not only our first, but also the first of its kind in Victoria, involving multiple local government organisations and state government entities. We celebrated this win as a team, acknowledging the culmination of many years of hard work across all areas of the business. It was a fantastic way to kick off the year.

Nobody could have predicted what would follow this momentous achievement. As the COVID-19 pandemic spread throughout the country, we would have to make some drastic changes to the way we worked. Like many others, the sales team were required to work from home and adjust our approach to internal, member and supplier interaction. For people who generally enjoy the face-to-face aspects of the sales role, it forced us to reassess our engagement strategies. It also pushed us to integrate new methods to ensure we could continue to support our members through this challenging time.

Sensibly, as an organisation we had implemented the systems required to deliver a seamless online experience. This forethought and pre-planning allowed our sales teams to continue to engage and interact with each other, our members and our suppliers. Our sales teams remained focused and our activity shifted quickly to an online environment where member meetings and webinars were conducted using online forums.

Despite our best efforts, our revenue results were impacted almost immediately. In the wake of the pandemic, we saw an entire category almost cease to exist overnight, as interstate and international travel ground to a halt. Volume through our office consumables contract suffered significant declines, and most categories experienced reductions in use. Throughout this period, our focus remained on our members. By ensuring that our members remained at the heart of everything we did, we were able to isolate those aspects we couldn't control. We were also able to concentrate our efforts on those elements of greatest value to our members, their customers and their communities.

We continued to identify and propose solutions that would assist our members to deal with their ever-changing environment. We also looked for ways to reduce their operational costs, improve productivity and increase efficiencies so they were well-positioned to absorb the impact the pandemic would have on their organisations.

5.
Business Services Manager, NFP Organisation, PA Member.
'I like that our buying power with Procurement Australia is based on all the other members and local council ...it's fantastic..'

We were quick to introduce the direct supply of personal protective equipment (PPE) products. Our rapid response meant we could better assist members who were experiencing difficulties in securing consistent supply chains.

We were able to provide competitive tension for our members' insurance needs, either reducing or removing the potential for significant premium increases. We continued to direct new members on to our office consumables contract. In doing so, their individual costs associated with this category were as competitive as they could be. Throughout this time, we also remained committed to delivering our second renewable energy power purchase agreements in Victoria, along with new initiatives in Western Australia and New South Wales.

Throughout this unusual period, the sales team have remained consistent in our approach to innovation and development. The introduction and ongoing development of the ProcureRight consultancy product led to numerous initiatives to better support our members with their own or collaborative procurement needs. Some highlights include:

- Creation of procurement policy aligned to the relevant governments legislation and best practice principles
- Tender event activity support of a major city council in their extensive minor works contract

- Provision of a social advantage for disadvantaged sectors for another member's catering contract.

We are proud to see that the ProcureRight product has already achieved great outcomes to support members to achieve their individual procurement needs. Spurred on by this success, our entire team is deeply committed to the important work that is still needed to further enhance our product offering across our major market segments. We are determined to continually provide members with access to the best possible solution, so they can return to business post-pandemic stronger than they thought possible. A heavy emphasis on supplier training saw the team extend their skills and increase their knowledge. Throughout the 2019-20 year, our team attended over 60 different supplier training sessions, speaking volumes to our commitment to serve our members to the best of our ability.

I am incredibly proud of the resilience and attitude the sales team has shown throughout this most difficult of periods. I am confident that we have the people, systems and solutions in place to ensure that our members continue to see and receive value in what we do and how we do it.

**THE IMPACT OF
THE PANDEMIC ON
OUR TEAM CANNOT
BE UNDERSTATED;
IT HAS AND WILL
CONTINUE TO
HAVE A LASTING
EFFECT ON OUR
BUSINESS AND
MEMBERS BASE FOR
THE FORESEEABLE
FUTURE.**

3.

SPACE STATION

Space Station: reimagining the shared COVID-safe office space.

When we established Space Station in 2014, our vision was remarkably clear: to curate a support space for our members to use to meet, collaborate and grow within. Six years later, Space Station's core mission remains the same. However, as with any burgeoning business, we've encountered our fair share of changes, particularly during this unprecedented year.

Space Station was originally designed to assist the relocation of Procurement Australia's own offices from the eastern suburbs of Melbourne into the CBD. As a result of our own high standards with office space, our unique flexible configuration offering has become highly sought after. Our unique blend of co-work space and serviced office space means that Space Station operates primarily with flexibility in mind; members can configure and use the space however they see fit.

From 2017 through to early 2020, Procurement Australasia operated two Space Station sites, one at 461 Bourke Street and the other at Help Street, Chatswood CBD. Both locations offered significant levels of office support and a generous, complementary members Lounge area to use for quick, non-scheduled meetings. In February 2020, 440 Collins Street in Melbourne was added as a further 'high-value' step-up the flexible-office space ladder. The new addition increased our already extensive offering of enhanced technology platforms, superior fitout and design.

What came next was something no one could have predicted. The unforeseen arrival of the pandemic was set to hit our business, and to hit it hard. From as early as the 11 March, government-mandated social distancing and remote working requirements meant that desks were to remain vacant, and doors to all three sites had to stay closed. Inevitably, these requirements had a devastating effect on both the financial standing of Space Station as a business and our ability to attract new tenants. We feel the same sense of loss and instability that many of our member businesses and suppliers have experienced, and are still experiencing. Despite the losses and the unexpected changes, we aren't deterred from reaching our original vision for what Space Station can be for our members, suppliers and partners.

We're focusing our sights now on what Space Station can mean for our future, and the future of those who rely on us for work and play, and everything in between. As we rapidly progress towards a new normal, we want to invite you to return to our Space Station locations throughout Melbourne.

While our image for what Space Station can be has changed slightly over the last year, we've also seen many positive side effects that come from the necessity of invention. Our 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. We've maintained our flexible rates and accommodation leases, allowing us to provide all members with individual 'plug-in and play' hot desks and larger flexible business spaces. We've also thought of how we can safely come together again to collaborate, create and share. Our locations are capable of hosting meetings, events, seminars, workshops or any other medium-sized events — all within a COVID-safe setting.

We believe we've achieved a better new working normal than many would have considered possible.

**-37° 48' 50.04" S
144° 57' 52.27" E**

4.

SOCIAL, ETHICAL AND SUSTAINABLE PROCUREMENT.

**Social, ethical
and sustainable
procurement
(SESP) program.**

A core part of our ongoing commitment to social, ethical and sustainable procurement is our dedication to thoughtful collaboration for the delivery of better societal outcomes. Throughout the 2019–20 period, we’ve worked closely with our partners to develop a holistic and approachable platform that focuses on creating a shared understanding of and commitment to the delivery of socially and ethically sustainable procurement.

While we remain deeply committed to this overarching course of action, the last three years have seen significant cultural development about what social, ethical and sustainable procurement is — and how we can emulate it in everything we do. As a business determined to be leading the way with social procurement, this year we also conducted some in-depth research and analysis with our partners and members. Through a series of workshops and focus groups, we arrived at a definition of ‘sustainable development’ we can all be proud to work towards every day:

**THE HEART OF
SUSTAINABLE
DEVELOPMENT,
IS THE
INTEGRATION OF
ENVIRONMENT,
SOCIAL AND
ECONOMIC
ISSUES, WITH
A RECOGNITION
BY ALL
STAKEHOLDERS
FOR LONG-TERM
AND LASTING
CHANGE.**

We are immensely proud to live by these words throughout every stage of our procurement process. By following this set of guiding principles, we consistently deliver extraordinary outcomes that go far beyond the transactional level of procurement.

Through a commitment to true sustainable development, we can elevate the procurement process to one that not only helps to initiate social change, but also ensures ethical and socially-focused practices are protected for generations to come.

1. Progress towards better energy outcomes with first power purchase agreement (PPA).

Over the last four years, our renewable energy footprint has grown significantly. One of our outstanding achievements this year was the launch of our first Procurement Australia led PPA.

2. Continuation of Community Housing Humanitarian Aid Program.

Our Community Housing Program has been at the forefront of the work to assist many thousands of asylum seekers looking to safely relocate to Australia. While the program remains an ongoing priority for us, the recent closure of Australian borders due to COVID-19 has meant we've had to reconfigure how we service this need in the community.

We are pleased to acknowledge the Federal Government's notice to all participants of the program that it has been placed on hold only — humanitarian aid remains a high priority in our nation.

3. Introduction of Personal Protective Equipment (PPE).

In the early stages of the pandemic, we were able to quickly introduce bottle and pump supplies from Australian sources.

Our quick reaction to the issue allowed us early entry into the PPE market with Australian made hand sanitisers. It was also the first step in working towards isolating supply via the Chinese supply chain in light of the delays and lack of supply from this traditional source.

Over the period of the pandemic, our knowledge and depth of understanding of the PPE market grew quickly and significantly. We better understood the requirements of both our members — and the general market. This further provided our Direct Channel and Strategic Sourcing Departments with the opportunity to collaborate for launch of a quick to market local government compliant supply of PPE products.

As the effects of the pandemic continue to be felt by our members nation-wide, our business is poised to analyse and assess future PPE products. Through these actions, we will strive to assist our members and other Australian businesses to meet the ongoing challenges COVID-19 presents.

4. Acknowledgement as an indigenous procurement supporter.

We were thrilled to become the first Australian support business to be identified as an Impact Partner with the First Australians Chamber of Commerce & Industry (FACCI). As the national representative peak body for First Australian (FA) businesses, FACCI is motivated to locate and engage with FA business owners for the purpose of meaningful procurement and economic growth for First Nations communities.

We're honoured to be recognised by FACCI as a business that is committed to delivering procurement outcomes that enhance our own standing as a social procurer, while also assisting our members to adopt a social, ethical and sustainable procurement program.

Our ongoing TAKE2 pledge.

TAKE2 is Victoria's climate change pledge program.

As a TAKE2 member since 2016, Procurement Australasia has played a role in generating momentum around climate action. As TAKE2 members we collectively account for — or have had an intricate part to play in — 20% of Victoria's carbon footprint. Our pledge has assisted in shaping the next steps in Victoria's pathway to combating climate change.

Through our pledge — and our association with local government, other large corporates and not-for-profits — we've managed and deployed a wide range of innovative power products to assist our members. Most notably through 2020, we've initiated our first power purchase agreement (PPA), developed large-site embedded networks and assisted our members to develop a better understanding of the mechanisms in an ever-changing power sector. Through these actions and our ongoing pledge, we hope to further assist our members to engage in better and more sustainable environmental programs — and save money as well.

6.

*Procurement Lead,
NFP Organisation, CR Member.*

'Quality, quality, quality - that's what they deliver in terms of contracts. It's why we keep going back to use them.'

7.

*Group Director,
NFP Organisation, CR Member.*

'Friendly service is what we know them for. They've always been fantastic, no question about that.'

8.

*Procurement Director,
NFP Organisation, CR Member.*

'They can do a lot of the heavy lifting that I might not be able to do with my often limited resources. Their buying power is very good, especially with things that are a bit more complex or difficult to execute.'

5.

OUR PEOPLE

Celebrating the resilience of our people in 2020.

A business is only as strong as its people. In our case, this year has cemented even further how resilient, indefatigable and steadfast our team truly is.

Paramount to the safety of our people, we were well positioned to move immediately into a working from home environment when the restrictions were first implemented. Although this business model was relatively new to us, it's a true testament to the level of professionalism and positivity of our team that we were able to do so smoothly and successfully.

Our people were faced with the unique challenges of selling our services and building relationships via video conferencing, managing our teams remotely, and, of course, navigating new technologies. On top of that, we faced extended periods of isolation not only from teammates, but, in many cases, from family members and loved ones as well.

We're incredibly proud of the tenacity and adaptability of our team in not only taking these challenges in their stride, but using the situation to find positives, too.

That includes the affect the pandemic has had on the way we communicate, inviting opportunities to have deeper, more quality conversations between colleagues.

During the pandemic, the health and safety of our team was at the forefront of every decision and action we took. This included emboldening staff to assess the safety of their new work-from-home environment, providing first aid kits, office furniture, and care packages, conducting surveys to measure wellbeing, organising 1:1 catch ups, and increasing our level of support.

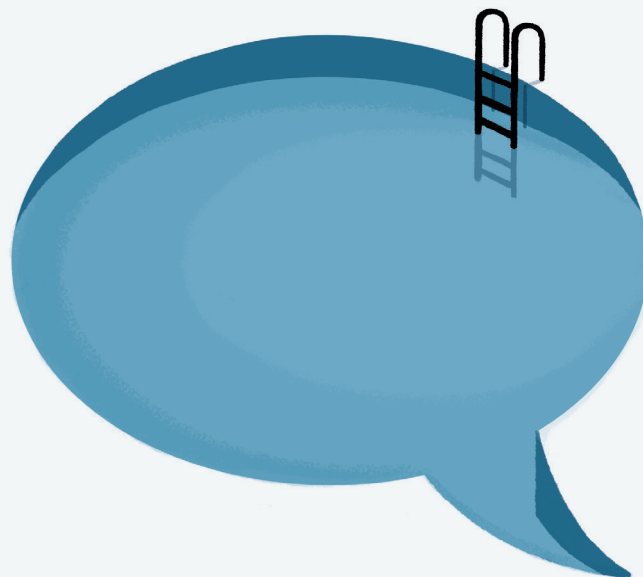
Of course, taking care of our staff went beyond reactionary measures to the COVID-19 pandemic. At the beginning of the year, before we could even foresee the unprecedented events about to unfold, we launched the People Digitisation Program.

The first stage of this launch involved the new Performance & Development Platform, called 'iPerform'. This program fosters clarity, transparency, accountability, and alignment with our strategic plan, for the betterment of business growth.

In phase 2, we implemented a substantial Reward & Recognition Program, called 'iConnect'. Aligned with our existing Retention & Attraction Strategy, we're able to use this new program to more readily recognise positive contributions from staff.

The final change relating to our people was the rebranding of our PALtd People Service. What used to be People & Culture transitioned to People Experience. This doesn't mean culture takes a back seat, but rather that the focus is primarily about our people and their experience at each employee life cycle touch point. Those stages can be anything from onboarding, to performance management, to professional growth.

There are still uncertainties and challenges to face moving into the new year, but we are confident in the abilities of our workforce. If a business is only as strong as its people, then this year has fortified Procurement Australasia more than ever.



WE'RE INCREDIBLY
PROUD OF THE
TENACITY AND
ADAPTABILITY
OF OUR TEAM IN
NOT ONLY TAKING
THESE CHALLENGES
IN THEIR STRIDE,
BUT USING THE
SITUATION TO FIND
POSITIVES, TOO.

Our Executive team.



JOE ARENA

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

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 Australasia'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.

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 Australia 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.

GEORGIA ARGYROPOULOS

*Director 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.



BRENDAN HOARE

Director - Strategic Sourcing, BBus.

Brendan is a strategic procurement and logistics professional with a career spanning more than 20 years in industry and public sector entities across the eastern seaboard of Australia.

Brendan joined Procurement Australia in 2011 having held previous positions of Director, Strategic Procurement with University of Melbourne, Procurement Director at Victoria's largest public health service, Monash Health (previously Southern Health) and Procurement management roles with Hilton International and Carlton Hotel groups.

With solid operational and project management expertise involving diverse procurement portfolios, Brendan is responsible for Procurement Australasia's strategic procurement, tender and contract management functions, advisory consulting and commercial and contractual outcomes.



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.





JASON MACKENZIE

Director of 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.

ANNETTE MACKAY

Director, People Experience, 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 people functions including management, process reengineering & organisational development, employment law, insurance management, work health and safety, employee value proposition framework, employee advocacy, culture development, 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.



Our Board members.

KEN MCNAMARA

Chair / CE, Dip CE, DipAppSc Tp, 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 Ltd, 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.



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: 25/05/15.

With 32 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 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.

BRENDAN MCGRATH

Chief Executive Officer, Rural City of Wangaratta / B AppSc, G Dip Business Management / Appointed: 25/09/15.

Brendan McGrath brings the Procurement Australasia 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.



STEPHEN J GRIFFIN

*Chief Executive Officer, State Emergency Service, Victoria
B.App Sc, DipEd, GradDip L.G, M.B Man. Appointed: 23/05/14
– 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.

SUSAN RILEY

Councillor, City of Melbourne MAICD. Appointed: 18/09/09.

Susan has extensive experience in local government having served three terms as Deputy Lord Mayor of Melbourne. First elected in 2001 Susan was the first female Deputy Lord Mayor of Melbourne, and went on to serve as a Councillor until October 2020. The Municipal Association of Victoria recognised Susan in 2020 for her service to local government by awarding a 15 years Councillor Service Award. 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 26 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 until recently was a member of the RMIT University School of Fashion and Textiles Advisory Group.

TRICIA KLINGER

*Director, B Ec. M Comm. GAIDC. Appointed: 22/02/19
– member, Finance Risk & Governance Committee.*

Tricia Klinger joined the Procurement Australasia Board in 2019. She brings to the board over 20 years’ leadership experience in corporate governance, marketing strategy, reputation management and customer centered 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 Rigetti Australia, a leading quantum computing start up owned by US based Rigetti Computing.



VIJAYA VAIDYANATH

Chief Executive Officer, Yarra City Council MBA, MA (Economics). Appointed: 23/05/14 – 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.



Thank You

As the 2019–2020 year comes to a close, we are sad to have to say goodbye to our retiring Board member, Lydia Wilson. We are delighted to announce that she has been appointed as the Chair of the Panel of Administrators at the City of Whittlesea City Council.

It's been a privilege to have Lydia on our Board since 2010. During this time she helped shape the Board and the entire organisation to the successful position it is today.

Lydia took up a leadership role within Procurement Australasia after the previous CEO exited the business and until the current CEO, Joe Arena, was appointed. She has been instrumental in developing the organisation's policies and procedures, imparting her experience in executive leadership, risk management and corporate governance.

Thank you for your dedication and support of Procurement Australasia.

LYDIA WILSON

BA, BSW, GAICD, FAIM. Appointed: 26/02/10.

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), an Independent member of the Waterways of the West Ministerial Advisory Committee, 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 Chair of the Panel of Administrators at the City of Whittlesea. She is also the ministerially appointed independent Chair of the Integrated Water Management Forum for the Maribyrnong Catchment.

Directors' Report.

The Directors present their report together with the financial statements of Procurement Australasia Limited ("the Company") for the year ended 30 September 2020 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.

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 Officer —
 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. GAICD
(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:

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.

Director	Directors' Meetings		Finance and Governance Committee Meetings	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Mr. Ken McNamara	5	4	7	7
Mr. Stephen Griffin	5	5	7	7
Mr. Glenn Patterson	5	4	–	–
Mr. Brendan McGrath	5	3	–	–
Ms. Susan Riley	5	4	–	–
Ms. Vijaya Vaidyanath	5	5	7	6
Ms. Lydia Wilson	2	2	–	–
Ms. Tricia Klinger	5	5	–	–

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, Church Resources & Space Station brands.

The operating profit for the year ended September 30, 2020 attributable to the members of Procurement Australasia Limited was \$164,332 (The result for the year ended 30 September 2019 was a profit of \$1,781,079)

The decline in the current year's profit, compared to the previous year is largely due to the impact of COVID-19 on the business across all revenue categories.

COVID-19 Impact

On 30 January 2020, COVID-19 was declared as a global pandemic by world health organisation. Since then, various measures are taken by the Government in Australia to reduce the spread of COVID-19. This crisis and measures taken to mitigate it has impacted the company's operations for the financial year ended 30 September 2020.

Impact on business operations

The business operations have progressed smoothly during the period with no adverse impact of COVID-19, although all the staff were working from home. This outcome was possible because the company had necessary technological systems in place, and face to face meetings were replaced by virtual meetings.

Impact on Revenue

Total revenues were \$15,005,103 (\$15,588,093 year end 30th Sep 2019).

COVID-19 restrictions and lockdowns in all the states, including the stage 4 lockdown restrictions in Victoria has led to a decline in revenue for the company, resulting in low profits for the year as compared to previous years.

Sales Rebates revenue declined by \$860k over the previous year (10%). Rebate income were impacted due to low travel activity and closure of schools and offices across the country.

Rental Income from our office premises also declined, as offices were closed following Government restrictions, and staff required to be working from home. Loss of rental income estimated to be \$900k. New office premises commissioned in Melbourne in the current year, had to be closed following Government restrictions.

Direct Sales increased by \$1,015k over the previous year (24%), as the company introduced a new product category, Personal Protection Equipment (PPE) following the COVID-19 outbreak.

Rebates from Contracts

Rebate revenue from contracts accounted for 53% of total revenue in 2020 (57% in 2019).

Trading Sales

Trading Sales accounted for 35% of total revenue in 2020 (27% in FY 2019).

Conferences

The sixth one day annual company conference scheduled for August 2020 could not be held due to the Government restrictions on public events in Victoria.

Expenditure

Expenditure increased to \$14,840,771 (\$13,807,014 in 2019). The increase was significantly driven by

- Cost of Trading Sales increased to \$4,666,069 (\$3,783,228 in FY 2018) reflecting the increase in Direct Sales
- Depreciation and Amortisation increased to \$1,343,123 (\$347,600 in FY 2019) as the company adopted the new accounting standard on leases (AASB16) which records lease rent as Interest on lease liability & Depreciation on ROU Asset. The company also signed up new office premises at 440 Collins Street, Melbourne which would be leased out to tenants, generating rental income for the company

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 7 cents per share amounting to \$27,785

in respect of the year ended 30 September 2020 was declared (25 cents for 30th Sep 2019 totalling \$99,215). The 2019 dividend was remitted to shareholding members on 18 December 2019.

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 57 and forms part of the Directors' Report for the year ended 30 September 2020.

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 2020 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 2020, 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 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:

A handwritten signature in black ink, appearing to read "Ken McNamara". The signature is written in a cursive style with a long, sweeping flourish at the end.

KEN MCNAMARA

Chair of Board of Directors

Dated at Melbourne this 11th Day of December 2020.

6.

FINANCIAL REPORT



Independent Auditor's Report

To the Directors of Procurement Australasia Ltd

Opinion	<p>I have audited the financial report of Procurement Australasia Ltd (the company) which comprises the:</p> <ul style="list-style-type: none"> • statement of financial position as at 30 September 2020 • statement of profit and 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. <p>In my opinion the financial report is in accordance with the <i>Corporations Act 2001</i> including:</p> <ul style="list-style-type: none"> • giving a true and fair view of the financial position of the company as at 30 September 2020 and its financial performance and cash flows for the year then ended • complying with Australian Accounting Standards and the <i>Corporations Regulations 2001</i>.
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the company in accordance with the auditor independence requirements of the <i>Corporations Act 2001</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (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.</p> <p>I confirm that the independence declaration required by the <i>Corporations Act 2001</i>, 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.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Directors' responsibilities for the financial report	<p>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 <i>Corporations Act 2001</i>, 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.</p> <p>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.</p>

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
23 December 2020



Saichu Chummar
as delegate for the Auditor-General of Victoria

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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 2020, 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
23 December 2020

A handwritten signature in black ink, appearing to read "S. Chummar", is written over a vertical yellow line.

Sanchu Chummar
as delegate for the Auditor-General of Victoria

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**Statement of Profit or Loss
& other Comprehensive income**

*for the year ended 30 September 2020.

	Note	2020 \$	2019 \$
Revenue			
Sales Rebate Revenue		7,948,023	8,810,562
Trading Sales		5,276,765	4,260,857
Consultancy Income		739,398	1,319,846
Interest		66,409	121,770
Other Revenue	2	974,509	1,075,059
		15,005,103	15,588,093
Expenses			
Trading Sales — Cost of Sales		4,666,069	3,783,228
Consultancy — Purchases		558,309	1,142,995
Employee Expenses		5,074,952	5,013,099
Leasing Rent and Outgoings		368,469	734,460
Interest on Lease Liabilities		133,980	—
Depreciation and Amortisation	3	1,343,123	347,600
Consultancy Fees		545,023	502,261
Promotional Activities		548,765	502,587
Incidentals		473,523	542,889
Other expenses	4	1,128,557	1,237,896
		14,840,771	13,807,014
Profit for the year		164,332	1,781,079
Other Comprehensive Income		—	—
Total Comprehensive Income		164,332	1,781,079

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 2020.

	Note	2020 \$	2019 \$
Assets			
<i>Current Assets</i>			
Cash and cash equivalents	6	4,697,512	6,401,783
Trade and other receivables	7	1,784,257	2,494,377
Inventories	8	5,763	5,270
Other assets	9	394,528	383,690
Investment and other financial assets	10	2,095,773	845,105
Total Current Assets		8,977,833	10,130,225
<i>Non-Current Assets</i>			
Plant & equipment	11	1,962,239	648,750
Intangible assets	12	1,483,104	1,475,828
Right of Use Assets	15	4,839,685	-
Total Non-Current Assets		8,285,028	2,124,578
Total Assets		17,262,861	12,254,803
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables	13	1,382,708	1,343,777
Lease Liabilities	15	723,078	-
Provisions	14	713,411	921,642
Total Current Liabilities		2,819,197	2,265,419
<i>Non-Current Liabilities</i>			
Lease Liabilities	15	4,275,453	-
Provisions	14	146,473	104,193
Total Non-Current Liabilities		4,421,926	104,193
Total Liabilities		7,241,123	2,369,612
Net Assets		10,021,738	9,885,191
Equity			
Contributed capital	16a	403,862	403,862
Retained earnings	16b	9,617,876	9,481,329
Total Equity		10,021,738	9,885,191

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 2020.

	Note	Contributed Capital \$	Retained Earnings \$	Total \$
Balance at 1 October 2018		403,862	7,799,465	8,203,327
Profit for the year		–	1,781,079	1,781,079
Other comprehensive income		–	–	–
Dividends paid /or provided for	16c	–	(99,215)	(99,215)
Balance at 30 September 2019		403,862	9,481,329	9,885,191
Profit for the year		–	164,332	164,332
Other comprehensive income		–	–	–
Dividends paid /or provided for	16c	–	(27,785)	(27,785)
Balance at 30 September 2020		403,862	9,617,876	10,021,738

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 2020.

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		17,113,386	16,783,485
Interest received		66,409	121,770
Employee salaries and benefits		(5,240,904)	(4,853,312)
Payments to suppliers		(9,491,946)	(10,148,820)
Net cash flows from operating activities	17	2,446,945	1,903,123
Cash flows from investing activities			
Purchase of plant & equipment		(1,641,508)	(175,180)
Payments for intangibles		(112,186)	(244,980)
Payments for financial assets		(1,484,409)	(815,670)
Proceeds from sale of plant & equipment	5	-	-
Net cash flows from operating activities		(3,238,103)	(1,235,830)
Cash flows from financing activities			
Dividends paid	17c	(27,785)	(99,215)
Interest Paid — lease liability		(133,980)	-
Repayment of lease liabilities		(751,348)	-
Net cash flows from financing activities		(913,113)	(99,215)
Net increase in cash held		(1,704,271)	568,078
Cash and cash equivalents at 1 October 2019		6,401,783	5,833,705
Cash and cash equivalents at 30 September 2020	6, 17b	4,697,512	6,401,783

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

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 functional and presentation currency of the company is Australian dollars.

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) Significant Accounting Policies

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not

been early adopted by the entity for the annual reporting period ended 30 September 2020. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

New or amended Accounting Standards and Interpretations adopted

The entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

The entity has adopted AASB 16 from 1 October 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest

expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

When adopting AASB 16 from 1 October 2019, the consolidated entity has applied the following practical expedients:

- applying different discount rates to the portfolio of leases having different characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 October 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets; using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

Financial statement impact of adoption of AASB 16

The Company has recognised right-of-use assets of \$5,749,879 at 1 October 2019, for leases previously classified as operating leases

The lessee's incremental borrowing rate applied to lease liabilities at 1 October, 2019 was 2.33% and 2.95%.

Operating lease commitments at 30 September 2019 financial statements	6,531,823
Discounted using the incremental borrowing rate at 1 October, 2019	5,749,879
Lease liabilities recognised at 1 October, 2019	5,749,879

(c) 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.

(d) 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 11 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(q) *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
Rates used are consistent with prior year	Plant & Equipment	10%–33%	S/L

(e) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying

Note 1. Statement of Accounting Policies (continued)

amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(k) 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.

(l) 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.

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 on a straight line basis over the lease term. Contingent rentals are recognised as income in the period when earned.

Rebates Revenue

Rebates Revenue is recognized based on the reports submitted by suppliers. Sales to the company members not reported by suppliers at balance date are used as a base for the accrual of rebate revenue.

(m) Comparative Information

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

(n) 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.

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.

(o) 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, its carrying value is written off.

(p) 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 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 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.

(q) 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 16). 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.

(r) 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.

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.

Note 1. Statement of Accounting Policies (continued)

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.

(s) 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.

(t) 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 18 *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.

(u) Critical Accounting Judgements

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(v) Events After the Reporting Period

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

(w) Impact of COVID-19 pandemic on company operations and 2019-20 financial report

On 30 January 2020, COVID-19 was declared as a global pandemic by world health organisation.

Since then, various measures are taken by the Government in Australia to reduce the spread of COVID-19. This crisis and measures taken to mitigate it has the company's operations in the following areas for the financial year ended 30 September 2020:

COVID-19 restrictions and lockdowns in all the states, including the stage 4 lockdown restrictions in Victoria has led to a decline in revenue for the company, resulting in low profits for the year as compared to previous years.

Sales Rebates revenue declined by \$860k (10%). Rebate income were impacted across all product categories due to very low air travel activity and closure of schools and offices across the country.

Rental Income from our office premises also declined, as offices were closed following Government restrictions, and staff required to be working from home. Loss of rental income estimated to be \$900k.

New office premises commissioned in Melbourne in the current year, had to be closed down following Government restrictions.

Direct Sales increased by 24%, as the company introduced a new product category, Personal Protection Equipment (PPE) following the COVID-19 outbreak.

If the COVID-19 situation continues to prevail, there could be further decline in income, which cannot be estimated or quantified at this point in time.

(x) 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 21 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. Other Revenue

	2020	2019
	\$	\$
Energy Contract Access Fees	236,500	139,264
Tenders Online	28,436	12,850
Awards Dinner and Conference	–	159,400
Forums & Seminars Revenue	23,961	68,761
OneCard Fuel & Management Fee Revenues	168,044	171,441
Rental Income	342,087	472,038
Sundry Revenue	16,868	13,547
Dividends	56,746	8,323
Profit on Sale of Investments	1,867	–
Government Cash Flow Boost	100,000	–
Increase in Fair Value of Investments	–	29,435
	974,509	1,075,059

Note 3. Depreciation and Amortisation

	2020	2019
	\$	\$
Depreciation Right of Use Assets	910,194	–
Depreciation Plant & Equipment	328,019	211,482
Amortisation of Intangible Assets	104,911	136,118
	1,343,123	347,600

Note 4. Other Expenses

	2020 \$	2019 \$
Business Development	24,775	7,346
Bad Debts	3,629	–
Auditors Remuneration – Audit Services (Refer Note 19)	4,500	16,870
Awards Dinner and Conference	–	143,666
Printing Postage Stationery	14,609	40,078
Travel Accommodation and Entertainment	100,154	213,720
Information Technology Expenses	280,982	419,484
Insurance	51,316	47,278
Utilities and Maintenance	63,467	51,485
Financial Legal Secretarial	119,046	60,055
Directors' Fees	232,336	236,402
Decrease in Fair Value of Investments	233,741	–
Loss on Sale / disposal of Fixed Assets (Refer Note 5)	–	1,511
	1,128,557	1,237,896

Note 5. Sale Of Non-Current Assets

	2020 \$	2019 \$
Non-Current Assets – Sales with Profit	–	–
Proceeds from Disposals of Assets	–	–
Less: Written-Down Value of Assets Sold	–	(1,511)
Loss returned on sale of Non-Current Assets	–	(1,511)
Net Gain (Loss) on Disposal	–	(1,511)

Note 6. Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash on Hand and at Bank	2,019,423	2,676,487
Short Term Deposit	2,678,089	3,725,296
	4,697,512	6,401,783

Short Term Deposits have an effective interest rate of 1.28 % and an average maturity of 3 months (2019: 1.78% and 3 months).

Note 7. Trade and other Receivables

	2020	2019
	\$	\$
Trade debtors	985,340	1,648,638
Accrued Revenue	798,745	846,184
Other Receivables	955	338
Less Provision for Impairment of Receivables	(783)	(783)
Total Receivables	1,784,257	2,494,377

Note 7(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 1/10/19	Change for the year 2019-20	Amounts written off 2019-20	Closing Balance 30/9/20
	\$	\$	\$	\$
Current trade receivables	783	-	-	783
	783	-	-	783

	Opening Balance 1/10/18	Change for the year 2018-19	Amounts written off 2018-19	Closing Balance 30/9/19
	\$	\$	\$	\$
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 8. Inventories

	2020	2019
	\$	\$
Stock in Trade	5,763	5,270
	5,763	5,270

Note 9. Other Assets

	2020	2019
	\$	\$
Deposits	1,851	48,859
Prepayments	392,677	334,831
	394,528	383,690

Note 10. Investments and other Financial Assets

	2020	2019
	\$	\$
Listed Securities in the Australian Stock Exchange — held for trading	2,300,079	815,670
Fair value adjustment through profit or loss	(204,306)	29,435
	2,095,773	845,105

Note 11. Plant and Equipment

	2020 \$	2019 \$
Fair Value		
Plant & Equipment	2,911,683	1,272,013
Less Accumulated Depreciation	(949,444)	(623,263)
	1,962,239	648,750
Total Plant & Equipment at Fair Value	1,962,239	648,750

Fair Value Measurement Hierarchy for Assets as at 30 September 2020

Plant and equipment at fair value

Plant and equipment

Total of plant, equipment and vehicles at fair value

Carrying Amount as at 30 Sep 20	Fair Value measurement at end of reporting period using:		
	Level 1	Level 2	Level 3
1,962,239	-	-	1,962,239
1,962,239	-	-	1,962,239

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 2020

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 below.

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.

Opening Balance

Additions

Disposals

Depreciation (see note 3)

Closing Balance

Plant and Equipment \$	
2020	2019
648,750	698,429
1,641,508	163,313
-	(1,511)
(328,019)	(211,482)
1,962,239	648,750

Note 11. Plant and Equipment (continued)

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 and 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 10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

Note 12. Intangible Assets

	2020 \$	2019 \$
Computer software, website and branding:		
At Cost	1,482,487	1,370,300
Accumulated Impairment Losses	(482,437)	(482,437)
Accumulated Amortisation	(738,610)	(633,699)
Net Carrying Value	261,440	254,164
Goodwill:		
At Cost	1,221,664	1,221,664
Accumulated Impairment Losses	-	-
Net Carrying Value	1,221,664	1,221,664
Total intangible assets	1,483,104	1,475,828

Reconciliation of Carrying Amounts	Software Systems \$		Web sites & Portals \$		Goodwill \$	
	2020	2019	2020	2019	2020	2019
Opening Balance	208,258	30,710	45,906	102,727	1,221,664	1,221,664
Additions	6,309	247,247	105,877	9,598	-	-
Amortisation (see note 3)	(73,144)	(69,699)	(31,766)	(66,419)	-	-
Closing Balance	141,424	208,258	120,017	45,906	1,221,664	1,221,664

Note 12. Intangible Assets. (continued)

Reconciliation of Carrying Amounts	Total	
	2020	2019
Opening Balance	1,475,828	1,355,101
Additions	112,186	256,845
Amortisation (see note 3)	(104,910)	(136,118)
Closing Balance	1,483,104	1,475,828

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 2020. 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.

Note 13. Trade and other payables

	2020 \$	2019 \$
Current		
Trade Creditors	535,378	452,407
Security Deposit	13,833	14,351
Accrued Expenses	576,833	493,839
PAYG and GST Payable	197,604	250,227
Superannuation	31,275	33,738
Dividends Payable	27,785	99,215
	1,382,708	1,343,777

Note 14. Provisions

	2020 \$	2019 \$
Short Term		
Accrued staff bonuses	203,481	444,657
Annual Leave	350,945	259,145
Long Service Leave – expected to be settled within 12 months	144,407	133,390
Unpaid FBT	–	3,799
Other Provisions	14,578	80,651
Total	713,411	921,642
Long Term		
Long Service Leave – expected to be settled after 12 months	146,473	104,193
Total Provisions	859,884	1,025,834

Note 15. Leases

The Company has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related interpretations.

Company as a lessee

The Company has leases over office premises.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases:

The company has three office premises leases, two in Victoria and one in New South Wales. The two leases in Victoria had initial terms of 7 years and 10 year, with 3 years and 9 years of lease remaining respectively.

The lease with initial term of 10 years has an option to terminate at the company's discretion after 7 years, and is subject to a fixed annual rental increase of 3.75%. The lease with initial term of 7 years is subject to a fixed annual rental increase of 3.5%. The consolidated entity leases office equipment under agreements of less than five years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Right-of-use assets	Office Premises \$	Total \$
Year ended 30 September 2020		
Balance at beginning of year	–	–
Change due to adoption of AASB 16	5,749,879	5,749,879
Depreciation charge	(910,194)	(910,194)
Balance at end of year	4,839,685	4,839,685

No impairment has been recognised in respect of Right of Use Assets for the year ended 30 September 2020

Note 15. Leases. (continued)

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below

	<1 year	1-5 year	>5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement of Financial Position
2020	\$	\$	\$	\$	\$
Lease Liabilities	858,034	2,525,710	2,262,897	5,646,641	4,998,531

Extension & Termination Options

The leases do not have extension options.

The lease with the 10 year period has an option to terminate the lease after 7 years at the company's discretion

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below.

	2020 \$
Interest expense on lease liabilities	133,980
Depreciation of right-of-use assets	910,194
	1,044,174
Statement of Cash Flows	
Total cash outflow for leases	751,348

Note 16. Equity and reserves

	2020 \$	2019 \$
(a) Contributed Capital		
396,862 (2019: 396,862) ordinary shares fully paid	403,862	403,862
(b) Retained Earnings		
Retained Earnings at the beginning of the year	9,481,329	7,799,465
Net Result for the year	164,332	1,781,079
Dividends Paid	(27,785)	(99,215)
Retained Earnings at the end of the year	9,617,876	9,481,329
(c) Dividends		
Dividends recognised in the current year by the Company are:		
7 cents per share – (2019: final unfranked ordinary dividend – 25 cents)	(27,785)	(99,215)

**Note 17. Reconciliation of net result for the year
to net cash flows from operating activities**

	2020 \$	2019 \$
(a) Reconciliation of net cash used in operating result		
Profit from ordinary activities after income tax	164,332	1,781,079
Non-Cash Movements		
Depreciation	1,343,123	347,600
Amortisation		
Movement in Market Value	233,741	(29,435)
Interest costs –financing, not operating	133,980	–
Loss / (Gain) on disposal of non-current assets	–	1,511
Decrease/(Increase) in Receivables	710,120	(182,023)
Increase/(Decrease) in Payables	38,932	(167,834)
Decrease/(Increase) in Prepayments	(10,838)	(184,496)
Increase/(decrease) in inventories	(493)	(34)
Increase/(decrease) in provisions	(165,952)	336,755
Net Cash From Operating Activities	2,446,945	1,903,123
(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	2,019,423	2,676,487
Term Deposits	2,678,089	3,725,296
Cash and Cash Equivalents	4,697,512	6,401,783

Note 18. Capital and leasing commitments

	2020	2019
	\$	\$
(a) Operating Lease Commitments		
Non- cancellable operating leases contracted for but not capitalised in the financial statements.	403,862	403,862
<i>Payable</i>		
not later than 1 year	-	913,032
later than 1 year but not later than 5 years	-	3,017,405
later than 5 years	-	2,823,406
	-	6,753,843

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, Collins Street, Melbourne, VIC 3000 whose expiry is set for 5th September 2029.

The leases have been capitalised in accordance with AASB 16 Leases, and recorded as Lease Liabilities and Right of Use Assets, refer Notes 1(b), 1(e) and 15.

(b) Capital Commitments

At 30 September 2020, the Company has no capital commitments.

Note 19. Auditors' Remuneration

	2020	2019
	\$	\$
Amounts received, or due and receivable for auditing the accounts by:		
- Victorian Auditor-General (Financial Statement Audit)	18,950	16,870
	18,950	16,870

Note 20. 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.

Note 20. Related party transactions (continued)

	2020 \$	2019 \$
(b) Income paid or payable to Directors	210,005	214,219
No. of Directors whose income from the company was within the following bands:		
\$1,000–\$9,999	–	–
\$10,000–\$19,999	1	–
\$20,000–\$29,999	6	7
\$30,000–\$39,999	–	–
\$40,000–\$49,999	1	1
	8	8
(c) Amounts of a prescribed benefit given during the year by the company to a prescribed superannuation fund on behalf of Directors.	14,009	13,234
(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 2019 to 30th September 2020.

(e) Executive Officers' Remuneration

The names of Executive Officers who have held office during the financial year are: Mr Joe Arena – Chief Executive Officer, Ms Annette Mackay – Director, People & Experience, Mr Brendan Hoare – Director, Strategic Sourcing, Mr Devraj Kanakappan – Director, Finance, Ms Georgia Argyropoulos – Director, Strategy & Major Projects, Mr Jason Mackenzie – Director, Sales, Mr Mark Hopcroft – Director, Marketing and Commercial Services.

The number of executive officers, other than responsible persons, whose total remuneration falls within the bands above \$100,000 at 30 September 2020 are as follows:

Income band (\$)	2020	2019
\$110,000–\$119,999	–	1
\$130,000–\$139,999	1	1
\$140,000–\$149,999	–	1
\$150,000–\$159,999	1	–
\$160,000–\$169,999	2	–
\$190,000–\$199,999	–	1
\$220,000–\$229,999	2	–
\$240,000–\$249,999	–	1
\$280,000–\$289,999	–	1
\$290,000–\$299,999	1	–
Total number of employees for the above bands	7	6
Aggregate remuneration for bandings above	1,364,811	1,115,888

(f) Related party disclosure

During the period, the entity did not enter into any other transactions with related parties, there were no outstanding balances, loans or any commitments to/from related parties.

Note 21. Contingent assets and contingent liabilities

	2020	2019
	\$	\$
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	523,600
Total Contingent Liabilities	819,918	819,918

There are no known contingent assets for the company.

Note 22. Events occurring after the reporting date

Since 30 September 2020 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 23. 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.

Share market Risk

The entity now has share portfolio, and therefore has exposure to share market risk.

Foreign Exchange Risk

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

Note 23. Financial Instruments (continued)

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 23(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	Fixed Interest Rate Maturing In:										Total Carrying Amount Per Balance Sheet	
	Non-Interest-Bearing		Floating Interest Rate		1 year or less		1 to 5 years		over 5 years			
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets												
Cash	-	-	2,019,423	2,676,487	2,678,089	3,725,296	-	-	-	-	4,697,512	6,401,783
Receivables	1,784,257	2,494,377	-	-	-	-	-	-	-	-	1,784,257	2,494,377
Other Financial Assets	2,095,773	845,105	-	-	-	-	-	-	-	-	2,095,773	845,105
Total Financial Assets	3,880,030	3,339,482	2,019,423	2,676,487	2,678,089	3,725,296	-	-	-	-	8,577,542	9,741,265
Financial Liabilities												
Payables	1,382,708	1,343,777	-	-	-	-	-	-	-	-	1,382,708	1,343,777
Total Financial Liabilities	1,382,708	1,343,777	-	-	-	-	-	-	-	-	1,382,708	1,343,777
Net Financial Asset/Liabilities	2,497,323	1,995,705	2,019,423	2,676,487	2,678,089	3,725,296	-	-	-	-	7,194,834	8,397,488
Weighted average interest rate			1.0%	1.0%	1.3%	1.8%						

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 at the banking institution.

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 -0.1% to +0.5 % and -1% to +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.

Note 23. Financial Instruments (continued)

Interest Rate Exposure 2020	Current Rate (%)	Amount	Annual return at current rate	Rates move by:	
				-0.10% Possible effect Profit or loss	-0.50% Possible effect Profit or loss
Financial Assets					
Cash at Bank	0.25%	2,019,423	5,048	(2,018)	10,096
Short Term Deposit	0.50%	2,678,089	13,390	(2,678)	13,390
Receivables	0.00%	1,784,257	-	-	-
Total Financial Assets		6,481,769	18,438	(4,697)	23,487
Financial Liabilities					
Trade creditors and accruals	0.00%	1,382,708	-	-	-
Total Financial Liabilities		1,382,708	-	-	-
Possible effect movement in interest income in profit or loss				(4,697)	23,487

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	(2,675)	13,381
Short Term Deposit	1.78%	3,725,296	66,310	(37,253)	37,253
Receivables	0.00%	2,494,377	-	-	-
Total Financial Assets		8,896,160	93,074	(39,298)	50,634
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				(39,928)	50,634

Policy in managing the price risk:

The company's exposure to investment securities price risk arises from investments held by the company and classified in the balance sheet at fair value through profit or loss (Note 10).

To manage its price risk arising from investments in equity securities, the company diversifies its portfolio in accordance with the limits set by the company.

Sensitivity analysis on price 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 -7% to +5% in investment prices from year-end prices.

The following tables disclose the impact on net operating result and equity for the investment securities held by entity at year end.

Price Risk Exposure 2020	Amount	Price move by:	
		-7.00% Possible effect Profit or loss	5.00% Possible effect Profit or loss
Investment and other Financial Assets			
Listed Securities in the Australian Stock of Exchange	2,095,773	(146,703)	104,788
Total Investment and other Financial Assets	2,095,773	(146,703)	104,788
Possible effect movement in fair value of investment in profit or loss		(146,703)	104,788

d) Fair Value Valuation

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

Financial Instruments	2020		2019	
	Carrying Value \$	Fair Value \$	Carrying Value \$	Fair Value \$
Financial Assets				
Cash and cash equivalents	4,697,512	4,697,512	6,401,783	6,401,783
Receivables	1,784,257	1,784,257	2,494,377	2,494,377
Investments and other financial assets	2,095,773	2,095,773	845,105	845,105
Total Financial Assets	8,577,542	8,577,542	9,741,265	9,741,265
Financial Liabilities				
Trade creditors and accruals	1,382,708	1,382,708	1,343,777	1,343,777
Total Financial Liabilities	1,382,708	1,382,708	1,343,777	1,343,777

Note 23. Financial Instruments (continued)

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 the financial assets held by entity is the current bid price.

Cash, cash equivalents and non-interest bearing financial assets and financial liabilities are carried out at face value, which is 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.

Note 24. Statutory Information

The registered office and principal place of business of the company is:
Level 18, 461 Bourke Street, Melbourne, Victoria 3000.

Procurement Australasia Ltd. – Declaration by directors

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 set out on pages 55 to 84 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 2020 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

Dated this 11th day of December 2020.

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