

Management report to Council

Agenda item 6.2

MAPS Group Ltd: Trading results to 30 September 2016

Council

Presenter: Phu Nguyen, Chief Financial Officer

28 March 2017

Purpose and background

1. The purpose of this report is to present the annual results of MAPS Group Ltd (now trading as Procurement Australia) for the period 1 October 2015 to 30 September 2016.
2. The Municipal Authorities Purchasing Scheme (MAPS) 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, MAPS Group Ltd (the Company) acquired the MAPS business 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.

Key issues

4. Good governance practice dictates that an organisation monitors performance of all entities in which it hold an equity interest.
5. The annual general meeting of the Company was held on 24 February 2017.
6. The Company made a profit for the year ending 30 September 2016 of \$370,853 compared to a profit of \$988,794 for the previous year. Further financial details are provided in Attachment 2.
7. The Company paid a dividend for the 2016 financial year of 15 cents per share. Dividend payment of \$37,500 was received in December 2016.

Recommendation from management

8. That Council notes the annual results of MAPS Group Ltd for the trading period 1 October 2015 to 30 September 2016.

Attachments:

1. Supporting Attachment (page 2 of 85)
2. MAPS Group Ltd Financial Information 2015–16 (page 3 of 85)
3. MAPS Group Ltd Financial Statements for the Year Ended 30 September 2016 and external auditors report (page 4 of 85)

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 15.0 cents for the 2016 financial year. The City of Melbourne received dividend payment of \$37,500 in December 2015.
3. The Company has advised that it has received an unqualified audit opinion for 2015–16.

Conflict of interest

4. The previous Deputy Lord Mayor is on the Company board.
5. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

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.

MAPS GROUP LTD FINANCIAL INFORMATION 2015–2016

1. The Company made a profit for the year ending 30 September 2016 of \$370,853 compared to \$988,794 the previous year.
2. The decrease in profit compared with the previous year was due to the following major impacts:
 - 2.1. Revenue reduced to \$8,030,772 (2015 \$9,788,400) major contributions being decrease in fuel card revenues in 2016 which were partially offset by consulting income.
 - 2.2. Expenses declined to \$7,659,919 (2015 \$8,799,606), major contributions being reduction in fuel card expenses in 2015.
 - 2.3. The net cash outflow for the year was \$1,265,223 compared to net cash inflow of \$419,132 in 2015. The Company maintains an adequate level of liquidity with a current ratio of 3.75 (6.42 2016). 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 3.75 means that for every one dollar of current liability there is 3.75 dollars in current assets available to meet that obligation.
3. The Company continues to be debt free.
4. Total assets at the end of the period amounted to \$5.70 million, an increase of \$0.83 million from the prior period. This increase in assets was mainly due the increase property plant and equipment of \$0.83 million. Total liabilities amounted to \$1.24 million at the end of the period, an increase of \$0.52 million from the prior period. The increase in liabilities was primarily due to an increase in payables of \$0.42 million.
5. Total shareholders' equity amounted to \$4.4 million at the end of the period represented by share capital of \$0.4 million and retained profits of \$4 million.



10461

THE VIEW FROM OUR NEW HOME

Level 18, 461 Bourke St, Melbourne, Victoria 3000



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ABOUT MAPS GROUP LIMITED

Maps Group Limited trading as Procurement Australia is a public company which negotiates and facilitates contracts for common use goods and services on behalf of its Members.

Procurement Australia offers suppliers access to Local Government, Trusts, Not for Profits, TAFE, Universities, Libraries, Water Authorities and other statutory bodies, and the private sector through its ISO9001 accredited tender and contract management processes. Procurement Australia operates from a head office located in Melbourne, and has an additional office in Sydney.

The company services over 700 members across Australia.

Procurement Australia suppliers are authorised contractors who have tendered and been accepted to sell goods and services through the Procurement Australia contracts.

Our suppliers incorporate a diverse group covering many market sectors and organisations, including high profile national and multinational brands.



Quality
ISO 9001
SAI GLOBAL

THE YEAR 2015-16 IN

REVIEW

A year of new beginnings for Procurement Australia with many exciting and sustainable new initiatives set in place and earlier ones coming to fruition. In a year of investment, Procurement Australia has put down roots for the future to grow new revenue streams and strengthen existing ones.







MOVE INTO THE MELBOURNE CBD



First and foremost has been the move to our new, modern and all accommodating National Office at Level 18, 461 Bourke Street in July 2016, right in the middle of Melbourne's CBD.

After many years in Hawthorn, Procurement Australia is now aptly situated in the 'big end of town' and provides a home for all Procurement Australia members.

Taking the whole of Level 18 is a forward looking step as it allows us to offer a Members' Lounge to members and shareholders as well as a business services centre offering Flexible Business Spaces and Hot Desks, open for both private and public sector commercial hire.

Importantly, not only is this a first in offering space for members to use between meetings, to catch up with colleagues, or work in private, it also allows the business to diversify and add a new revenue stream.



YOUR MEMBERS' LOUNGE IS NOW OPEN



‘It’s a bold and promising venture for us. It’s helping us reach out, build and strengthen new and existing relationships and set the pace in the world of procurement as well as diversifying our revenue streams.’

Joe Arena
Chief Executive Officer
August 2016

Welcoming to suppliers and other stakeholders, Level 18’s central CBD location places Procurement Australia among Australia’s commercial elite and cements us as a truly progressive and member focused organisation.

A highly valuable add on to our free membership, the space is a place in Melbourne’s CBD allowing members to be open for business at all times no matter where they are from and, importantly, without the high cost of a lease. A Members’ Lounge, Hot Desks and Flexible Business Spaces capable of hosting meetings, events, seminars, workshops or any other event requiring space for up to 36 people are all available.

As Chief Executive Officer Joe Arena said on opening the new office: *“We have taken the step to raise our presence by establishing ourselves more prominently and conveniently in Melbourne’s CBD, and build a new business - office space for hire.*

“The procurement function in Australia is maturing at a rapid rate. Chief Procurement Officers in some industries sit in the ‘C’ suite with other top corporate executives. It’s appropriate that CPOs have their own space, much like other high-end service industry professionals such as lawyers, accountants, architects and engineers.

“The welcoming of private sector members through last year’s change to our Memorandum and Articles of Association together with our ongoing growth and plans for the future has enabled the development of this exciting all-encompassing space.

“Through the Members’ Lounge and mixed business space, we are building awareness, creating important conversations, challenging and changing perceptions and behaviours, and developing stronger and better relationships with members, peers, and industry and business cohorts.”

BUILDING PRIVATE AND PUBLIC SECTOR MEMBERSHIP THROUGH PARTNERSHIPS

Changes to Procurement Australia's Memorandum and Articles of Association (MAA) in 2015 opened the door for us to build private sector membership, a major avenue for business and revenue growth.

With a focus on sharing our internationally accredited contracting and tendering process and skills, our Business Development teams hit the road in 2016 and signed several significant private sector members through attractive partnership arrangements.

By partnering with Procurement Australia, private sector organisations join a notable membership of more than 700, capable of generating very significant savings and adding value to procurement practices. Several big names came on board during the year, and a number more are about to experience the valuable benefits membership of Procurement Australia brings.

Bulla Dairy Foods

One of Australia's most well-known dairy brands in Australia, Bulla Dairy Foods has become a Procurement Australia partner by taking up our major new energy contract and is also currently reviewing our entire fleet and plant equipment contracts, and new categories including advertising and waste management.

BIG4 Holiday Parks

Taking the position as Strategic Procurement Partner to BIG4 Holiday Parks, a cooperative group of 180 holiday parks around Australia, our partnership is long term and mutually beneficial with the objective of reducing costs for BIG4's members and streamlining its purchasing processes to add further value.

Procurement Australia advises BIG4 on procurement best practices and ways to save money while ensuring that BIG4 members have access to quality products and services on an ongoing basis. We also act as advisor and facilitator, actively working alongside BIG4 on specific contracts.

BIG4 benefits not only financially but also through gains generated by improved procurement policies and procedures to achieve the best, most sustainable financial and efficiency outcomes.

In addition, BIG4 members gain access to some of Procurement Australia's largest contracts including electricity and gas, paint, hardware, stationery, and cleaning consumables and are benefiting from savings.

JewishCare

Joining as a new private sector member in 2016 to realise financial savings and gain better buying services, JewishCare is using two Procurement Australia contracts and has provided very positive feedback confirming their satisfaction already. This signals a great start to what will be a strong and satisfying relationship and JewishCare is looking forward to a successful 2017 with our help and support.

Arcare, Melbourne Cricket Ground, Belgravia Health and Leisure, Port of Melbourne

Along with BIG4 joining Procurement Australia's fold as private sector members, we've been privileged to add aged care operator, Arcare, with facilities in Queensland, NSW and Victoria; the Melbourne Cricket Ground; Belgravia Health and Leisure Group; and Port of Melbourne Corporation, each of whom are taking advantage of contracts ranging from Stationery, IT and Energy through to National Cash Collections, Equipment Hire and Facilities and Waste Management.

Consulting services provide a revenue stream

Packaging up our extensive knowledge and procurement skills and processes, Procurement Australia is in a key position to act as a principal consultant to organisations around Australia.

As one of Australia's pre-eminent procurement organisations, our consulting work is response to client demand and is a natural extension of our core skills and capabilities, and is delivering significant diversification to the business.

Working in areas ranging from spend analysis, procurement benchmarking, and identifying and developing category opportunities to developing and implementing logistics and procurement strategies, our consulting services delivered in a couple of major ways during the year.

Department of Defence

During the year, in partnership with Madison Cross, Procurement Australia won a major Australian Department of Defence contract, described at the time as a major success and confirmation of Procurement Australia's position as one of the most highly skilled procurement and supply chain management organisations in Australia.

The contract was offered by the Department's Acquisition and Sustainment Group Land Systems Division and concerns the delivery of a Proof of Concept (PoC) Trial in the Department's 4th Party Logistics (4PL) Smart Buyer Commodity Reform Program.

Procurement Australia, in partnership with the Department, is designing, developing and executing the PoC, with the outcome being to test and evaluate a 4PL Smart Buyer approach for selected items of supply. The project involves the Land Systems Division, General Support Systems Program Office, and other LSD Systems Program Offices in all states and territories where Defence's commodity procurement and warehousing operate.

In undertaking the project, the team provides expert commercial and procurement advice, specialist knowledge and appropriate industry involvement in the PoC and a new contract has been rolled over.

Group tender process - 100+ Wh Melbourne Renewable Energy Project

The Project represents a ground-breaking approach seeking large volumes of renewable energy through a group purchasing model.

At the start of the process in late 2015, we hosted an energy industry supplier briefing in Melbourne for the City of Melbourne and its project partners that included National Australia Bank, Bank Australia, University of Melbourne, RMIT and Federation Square.

The briefing unveiled the Project's detail and outlined the tender's purpose, and was attended by Australia's leading energy suppliers.

The Project seeks proposals to deliver 110 GWh of energy from new large scale renewable energy facilities at an attractive price over a 10-year term, and to demonstrate a range of community and economic benefits. The amount of renewable energy generated will save up to 138,600 tonnes of CO2 each year, the equivalent of more than 160,000 new trees and enough energy to power 28,475 Melbourne households.

We managed an initial tender process for the Project team from mid to late 2016, and we're now assisting them in the conduct of the next phase.

The successful tenderer is to be announced in 2017.

AMA Victoria

We also entered a long term partnership with AMA Victoria (AMAV) to bring AMAV members cost savings on a range of procurement contracts, and provide AMAV itself with a new income stream through a shared supplier rebate scheme.

The relationship helps AMAV members reduce their purchasing and operational costs, and improve efficiencies through better supply contracts and improved quality control, adding further value to their AMAV membership.

Given immediate access to four contracts - Stationery, IT Hardware & Software, Multi Function Devices, and Electricity & Gas - offering savings of between 15% and 50%, AMAV members can also take advantage of our other standing offer contracts to benefit from improved pricing and cost savings in the range of 10% to 50% depending on the category.

'With over 700 members in Australia, Procurement Australia has both significant buying power and a breadth of knowledge & experience across many categories. I would not hesitate to recommend

Procurement Australia to my friends working in other procurement functions as well as my suppliers.'

Olivia Li

Sourcing Manager - Materials & Indirects
Bulla Dairy Foods

LARGE
VICTORIAN
COUNCIL
SAVES
MORE
THAN

40

%

INSURERIGHT PROVES IT'S POSSIBLE TO MAXIMISE BENEFITS WHILE SAVING SIGNIFICANT MONEY

Acting as an independent expert in a review of insurance and risk management protocols of one of Victoria's oldest and largest local government councils, Procurement Australia's Risk Management and Insurance division has enabled savings of more than 40% in annual premiums with the incumbent broker.

The council, home to 100,000 residents and over 50,000 residential dwellings, was spending more than \$1.6 million on their annual insurance premium - a 40% saving representing \$640,000.

Process

Procurement Australia participated in the council's internal corporate governance review of its insurance and risk management protocols with the objective of ensuring they were not only appropriate but also represented best practice.

Seeking to explore both the adequacy and cost effectiveness of their existing risk management and insurance arrangements, and to test their long-standing relationship with their incumbent broker, the council and Procurement Australia established and managed a made-to-measure Request for Proposal (RFP) tender process for insurance broking and risk management services.

Tailored to meet the council's unique and diverse needs, the RFP focused on a wide range of criteria prioritised by council and resulted in detailed proposals from a select panel of suitably qualified brokers, including five of the largest brokers nationally and globally.

Outcome

Council opted to reappoint their incumbent broker after a detailed appraisal of each proposal, including broker presentations from preferred applicants. Working with Procurement Australia on the RFP process allowed the council to generate a competitive tension that not only helped it secure large cost savings and improved coverage conditions but also a move towards a more open, transparent working relationship between it and its broker. It also eliminated any potential or perceived issues in terms of broker advocacy or support.

Benchmarking insurance premium savings

Benchmarking InsureRight's work during 2015/16 indicates the kinds of savings members could benefit from by working with InsureRight. Our results show that councils could save up to 32% on total insurance premiums, 27% on local government liability premiums and a massive 45.5% on property and business interruption insurance premiums.

The benchmarking study was undertaken by reviewing the average savings gained across six councils who chose to work with InsureRight in 2015/16 on seeking better more cost and coverage effective insurance and risk management strategies in these areas.

INSURE RIGHT
THROUGH
PROCUREMENT
AUSTRALIA.

ENERGY CONTRACTS, SAVINGS AND BENEFITS

For over 130 participating Procurement Australia members, a \$10,000,000 total saving on energy costs in moving from old to new contracts

Forward view: in using the new contracts our members have avoided the effect of recent energy price increases in excess of 40%

- Natural gas: stable pricing that avoided recent heavy increases affecting VIC, SA and NSW.
- Increased roll-in limit enabling existing members to bring more sites into the contract, or for new members to join.
- Payment terms of 30 days compared to 10 or 14 day norms.
- Use of retailer web portal services at no extra charge to members.

NEW ENERGY REVIEW PROGRAM SAVES COSTS

In the same vein as InsureRight, which drives better deals for members through a review and renegotiation of their insurance and risk management strategies, Procurement Australia launched an energy review program in 2016 to help members streamline and save on their energy costs.

In the energy market, networks can set their own tariffs and structure tariff components with no requirement for every tariff to be adjusted at the same rate or every tariff component to be dealt with equally. This, together with the knowledge that energy billing is a complex process and that the infrastructure delivering power and measuring its usage may not have been checked recently, prompted us to launch the program.

With a lot of flexibility, and using a cloud-based business data software application, the program works by knowing members' power usage, network size and locations serviced, and can calculate the likely cost of energy bills before they arrive. It can also assess each energy meter used and determine the least cost tariff applicable, identifying any opportunity to reduce tariffs.

Offering members two services at an additional cost - Invoice Verification and a Network Tariff Review - the program can help them pursue the lowest cost tariff and be reassured they are not being overcharged.

PROFESSIONAL NETWORK FOR WOMEN IN PROCUREMENT



Susan Riley launching Let's Network at the 11th Annual Procurement Australia Conference in August 2016

2016 saw the establishment of Procurement Australia's national professional network linking female procurement specialists around Australia. The network was launched at the 11th Annual Procurement Australia Conference in August and is chaired by Procurement Australia Board Director and City of Melbourne Deputy Lord Mayor, Susan Riley, the only female ever to hold a Deputy Lord Mayor role.

With the aim of bringing together senior procurement women from member organisations around Australia, the network seeks to develop professional skills and expertise, and encourage and mentor up-and-coming women in the procurement field through a series of bi-monthly meetings and talks across the states.

The meetings will define and discuss contemporary issues and challenges, share learnings, and light the way for future successful female procurement specialists. Work issues will be identified and dissected along with the challenges women procurement professionals face.

'Our goal is to develop a collaborative and supportive alliance of professional women in the procurement industry; to define and discuss contemporary issues, share learning's and light the way for future successful procurement specialists. Importantly, the desire is for the network to be highly engaging and for network members be empowered and supported'.



PAUL EVERITT PROCUREMENT AUSTRALIA SCHOLARSHIP



Paul James Everitt
Scholarship



Professional development goes hand in hand with industry leadership and as a leader we pursue excellence by supporting the development of quality individuals and professionals in many ways. Our Annual Procurement Australia Awards are an example of this and now, through the Paul Everitt Scholarship, we can leave a lasting legacy through annually gifting \$10,000 to a high achieving individual for their further education, research or other appropriate endeavour. By enabling such people to develop themselves and contribute to the industry in a significant way, Procurement Australia is constructively investing in the industry and, importantly, its people.

This year Procurement Australia announced its first ever scholarship, the Paul Everitt Procurement Australia Scholarship valued at \$10,000. Funds offered by the scholarship are to be used for study, taking a secondment, undertaking a training course, or researching or developing a paper that adds value and insights for the sector.

Approved by the Board at the end of 2015, and launched in 2016, the scholarship was motivated by Procurement Australia's desire to leave a lasting legacy that will invest in people working in the procurement industry.

The decision to name the scholarship after the late Paul Everitt, a Procurement Australia employee who passed away in October 2015, was made to acknowledge his contribution to the industry and Procurement Australia over a number of years, and because it looks to recognise and reward other high achieving individuals.



1. Paul Everitt's family attended the launch of the Scholarship - pictured here with Ken McNamara, Chair Procurement Australia and Joe Arena, Chief Executive Officer, Procurement Australia
2. Joe Arena - Chief Executive Officer, Procurement Australia, launching the Paul Everitt Scholarship at the 11th Annual Procurement Australia Conference

2016 NSW INDIGENOUS PROCUREMENT & ECONOMIC DEVELOPMENT FORUM

Procurement Australia was pleased to be part of this important conference held in Newcastle in April 2016 by the NSW Indigenous Chamber of Commerce.

Supported by the NSW Minerals Council, the day showcased Indigenous engagement at its best and featured leading experts from government, mining, academia and Indigenous entrepreneurs speaking on Indigenous economic development. Best practice case studies on supply chain modelling including Aboriginal businesses were also under discussion.

Most interesting was evidence detailing how Aboriginal companies engaged as Tier 1 and 2 suppliers are creating local employment in mining-affected communities and talk of government policy reform to ensure Aboriginal businesses have access to government spend, especially through target setting.

Procurement Australia was represented by its Director - Strategy, Marketing and Communications, Liz van Doorn, as a Panel Member.

ABORIGINAL ENTERPRISE EXPO

Procurement Australia were invited to be the inaugural sponsor of the City of Melbourne's first Aboriginal Enterprise Expo held in September with Supply Nation at Melbourne Town Hall. Showcasing 50 businesses, the Expo was a free event and an initiative of the City of Melbourne as a key plank in its Aboriginal & Torres Strait Islander Procurement Strategy.

Together with Supply Nation, the City developed the Expo to allow Indigenous companies to be seen first-hand by approximately 300 attendees from the private and public sectors, and celebrate the growing diversity and reach of the sector.

PROCUREMENT TRAINING

In the last year, Procurement Australia has delivered a range of diverse training sessions and seminars. In September, the LEAP program was added to the mix offering multiple streams of learning such as stakeholder influencing and mapping, negotiation essentials, category management essentials and commercial acumen skills.

CHAIR REVIEW

2016 has been a very solid year for Procurement Australia, enhanced by moving our HQ to the centre of Melbourne in July, paving the way for new directions for us, our members, shareholders, suppliers and staff.



CBD address

Level 18, 461 Bourke Street is an exciting offering. With a lounge, hot desks and flexible business spaces for members, shareholders, suppliers and others in need of temporary access to excellent and very modern facilities with all the mod cons, it's a great space with much to offer. It gave me immense pleasure to formally open this space in September.

Our new home is more than comfortable – it's profitable. We have more room yet are paying less, typifying what Procurement Australia is all about – delivering value for money. We are very much looking forward to seeing this commercial opportunity develop as more and more people become aware of what's available and take up the offer.

New services

Our new offices bring us a new revenue stream, and the facilities and support they offer complement our increasing focus on providing procurement and supply chain consultancy services.

In 2015, we won a significant contract with the Department of Defence, providing an array of consulting and advisory services on procurement processes, supply chain management and logistics. This has gone incredibly well and the team has been signed up for another contract. Congratulations.

Fast forward to 2016 and this, combined with the change in our Memorandum and Articles of Association (MAA) saw our ranks open up to the private sector – a major avenue for business and revenue growth – has helped focus us on sharing and promoting our internationally accredited procurement contracting and tendering processes and skills to a number of other organisations.

What makes this possible is the over 50 years' collective procurement and supply chain experience when one combines our in house and outsourced and contracted talent.

Growth opportunities

Growth is possible in our traditional local government members sector too. Changes in NSW where local council amalgamations are progressing, albeit at varying rates around the State, and rates capping in both NSW and Victoria bring two different opportunities.

In NSW, the prospect of larger councils means more substantial business opportunities for us and, with rates capping now in both states, there is more pressure on even more council budgets, growing demand for sustainable savings over the longer term.

Budget areas feeling particular pressure are capital works and services, where local governments provide services for the state government such as human services, library services and road maintenance. These are offering real growth opportunities in the local government sector for Procurement Australia.

Another major growth area for us is insurance. InsureRight, our insurance consulting arm, pulled off a great coup this year writing its first business with a Western Australian local council, Nedlands, which generated itself significant savings through a review of its insurance and risk management strategies.

Given the 'closed shop' nature of the area of insurance, there is much more success to be had in this field. Contracts gained in the Victorian market and the ongoing interest in our work in this area in other states indicates that establishing InsureRight in late 2015 has been a positive strategic move.

Financial results

These new business activities have lent themselves to us delivering a result that is pretty much in line with our profit prediction for the year.

With a steady financial situation, we our ability to invest in the business continues apace while also being able to bring innovative services to our members that are very good value.

Developments

This report provides an excellent overview of all that has been achieved in 2016, and it's an impressive log. There is one other item that I'm happy to mention here and that is the successful realisation of the Procurement Australia Paul Everitt Scholarship which was officially launched at this year's one-day 11th Annual Conference in Melbourne in August.

It was a thrill to be able to announce Procurement Australia's legacy for the future, an effort to give back to the industry and its people who have for so long supported us.

It will be a great day when we announce the inaugural winner of the Paul Everitt Scholarship later in 2017.

Board

The Procurement Australia Board continues to function very well and is pleased to see the results of the company unfold as they did in 2016.

Our two new Board members – Glenn Patterson and Brendan McGrath – have been great contributors, lending us their extensive local government and commercial expertise.

On behalf of the Board, I extend thanks and appreciation to Procurement Australia's Executives, Management and Staff, and all those associated with us.

It's been a good year.

Ken McNamara

**Chair - Board of Management
August 2016**

CEO REVIEW

Welcome to my 2015/16 review of Procurement Australia's operations and achievements over the last 12 months. It has again been a pleasure to lead an organisation that is continuing to make solid gains and take exciting new steps towards achieving great results in the future.



Reviewing the three and a half years since I became Chief Executive Officer in 2013, and looking particularly at the past 12 months, confirms that Procurement Australia has moved into an investment phase; the past 12 months seeing more financial resources being directed into profitable existing and potentially lucrative business directions in a strategy to secure the future.

Procurement Australia is not simply an aggregator of buying power. We have well-honed procurement knowledge and skills able to be harnessed to find commercial gaps in the market to develop and sell valuable new products and services. And we can also offer this knowledge and skills as consultants on a fee-for-service basis to both existing and new clients.

Both these commercially viable opportunities for investment have been taken up enthusiastically during the year.

This major investment is concomitant with our investment in new technology, evidenced through updated member services and communications both harnessing the latest digital tools. A new Contracts Look-Up System, portal-driven purchasing contracts, and much more immediate member communications all utilise the full spectrum of electronic communications.

The setting up this year of a Procurement Australia YouTube channel provides a digital channel available worldwide through which existing and potential members, suppliers and others can gain an insight into what we do and how we operate.

Last year's change to our Memorandum and Articles of Association (MAA) enables us to include the private sector in our membership. And this year we have invested nationally to seek opportunities to bring these people to our membership table. We are succeeding very well here with significant new membership additions including BIG4 Holiday Parks, AMA Victoria, and Bulla Family Dairy (frozen dairy), with more on the way.

The other new business model I am thrilled to say we have successfully tackled and delivered on this year is that of creating and successfully selling a truly quality professional procurement consulting advisory and implementation service that is generating solid fee income.

I guess you could say that our successful InsureRight service launched last year was a forerunner to this – providing not only contract and tender process but overall procurement process review in contexts with which we are both familiar and very willing to expand into.

We have won consulting assignments with the Department of Defence on two particularly interesting cost and productivity saving procurement contracts. We are also very much a part of the consultancy team working with the City of Melbourne and other councils on the forward-looking new renewable energy contract unveiled earlier in 2016.

I couldn't be prouder of our teams working together to capture both these flagship consulting opportunities, to showcase our capabilities.

Our traditional business – aggregating contracts and running tenders – continued apace during 2015/16. Our ISO accreditation remains vital to our success in this business stream, endorsing our process and framework as best in the business. At year end, approximately 40 contracts were available for take up by members, details of all which were available via our Contracts Look-Up system finalised and launched on the website during the year.

The most innovative of our work in this area I believe was in the Recruitment, Training & Associated Services tender which began with briefings in early 2016. The contract's outcome is an example of how well Procurement Australia is moving with the times technologically, with new provider portal systems in place through contract providers, Hays Talent Solutions and Comensura. This portal approach – also available through OneCard – gives total cost oversight and control, providing management and cost efficiencies not previously available.

Importantly, our traditional business is working collaboratively with regional procurement networks, such as LGPro's nine Regional Procurement Excellence Networks (RPEN) in Victoria which represent all 79 Victorian Councils. This is the area where our market knowledge, procurement and tendering skills are invaluable.

We continue to strengthen our market share and position as Australia's premier procurement organisation. In doing so we also strive to share our knowledge and expertise with members and support the development of the procurement industry as a whole.

Professional development (PD) goes hand in hand with industry leadership and we are delighted to announce the \$10,000 Paul Everett Scholarship to be awarded to a high achieving individual, enabling them to further develop themselves and contribute to the industry in a significant way. It's certainly a way that Procurement Australia can constructively invest in the industry's people.

Ongoing through the year and held around Australia were a number of PD opportunities for our members including briefings and seminars on contract law, insurance and energy, while we continued our sponsorship of industry conferences, lending our support and encouragement. This is something we love doing and will continue to do in the years to come.

As we write this report, Procurement Australia is undergoing a review by SAI Global of its accreditation under international Quality Management Systems standard ISO 9001:2015. The review is required to confirm we have transitioned successfully from the earlier 2008 standard. ISO 9001:2015 deals with the QM systems of organisations like Procurement Australia which need to meet statutory and regulatory requirements. We are keen to have the standard extend to cover our new Melbourne CBD head office's full facilities including its for hire Flexi Spaces and Hot Desks available to members and others.

A very important initiative developed and launched at our 11th Annual Conference this year was Let's Network, a national forum for women procurement professionals, with Director, Susan Riley as Patron. We look forward to a range of new female procurement executives emerging from the network with knowledge, skills and capabilities honed for the future.

This step was only natural as Procurement Australia prides itself on its gender diversity, with women holding three Board positions, two Executive Directors on the leadership team and eight staff roles.

This brings me to our 11th Annual Conference – what a great success – and Procurement Australia Awards, the most supported awards program we have ever run.

It goes without saying that with people like this standing up in the world of procurement, we have something great to look forward to.

Thank you to my executives, staff and Board Members who have worked with me during the year. You have done well and I dedicate this report to you.

Joe Arena
Chief Executive Officer
August 2016

Proof that Procurement Australia partnerships deliver – this year provided many examples of highly successful Procurement Australia partnership outcomes delivered to existing and new members, including:

1

Implementation of one consolidated tender and contract for Energy in three states (Electricity, Natural Gas and Public Lighting), with considerable financial savings and or cost avoidance in Electricity and Natural Gas.

3

5

Expansion of the category compositions for retendered contracts (Paint Accessories, Road & Pedestrian LED Lighting, Specialist Recruitment & Human Resources Services, Cloud Hosting & Solutions, Mobile IT Devices (Smart Phones, 2 in 1 Devices), Payment Card Industry (PCI) Compliance Services.

\$10,000,000

Saving on energy costs for over 130 participating councils moving from old to new contracts.

6

New Recruitment Categories.

3

Greenfield contracts in 2016.

2

Green field category tenders conducted with their contracts commencing within the year (Temporary labour - Managed Services Program & Vendor Management System, and Asset Financial Leasing Services).

30

Payment terms of 30 days compared to 10 or 14 day norms on new energy contracts.

Major tenders being conducted with their contracts commencing within the year.

THE BOARD

Procurement Australia has always had great resources at Board level to draw upon for support and guidance. We benefit from the innumerable years of local government management experience and knowledge our Board Members bring, and 2015/16 has been no different.



1. Ken McNamara, Chair
 CE, Dip CE, DipAppScTp, BAppScPlan, FIE (Aust), FIMM, FAICD / Appointed: 14th December 1992 / Appointed Chair: 21 February 2014 / Chair of the Board, Chair of Finance & Governance Committee.

A founding Director of Procurement Australia, 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 and a member of Planning Panels Victoria. He has served as a Government appointed independent chair of a number of major infrastructure projects including the Geelong Bypass, Sugarloaf Pipeline, Peninsula Link, Barwon Heads Bridge Echuca-Moama Bridge Projects, and the Western Highway - Anthony's Cutting Project. Ken has direct expertise in governance, tendering and contract management together with an expansive understanding of procurement procedures across a range of public sectors.



2. Lydia Wilson
 BA, BSW, GAICD, FAIM / Appointed: 26 February 2010 - Member, Strategy Committee

Lydia has more than 25 years' experience at Senior Executive level in Local Government, including 13 years as Chief Executive Officer, most recently with the City of Manningham and previously with the City of Yarra and the Shire of Macedon Ranges. Lydia is the 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. She has extensive Directorship experience having served on many Boards and Advisory Committees over the past 20 years, most notable being Sustainability Victoria (Chair and Deputy Chair), the Lord Mayor's Charitable Foundation, Destination Melbourne, Regional Development Australia (Chair), the National Health Ethics Committee and the National Women's Consultative Committee (Deputy Convenor). Lydia is also the current Chairperson of the Banyule Employment Matters Advisory Committee providing independent advice to the Council on all contractual matters relating to the CEO's employment.



3. Stephen J Griffin
 Chief Executive Officer, State Emergency Service, Victoria / B.App Sc, DipEd, Grad Dip L.G, M.B Man / Appointed: 23 May 2014 - Member, Finance and 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 a number of years.



4. Susan Riley
 Deputy Lord Mayor, City of Melbourne MAICD / Appointed: 18 September 2009 - Member, Strategy Committee

In her third term of office with the City of Melbourne, Susan Riley has a 25 plus year career in publishing and media and is a director of two Melbourne city-based publishing companies that support local business and community networks and information exchange. Susan has significant knowledge of local government, sits on all Future Melbourne Committee meetings including audit and is Deputy Chair of the Marketing Melbourne portfolio. She is integral to the City's leadership team and a strong advocate for small business, women in business and community development. A Member of the Australian Institute of Company Directors, Susan also holds many important Board roles linked to business and community in Melbourne and Victoria.



5. Brendan McGrath
Chief Executive Officer, Rural City of Wangaratta / B AppSc, PG Dip Business Management / Appointed: 25 September 2015 - Member, Strategy Committee

Brendan McGrath brings the Procurement Australia Board 20 years' Victorian local government and private sector management experience. With post graduate Business Management qualifications and in CEO roles since 2008, initially with Indigo Shire and now with Rural City of Wangaratta, Brendan's strengths lie in human and financial resources management and policy, strategy and business development. His B AppSc and early local government management experience in community and recreation areas give Brendan a strong understanding of people and the community within which they live, essential for local government. Currently President of LGPro, Brendan is also a member of North East Victoria Regional Tourism Board.

6. Glenn Patterson
Chief Executive Officer, Yarra Ranges Council / Bachelor of Business (RMIT), Masters of Business (RMIT), Graduate Australian Institute of Company Directors Course / Appointed: 25 May 2015 - Chair, Strategy Committee.

With 28 years' local government senior management experience, Glenn Patterson has been CEO of Yarra Ranges Council since 2008, having previously headed Baw Baw Council. A Board Member of Yarra Ranges Tourism and the Eastern Metropolitan Regional Development Association, Glenn has Business and MBA qualifications and has been also been CEO of a Melbourne-based property development group and owned and operated his own property-related business on the Mornington Peninsula.

7. Vijaya Vaidyanath
Chief Executive Officer, Yarra City Council
MBA, MA (Economics), F John Kennedy School of Government, FNZIM, MSLGM, ICMA (USA), ALGA, MAV, LGPA / Appointed: 23 May 2014 - Member, Finance and Governance Committee

Vijaya Vaidyanath is the CEO of the City of Yarra in Melbourne. Prior to this role Vijaya spent over 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 and Massey University and Advisory Member of various Government Boards in New Zealand. She is currently a Board member of Destination Melbourne as well as serving as a member on various Local Government Advisory Groups.

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.

'We are delighted to strengthen year on year our relationship with Procurement Australia, a key strategic partner for our Institute. Throughout 2016 we have collaborated on a number of initiatives including our respective annual conferences. Recently, they have commenced their journey towards global procurement best practice through the CIPS certification program - a strong testament of their commitment to professionalism.'

Mark D Lamb
General Manger - Asia Pacific
CIPS Australasia

EXEC TEAM

Procurement Australia benefits from an experienced and cohesive executive team that works hard to deliver the goals and objectives identified in our strategic plan.



1

1. Joe Arena Page 34 of 85

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

A qualified and highly experienced leader, Joe has an accounting background with vast financial operations experience in the areas of procurement, taxation, banking, investments, management and financial accounting, and fleet management. Prior to joining Procurement Australia, Joe was Director, Financial Operations with La Trobe University, an organisation with an operating budget of more than \$650m spread over five campuses. A specialist in fostering collaborative client relationships, Joe drives the development and implementation of Procurement Australia's strategic plan, ensuring the business has the right people, structure and systems in place to meet and exceed its business objectives and client Expectations.

2. Brendan Hoare

Director, Strategic Sourcing / BBus.

With a procurement career spanning more than 16 years, Brendan came to Procurement Australia in 2011 having held previous positions of Director, Strategic Procurement with University of Melbourne and prior to that, Procurement Director at Victoria's largest public health service, Monash Health (previously Southern Health). With solid financial management expertise involving diverse procurement portfolios, Brendan is responsible for Procurement Australia's strategic procurement, tender and contract functions and commercial and contractual outcomes, pursuing greenfield categories and identifying expansion opportunities.



2



3



4

3. Liz van Doorn

Director Strategy, Marketing and Communication/Graduate, National Art School.

Liz develops and drives the organisation's strategic marketing, communications and branding activities and leads the implementation of the Strategic Plan. With well-recognised, award winning marketing communications skills, Liz has long term economic and social strategy planning experience at Local and State government levels as well as financial and segment management, public sector and stakeholder relations skills. She is a specialist who has worked across retail development, urban regeneration, place marketing as well as in the travel, health, energy, hospitality and technology sectors. Liz has specialised in local economic strategies studying with the Centre for Local Economic Strategies in Manchester UK.

In addition to her previous work as a senior lecturer at RMIT University School of Applied Communications, Liz has held senior executive positions in advertising and marketing organisations in Sydney and Melbourne. Liz is also an Advisory Board Member for Deakin University - School of Communication and Creative Arts.

4. Ivana Horner

Director Sales.

With financial and business management qualifications, Ivana Horner has proven sales, client service and business process expertise following a successful eight year career with OfficeMax Australia, one of Australia's largest suppliers of stationery and office products. While there, Ivana rose from the position of Account Manager, Commercial to Head of Client Relations and was ultimately responsible for revenue and profitability growth. With an ability to deal with all levels of government and not for profits, as well as experience managing a sales team, setting budgets and evolving client relationships by focusing on process improvements, Ivana's skills together with her capacity to create collaborative client and colleague relationships bring great impact to Procurement Australia's member-focused outcomes.



5. Georgia Argyropoulos
Executive Officer – CEO Office;
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 as Executive Officer, CEO Office, Georgia worked in the logistics industry. At Procurement Australia Georgia is responsible not only for Board and Committee matters but also for key cross-functional business projects, their performance monitoring and reporting, and risk management. Most recently Georgia has been instrumental in implementing Procurement Australia's new interactive Contracts Look-Up portal, its new CRM Salesforce information system, and managing the company's relocation and fitout of its new Melbourne CBD head office.



6. Devraj Kanakappan,
Finance Manager, BAcc, CA, CPA

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

In June 2016, Procurement Australia facilitated the successful and effective presentation of the 'Contract Law for Non-Lawyers' workshop in Goulburn (south-east, regional NSW). The day-long workshop was attended by a cross-section of staff with exposure to the implications of working under a contracted arrangement with outsource contractors and consultants. We also had a few guests from some adjacent Councils. Attendee comments included:

'Very relevant with what we are currently going through at the moment with a current tender, and felt that the facilitator directed the day at the right level for the group.'

'The presenter was excellent and had a fantastic knowledge of contract law.'

'The presentation was excellent with a good mix of group activities, real examples and excellent knowledge of the subject. Surpassed my expectations.'

Goulburn Mulwaree Council is grateful to Procurement Australia for the support shown to regional Councils by facilitating the delivery of this quality workshop.'

Goulburn Mulwaree Council

HIGH LIGHTS

During the year, Procurement Australia's well-honed procurement knowledge and skills have been harnessed to find and fill gaps in the market, developing and promoting valuable new products and services which have contributed to another successful year.

MEMBER SERVICES ON THE UP & UP

Professional development **Page 38 of 85**

2016 was again a year where Procurement Australia spent time supporting members and the industry through organising and sponsoring a range of professional development opportunities.

Seminars

A series of extremely well attended seminars, Contract Law for Non-Lawyers, was presented for members by one of our most popular presenters, Scott Alden, Partner, Holding Redlich, a tendering and procurement expert in both private and public sectors with long experience in the area of large strategic and complex infrastructure projects.

Contract Law for Non Lawyers

Run as a full day course in metropolitan Melbourne, Sydney and Adelaide, and regional NSW in Goulburn and Bathurst, Scott instructed non-lawyer attendees on navigating contracts giving insights into Contract Formation, Heads of Agreements and MoUs, Tendering, Risk and Liability, Termination and Disputes.

InsureRight

InsureRight, Procurement Australia's insurance review and consulting service, delivered member seminars in Melbourne and regional Victoria through the year, while Procurement Australia Chief Executive Officer, Joe Arena, presented the benefits of InsureRight to the National Universities Procurement & Finance Conference in Brisbane in early August.



'Procurement Australia's Legal Seminars have provided a fantastic opportunity for myself, my team and our in-house legal counsel to improve our contract management and procurement legislation knowledge. Scott Alden of Holding Redlich has a wealth of experience directly relevant to the kinds of contracts we undertake at Council, and the seminars have provided an unbeatable value for money opportunity to grow and improve our commercial acumen.'

'These initiatives really demonstrate the willingness of Procurement Australia to provide additional value to their core services and help cement their position as a key strategic partner to Lake Macquarie City Council.'

11th Annual Procurement Australia Conference

Encouraging members to make a successful transition into the future by identifying today's trends challenging their organisations, this year's one-day conference was held at the Melbourne Convention and Exhibition Centre on Wednesday 24 August and featured one of Australia's leading change forecasters, Stefan Hajkowitz of the CSIRO, and Tech Innovation Leader, Business Executive/Entrepreneur Jordan Duffy.

Themed Transformation - The Key to Meeting the Future, the conference aimed to give delegates the opportunity to seriously consider how to embed a future looking process into their procurement practices, invaluable in today's world where disruption rules daily.

As keynote speaker, and author of *Global Megatrends: Seven Patterns of Change Shaping our Future*, Hajkowitz set the scene for the day which was full of expert insights, and inspiring, instructive and useful knowledge.

Conference MC, the inimitable Barrie Cassidy, ABC TV political commentator and host of *Insiders*, excelled in bringing the conference together which was the first to welcome Private Sector members, a significant step forward since 2015's change to our Memorandum of Articles and Association.

Taking the format of a combination of workshops, panels and presentations, the Conference drew a national audience again, including private sector delegates as members for the first time.

Thank you again to our great conference and Procurement Australia Award sponsors - AGL (Gold), Fuji Xerox (Silver) Dulux, Bunnings, R&R, Pickles Auctions, Tenderlink, Corporate Scorecard, Inform Design, Mondo Music and CIPS - and congratulations to all the winners of this year's Procurement Australia Awards.



'Fuji Xerox Australia is proud to have been a sponsor of the Procurement Australia Annual Conference again in 2016. Fuji Xerox Australia have worked with Procurement Australia and their members for over 23 years and continue to value our longstanding partnership.'

Romy Evans
Marketing Executive
Fuji Xerox Australia



WINNERS PROCUREMENT AUSTRALIA'S EXCELLENCE AWARDS

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To be nominated by my staff was something very special to me because without a good team behind me I would not have been in the position to win the Jacinta Bartlett Award. Winning an award like this is fantastic not only for myself and my team but the procurement family in general. Procurement is not always thought of as adding value to Councils and anything that helps us promote the sector has to be a good thing. Procurement Australia continued support of their awards is greatly appreciated not only by me but the local government procurement family in general.'

Ian Rudgley

City of Sydney, winner of
the Jacinta Bartlett Award



The Procurement Australia's Excellence Awards were more strongly supported in 2016 than in many previous years. Each category gained higher numbers of nominations, encouraging strong competition and offering a real challenge for the judging panel. Award winners were announced at the 11th Annual Procurement Australia Conference in Melbourne on Wednesday 24 August.

1. Supplier of the Year Winner

Fleetcor

Open to all suppliers and services providers and voted for by members only. Sponsored by Procurement Australia.

2. Social Procurement Award Winner

Molloy Qi, on behalf of the City of Melbourne

Awarded for the second time only, this award recognises member organisations that have developed social procurement policies and guidelines. Sponsored by Pickles Auctions.

3. Sustainable Procurement Award Winner

Federation University

Recognising member organisations that have developed and implemented sustainable procurement policies and processes that address any or all of the following: Reduction in carbon footprint/emissions; Energy conservation and/or environment protection; Water conservation; Biodiversity enhancement; Waste reduction. Sponsored by AGL.

4. Collaboration & Innovation in Procurement Award Winner

South East Metro Regional Procurement Excellence Network (RPEN) Group

In recognition of a procurement project, action or initiative developed by different departments or organisations to deliver a successful outcome and that demonstrate a fresh approach to a challenging issue. Sponsored by Bunnings.

5. The Individual Excellence in Procurement Award – The Jacinta Bartlett Award Winner

Ian Rudgley, Procurement Manager, City of Sydney. Special mention to Jaime Aitken, Coordinator, Procurement, Latrobe City Council

Open to all senior individuals across Australia, this award recognises an individual who has consistently enhanced the way in which their organisation has procured goods and services, delivered results beyond expectation and ensured the demands of current legislation are satisfied.

Inspired by the memory of Jacinta Bartlett, who lost her life in the Black Saturday bushfires, this award acknowledges her professionalism and commitment and offers the winner four days of CIPS open training program to the value of \$5000. Sponsored by CIPS.



Members of the RPEN Group - winners of the Collaboration and Innovation Award- Left to right Mick Ross, City of Monash, Tim Lawson, Manningham City Council, Jason Farrugia , Yarra Ranges Council. Absent: David Cecala , Hume City Council

‘Our fuel card program has had a fantastic response by Procurement Australia members, with our partnership going from strength to strength.’

Paul Holland
FLEETCOR - Australasia's
Managing Director

CONTRACTS LOOK-UP SYSTEM ALL GO

Procurement Australia launched its new Contracts Look-Up System with usage figures indicating strong adoption of the new system with support rising through the year as it became embedded in members' and suppliers' practices. Contracts and tenders drive profitability for all.

Our 2016 contract and tender workload continued apace with some large and valuable tenders being let.

A key one of these was the Energy, Gas and Electricity tender for large and small sites in Victoria, NSW and South Australia. External to this tender was Procurement Australia's search for billing verification services which led us to launch our Energy Review program aimed at saving on energy costs for members, one of the exciting new initiatives introduced in 2016.

Other key contracts and tenders launched during 2016 included: Recruitment, Training & Associated Services, Asset Financial Leasing Services, Paint, Paint Accessories & Graffiti Removal Services, Information Technology Products & Services, Truck, Plant & Equipment, Multi Functional Devices and Related Products & Services, Managed Services Program & Vendor Management System for Contingent Labour, Reinforced Concrete Pipes, Grates, Covers and Associated Products and Road Signs, Road & Pedestrian Lights & Associated Products.

We are delighted with our efforts this year as we have been able to generate improved pricing and cost savings in the range of 10% to 50% depending on the category.

Not only that, we've also been able to take advantage of all that today's wonderful digital technology has to offer through a number of our contracts now offering 'portal access', delivering almost 'one click' macro and micro financial management and spend analysis from any device at any time of the day or night.

2016's prime example of this is our Managed Services Program & Vendor Management System for Contingent Labour contract which saw the appointment of Comensura and Hays Talent Solutions as service providers nationally.

BUSINESS AS USUAL FOR NSW COUNCILS & PROCUREMENT AUSTRALIA

NSW Councils underwent massive change through the NSW State Government's amalgamation process and for Procurement Australia, it was our place to reassure members that it was 'business as usual' as they progressed through this significant change.

From our point of view, there were to be no changes to day to day activities with NSW Councils, and our focus was on continuing to deliver the benefits and services Procurement Australia membership offers.

With the formation of new entities, memberships and supplier contracts will need to be renewed and reviewed in regard to ABNs, credit applications, bank account details, payment arrangements, contact details etc.

It was our job to assure NSW Councils that their membership with Procurement Australia stands firm and that all contracts and arrangements currently utilised and benefited from remain in place.

PORTFOLIO OF CONTRACTS SHOWS - TASMANIA & SOUTH AUSTRALIA

To promote and encourage Tasmanian and South Australian subscription to our contracts, we undertook a series of portfolio of contracts show in Hobart, Launceston and Adelaide. Deploying our Business Development Team in this fashion, we are underpinning all our promotional endeavours with face to face and personal interaction to extend the brand and expand our revenue base.

SUSTAINABILITY STARTS AT HOME

Receiving GreenBizCheck's Bronze Certification in 2016 for our Corporate Social Responsibility (CSR) status confirms we are heading in the right direction when it comes to pursuing sustainability for ourselves and our members and is encouragement for us to drive even harder to improve our CSR and sustainability efforts.

GreenBizCheck - www.greenbizcheck.com - is an environmental certification program primarily for the services industry. It offers certification through a simple online assessment tool covering governance, human rights, labour, environment, fair trading practices, consumer issues, financials and communications, and is aligned with ISO26000 and the Global Reporting Index (GRI).

It also provides businesses with a guide to improving their CSR practices and an efficient online method for reporting improvements as they are implemented. Procurement Australia is committed to minimising our environmental footprint and that of its members and looks forward to a higher level of certification in the future.

UPGRADED & NEW MEMBER PRODUCTS & SERVICES

Procurement Australia's market knowledge across a range of categories means that we have insight into opportunities for new products and services that will deliver better outcomes for our members.

Innovative new products and services were a feature of 2016 with InsureRight, our Risk Management & Insurance Division, launching at the end of 2015 as the first of our new initiatives, followed closely by our successful offering of high value consultancy services.

Designed to ensure members' risk management strategies are fit for purpose and cost effective, InsureRight has delivered a range of successful outcomes for Procurement Australia members since its launch.

BUILDING OUR BRAND, COMMUNICATION & DIGITAL FOOTPRINT

Building the Procurement Australia brand is a multifaceted process involving a broad range of strategically designed and targeted stakeholder communications across existing and potential members, suppliers, industry peers, government, and procurement industry professionals.

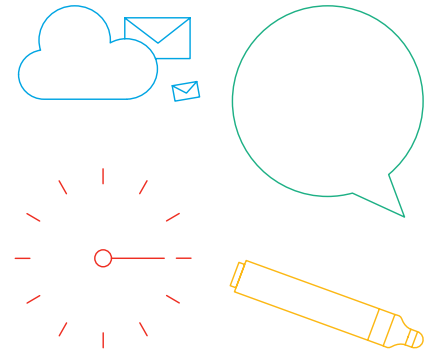
A key part of this is the opportunity to take up important industry sponsorship opportunities to maintain high brand awareness. Apart from our own one day conference in August, Procurement Australia was also publicly visible during 2016 at many national conferences for both local government and the private sectors.

We also engaged with audiences through our regular information e-blasts and proactive use of LinkedIn and Twitter, as well as developing a Search Engine Marketing (SEM) Adwords campaign to broaden our reach and drive new target market segments to the Procurement Australia website which is our information and news hub.

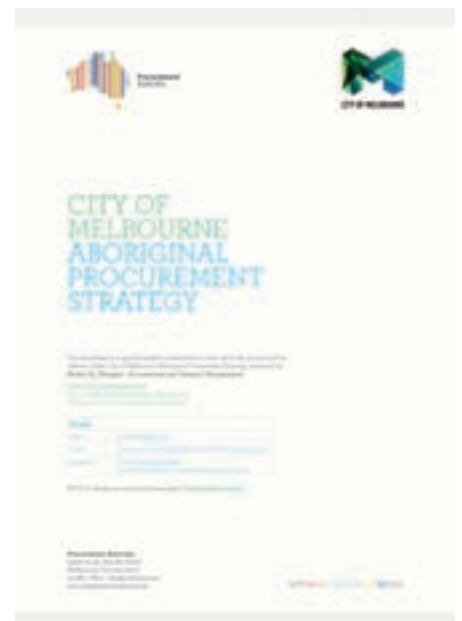
Member and supplier interaction with the website is monitored analysed and shows an ongoing increase in traffic and broadening of the audience using it.

TRANS 24. -FORM 08. -ATION 16.

THE KEY TO MEETING THE FUTURE



FLEXIBLE BUSINESS SPACES



'Citywide have always found the work done by Procurement Australia to be extremely beneficial. We find their tender processes to be very thorough and consider them to be a valued partner. This work has allowed Citywide Procurement to deliver additional benefits back to the business which would otherwise have not been possible.'

Julie Bertisen
Procurement Manager
Citywide Service Solutions

DIRECTORS' REPORT

The Directors present their report together with the financial statements of Maps Group Limited (“the Company”) for the year ended 30 September 2016 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 – Chair of Board of Directors.
CE, Dip CE, DipAppScTp, BAppScPlan, FIE (Aust), FIMM, FAICD.
Appointed: 14 December 1992 Chair from: 21 February 2014.
Chair of Finance & Governance Committee.

Ms Susan Riley – Non-Executive Director.
Appointed: 18 September 2009.
Deputy Lord Mayor – City of Melbourne.

Ms Lydia C. Wilson – Non-Executive Director.
BA, BSW, GAICD, FAIM.
Appointed: 26 February 2010.
Practitioner at Lydia Wilson Leadership Development.
Chair of Strategy Committee.

Mr Stephen Griffin – Non-Executive Director.
BAppSc, DipEd, GradDip, LG, MB Man.
Appointed: 23 May 2014.
Chief Executive Officer – Victoria State Emergency Service.

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

Mr Glenn Patterson – Non-Executive Director.
Bachelor of Business (RMIT), Masters of Business (RMIT),
Graduate Australian Institute of Company Directors Course.
Appointed: 29 May 2015.
Chief Executive Officer – Yarra Ranges Council.

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

COMPANY SECRETARY

Georgia Argyropoulos
Appointed: 27 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:

Director	Directors' Meetings		Finance & Governance Committee Meetings		Strategy Committee Meetings	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Mr. Ken McNamara	5	5	4	4	2	2
Mr. Stephen Griffin	5	3	4	3	-	-
Mr. Glenn Patterson	5	5	-	-	2	1
Mr. Brendan McGrath	5	4	-	-	-	-
Ms. Susan Riley	5	3	-	-	2	2
Ms. Vijaya Viadyanath	5	4	4	4	-	-
Ms. Lydia Wilson	5	5	-	-	2	2

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

Principal Activities

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

Result

The operating profit for the year ended 30 September 2016 attributable to the members of Maps Group Limited was \$370,853 (The result for the year ended 30 September 2015 was a profit of \$988,794)

Office Premises

The company vacated its premises at Hawthorn, and moved into its new office premises at Level 18, 461 Bourke Street, Melbourne, VIC 3000. A seven year lease has been signed effective June 2016, and expiring in June 2023.

The company has allocated excess area in the premises to be rented out to external tenants, with the intention of recovering a major portion of the lease expenses.

A separate area has been developed in the premises as a Members lounge with Wi-Fi and refreshments, which are available for exclusive use of our members.

Review of Operations

Revenues

Total revenues from ordinary activities were \$8,030,772 (\$9,788,400 year end 30th Sep 2015). This result was significantly driven by changes in the different revenue streams

- OneCard fuel and management fee revenues decreased from \$ 4,823,065 to \$182,414, this contract was re-tendered in June 2015 and resulted in credit risk no longer taken by the company and the necessity to present gross invoiced values (as per prior years) no longer required.

- Rebate Revenue reduced to \$4,245,789 (\$4,679,552 in 2015)

The reduction in revenues, was compensated by generating income from Consultancy services

- The company began generating Consultancy Income, which amounted to \$3,233,031 during this financial year (Nil in 2015)

Sales Force, a CRM software system was installed by the company in order to manage rebate revenue generation efficiently

Contracts

Rebate revenue of \$4,245,789 accounted for 53% of total revenue reducing from the 2015 closing figure of \$4,679,552. Contracts Look -Up system, a new software system was installed by the company in order to manage the contract administration and tracking efficiently.

Conference and Awards Dinner

For the year ending September 2016, the company held the second of the new 'One Day' conferences. This was a successful event with strong engagement opportunities with stakeholders, delegates, suppliers and importantly sponsors. The event was held again at the Melbourne Convention and Exhibition Centre.

Expenditure

Decreased to \$7,659,919 (\$8,799,606 year end 30th Sep 2015). This result was significantly driven by

- There was no expenditure on OneCard cost of sales (\$4,701,841 in 2015) following contract retender; the company no longer required to be invoiced for fuel expenditure, with the credit risk passing.

- Purchases for generating Consultancy Income amounted to \$2,870,563 (Nil in 2015)

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 15 cents per share amounting to \$59,529 in respect of the year ended 30 September 2016 was declared (21 cents for 30th Sep 2015 totalling \$83,341). The 2015 dividend was remitted to shareholding Members on 9 December 2015.

State of Affairs

During the course of the year the Company made no issues 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 52 and forms part of the Directors' Report for the year ended 30 September 2016.

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 2016 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 2016, no Director of the Company had any personal interest in the Company. Some Directors held shares in trust for their respective employer organisations.

Indemnification and Insurance of Directors and Officers

Indemnification

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

Insurance

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

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

Signed in accordance with a resolution of the Directors:



Ken McNamara (Chair of Board of Directors and Finance & Governance Committee)
Dated at Melbourne this 2nd Day of December 2016

FINANCIAL REPORT



Victorian Auditor-General's Office

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INDEPENDENT AUDITOR'S REPORT

To the Directors of MAPS Group Limited

The Financial Report

I have audited the accompanying financial report for the year ended 30 September 2016 of MAPS Group Limited which comprises statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration by directors.

The Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

As required by the *Corporations Act 2001* and *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the company's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates have complied with the applicable independence requirements of the *Corporations Act 2001*, Australian Auditing Standards, and relevant ethical pronouncements.

I confirm that I have given to the Directors of the company a written independence declaration, a copy of which is included in the Directors' Report.

Opinion

In my opinion, the financial report of MAPS Group Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 September 2016 and of its financial performance for the year ended on that date
- (b) complying with Australian Accounting Standards, and the *Corporations Regulations 2001*.

MELBOURNE
6 December 2016


P. Andrew Greaves
Auditor-General

VAGO

Victorian Auditor-General's Office

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Melbourne VIC 3000
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Facsimile 61 3 8601 7010
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AUDITOR-GENERAL'S INDEPENDENCE DECLARATION

To the Directors, MAPS Group Limited

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 MAPS Group Limited for the year ended 30 September 2016, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the 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
6 December 2016


Andrew Greaves
Auditor-General

Statement of Comprehensive Income
For the year ended 30th September, 2016.

	Notes	2016 \$	2015 \$
REVENUE FROM ORDINARY ACTIVITIES			
Revenue from Ordinary Activities	2	8,030,772	9,788,400
EXPENSE FROM ORDINARY ACTIVITIES			
Expense from Ordinary Activities	3	7,659,919	8,799,606
PROFIT / (LOSS) FOR THE YEAR		<u>370,853</u>	<u>988,794</u>
Other Comprehensive Income		-	-
Total Comprehensive Income		<u>370,853</u>	<u>988,794</u>

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

Statement of Financial Position

For the year ended 30th September, 2016.

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	2,458,993	3,724,216
Trade and Other Receivables	6	1,616,523	885,324
Financial Assets	7	488,485	-
Other Assets	8	97,985	74,974
Total Current Assets		4,661,986	4,684,514
Non-Current Assets			
Property, Plant & Equipment	9	868,076	40,603
Intangible Assets	10	172,296	148,669
Total Non-Current Assets		1,040,372	189,272
TOTAL ASSETS		5,702,358	4,873,786
LIABILITIES			
Current Liabilities			
Trade and Other Payables	11	958,761	537,624
Provisions	12	285,319	191,478
Total Current Liabilities		1,244,080	729,102
Non-Current Liabilities			
Provisions	12	45,801	43,531
Total Non-Current Liabilities		45,801	43,531
TOTAL LIABILITIES		1,289,881	772,633
NET ASSETS		4,412,477	4,101,153
EQUITY			
Contributed Capital	13a	403,862	403,862
Retained Earnings	13b	4,008,615	3,697,291
TOTAL EQUITY		4,412,477	4,101,153

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

Statement of Changes in Equity

For the year ended 30th September, 2016.

	Notes	Contributed Capital \$	Retained Earnings \$	Total \$
BALANCE AT 1 OCTOBER 2014		403,862	2,791,838	3,195,700
Profit / (Loss) for the year		0	988,794	988,794
Dividends paid / or provided for	13c	0	(83,341)	(83,341)
BALANCE AT 30 SEPTEMBER 2015		403,862	3,697,291	4,101,153
Profit / (Loss) for the year		0	370,853	370,853
Dividends paid / or provided for	13c	0	(59,529)	(59,529)
BALANCE AT 30 SEPTEMBER 2016		403,862	4,008,615	4,412,477

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

Statement of Cash Flows

For the year ended 30th September, 2016.

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		7,200,584	11,734,136
Interest Received		87,271	107,277
Employee Salaries and Benefits		(2,533,925)	(2,202,282)
Payments to Suppliers		(4,508,805)	(8,433,756)
NET CASH FLOWS FROM OPERATING ACTIVITIES	14a	245,125	1,205,375
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment and Intangibles		(942,326)	(121,178)
Proceeds from Sale of Property, Plant & Equipment	4	3,804	16,084
Purchase of Financial Assets		(488,485)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1,427,007)	(105,094)
CASH FLOWS FROM FINANCING ACTIVITIES			
OneCard Fuel Card Deposits		-	(595,824)
Dividends Paid		(83,341)	(85,325)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(83,341)	(681,149)
NET INCREASE (DECREASE) IN CASH HELD		(1,265,223)	419,132
CASH AND CASH EQUIVALENTS AT 1ST OCTOBER 2015		3,724,216	3,305,084
CASH AND CASH EQUIVALENTS AT 30TH SEPTEMBER 2016	5,14b	2,458,993	3,724,216

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 Maps Group Limited trading as Procurement Australia (“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. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (“IFRS”). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

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

(b) Trade and Other Receivables

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis. A provision for doubtful debts is raised where doubt as to collection exists.

(c) Property, Plant and Equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value 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 9 Property, plant and equipment.

The fair value of plant, equipment and vehicles, 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(m) Impairment of assets .

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, 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:

<i>Class of Asset</i>	<i>Depreciation Rate</i>	<i>Method</i>
Plant & Equipment	20-33%	S/L
Motor Vehicles	30%	S/L
Intangible Assets	20-33%	S/L

Rates used are consistent with prior year.

d) Trade and Other Payables

These amounts represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. The normal credit terms are net 30 days.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

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

(f) Income Tax

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

(g) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less and bank overdrafts.

(h) Leases

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

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

(i) Employee Benefits

Provision is made for the Company’s liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs, including super and payroll tax. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits, including related on - costs.

Those cash flows are discounted using market yields on National Government Bonds with terms to maturity that match the expected timing of cash flows.

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

(j) Revenue Recognition

Revenue is recognised in accordance with AASB 118. Income is recognised as revenue to the extent it is earned. Sales to the Company members not reported by suppliers at balance date are used as a base for the accrual of rebate revenue.

Revenues received for OneCard fuel product from member purchases, for the period October 2014 to June 2015 have been shown at their gross values reflecting the associated credit risk the Company would have been liable for if values were not collected. From July 2015 onwards the contract has been tendered whereby Procurement Australia, does not bear credit risk and therefore shown at the reduced balance to reflect the income element only. The inclusion of the gross sale figure to June 2015 increased reported total revenue by \$4,702,477 for the nine month period ending 30th June 2015.

(k) Comparative Information

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

(l) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments.

Loans and receivables

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

Held-to-maturity investments

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

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equities.

Financial liabilities

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

Fair value

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

Impairment

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

(m) Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

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

(n) Other Intangibles

Research & Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(o) 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 Directors assess impairment at the end of each reporting period by evaluation of conditions and events specific to the Company that may be indicative of impairment triggers. Should indicators of impairment exist, recoverable amounts of relevant assets are assessed using value-in-use calculations.

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) Provision for impairment of receivables

At the end of the reporting period, the Directors assesses whether any amounts included in trade receivables include amounts receivable which may be non-collectible. While there is some inherent uncertainty in relation to the recoverability of receivables generally, owing to the good credit history of the Company's clients, the Directors believe that the full amounts of the debts are recoverable and therefore no provision for impairment has been made.

(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.

(p) 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.

(q) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

- *AASB 9: Financial Instruments (December 2014) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).*

The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, and revised recognition and de-recognition requirements for financial instruments.

The key changes that may affect the Company on initial application include certain simplifications to the classification of financial assets, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

Although the directors anticipate that the adoption of AASB 9 may impact the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- *AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards - Effective Date of AASB 15).*

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognise revenue when (or as) the performance obligation is satisfied.

The transitional provisions of this Standard permits an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application.

There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 will impact the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

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

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

The main changes introduced by the new Standard include:

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

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

All other new AAS's that have been issued that are not mandatory for the 30 September 2016 reporting period have been assessed by the Company, and the Directors anticipate that no material impact will flow from the application of these standards in future reporting periods.

(r) 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 15 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.

(s) Events After the Reporting Period

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

(t) 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 17 Contingent assets and contingent liabilities) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

NOTE 2: REVENUE.

	2016 \$	2015 \$
Revenue from Operating Activities		
Rebate Commission Revenues	4,245,789	4,679,552
Tenders Online	36,136	27,819
Awards Dinner and Conference	64,168	-
Forums & Seminars Revenue	-	10,741
Consultancy Income	3,233,031	
OneCard Fuel & Management Fee Revenues	182,414	4,823,065
Rental Income	37,418	-
Sundry Revenue	144,545	127,120
Other Revenue		
Interest	87,271	107,277
Other Income		
Net Gain on Asset Disposal (refer Note 4)	-	12,826
Total Revenue from Operating Activities	<u>8,030,772</u>	<u>9,788,400</u>

NOTE 3: EXPENDITURE.

	2016	2015
	\$	\$
Employee Expenses	2,630,036	2,194,241
Depreciation Plant & Equipment & Motor Vehicles	57,527	26,899
Amortisation of Intangible Assets	41,613	123,521
Leasing Rent and Outgoings	319,668	228,661
Promotional Activities	147,148	175,794
Doubtful Debt Provision	-	158
Auditors Remuneration - Audit Services (Refer Note 16)	21,645	18,300
Awards Dinner and Conference	56,735	7,636
Business Development	10,579	41,339
Printing Postage Stationery	53,436	41,178
Travel Accommodation and Entertainment	141,294	125,297
Computer	328,726	327,641
Vehicle Running	16,636	15,799
Insurance	27,832	22,251
Utilities and Maintenance	25,732	37,084
Incidentals	682,176	468,475
Financial Legal Secretarial	80,186	128,355
Online Catalogue	-	6,334
Directors' Fees	136,668	108,802
Loss on Sale / disposal of Fixed Assets (Refer Note 4)	11,718	-
Consultancy Purchases	2,870,563	-
OneCard Cost of Sales	-	4,701,841
Total Expenses from Ordinary Activities	7,659,919	8,799,606

NOTE 4: SALE OF NON-CURRENT ASSETS.

	2016	2015
	\$	\$
Proceeds from Disposals of Assets	-	16,084
Less: Written-Down Value of Assets Sold	-	(3,258)
Profit returned on sale of Non-Current Assets	-	12,826

Non-Current Assets - Sales with Profit

Proceeds from Disposals of Assets	3,804	-
Less: Written-Down Value of Assets Sold	(15,522)	-
Loss returned on sale of Non-Current Assets	(11,718)	-
Net Gain (Loss) on Disposal	(11,718)	12,826

NOTE 5: CASH AND CASH EQUIVALENTS.

	2016	2015
	\$	\$
Cash on Hand and at Bank	298,540	234,350
Short Term Bank Deposits	2,160,453	3,489,866
Short term deposits have an effective interest rate of 2.77% and an average maturity of 3 months (2015: 3.33% and 3 months)		
	2,458,993	3,724,216

NOTE 6: TRADE AND OTHER RECEIVABLES.

	2016 \$	2015 \$
Trade debtors	962,618	429,125
Accrued Revenue	653,905	456,199
Less Provision for Impairment of Receivables	-	-
Total Receivables	1,616,523	885,324

NOTE 6(A): PROVISION FOR IMPAIRMENT OF RECEIVABLES

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

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

	Opening Balance 1/10/2015 \$	Change for the year 2015-16 \$	Amounts written off 2015-16 \$	Closing Balance 30/09/2016 \$
Current Trade Receivables	-	-	-	-
	-	-	-	-
	Opening Balance 1/10/2014 \$	Change for the year 2014-15 \$	Amounts written off 2014-15 \$	Closing Balance 30/09/2015 \$
Current Trade Receivables	2,501	(2,501)	-	-
	2,501	(2,501)	-	-

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

NOTE 7: FINANCIAL ASSETS

	2016 \$	2015 \$
Term Deposits	488,485	-
	488,485	-

NOTE 8: OTHER ASSETS

	2016	2015
	\$	\$
Deposits	32,455	-
Prepayments	65,530	74,974
	97,985	74,974

NOTE 9: PROPERTY, PLANT & EQUIPMENT.

FAIR VALUE	2016	2015
	\$	\$
Property, Plant & Equipment	950,115	213,802
Less Accumulated Depreciation	(82,039)	(173,199)
	868,076	40,603
Total Property, Plant & Equipment at Fair Value	868,076	40,603

FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS AS AT 30 SEPTEMBER 2016

	Carrying Amount as at 30-Sep-16	Fair Value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Plant, Equipment and Vehicles at Fair Value	-			-
Vehicles	-			-
Plant and Equipment	868,076			868,076
Total of Plant, Equipment and Vehicles at Fair Value	868,076			868,076

Vehicles

Vehicles are valued using the depreciated replacement cost method. MAPS Group acquires new vehicles and at times disposes of them before the end of their economic life.

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 2016.

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

Reconciliations of the carrying amounts of each class of plant & equipment and motor vehicles 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.

	Plant & Equipment \$		Motor Vehicles \$		Total \$	
	2016	2015	2016	2015	2016	2015
Opening Balance	40,603	40,371	-	7,401	40,603	47,772
Additions	900,521	22,988	-	-	900,521	22,988
Disposals	(15,522)	-	-	(3,258)	(15,522)	(3,258)
Transfers	-	-	-	-	-	-
Depreciation (see note 3)	(57,527)	(22,756)	-	(4,143)	(57,527)	(26,899)
Closing Balance	868,076	40,603	-	-	868,076	40,603

**DESCRIPTION OF SIGNIFICANT UNOBSERVABLE INPUTS
TO LEVEL 3 TANGIBLE ASSET VALUATIONS:**

	Valuation Technique	Significant Unobservable Inputs	Range / Cost (weighted average)	Sensitivity of Fair Value measurement to changes in Significant Observable Inputs
Plant & Equipment	Depreciated replacement cost	Cost per unit \$	260 to 725,425 (average 14,024 per unit) (2015: 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	3 to 7 years (2015: 3 to 5 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Motor Vehicles	Depreciated replacement cost	Cost per unit \$	Nil (2015: Nil)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of plant & equipment	Nil (2015: Nil)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

NOTE 10: INTANGIBLES.

	2015 \$	2015 \$
At Cost	932,881	867,641
Impairment Provision	(482,437)	(482,437)
Less Accumulated Amortisation	(278,148)	(236,535)
Total Intangible Assets Carrying Value	172,296	148,669

Reconciliation of Carrying Amounts	Customer Relationship Management Software System \$		Online Contracts Look-Up Software System \$	
	2016	2015	2016	2015
	Opening Balance	29,225	0	68,965
Additions	48,990	29,225	16,250	68,965
Disposals	-	-	-	-
Transfers	-	-	-	-
Impairment Provision	-	-	-	-
Amortisation (see note 3)	(2,172)	-	(14,201)	-
Closing Balance	76,043	29,225	71,014	68,965

Reconciliation of Carrying Amounts	E-Procurement Software System \$		OneCard Fuel Product \$		Total \$	
	2016	2015	2016	2015	2016	2015
	Opening Balance	-	98,280	50,479	75,719	148,669
Additions	-	-	-	-	65,240	98,190
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Impairment Provision	-	-	-	-	-	-
Amortisation (see note 3)	-	(98,280)	(25,240)	(25,240)	(41,613)	(123,520)
Closing Balance	-	-	25,239	50,479	172,296	148,669

Note: The above customer relationship management and online Contracts Look-Up systems were commenced August / September 2015 respectively. Development of the Customer relationship management system and online contract look-up system were completed in September 2016 and April 2016, and hence the assets have been amortised from their respective completion dates.

NOTE 11: PAYABLES.

Current	2016 \$	2015 \$
Trade Creditors	421,721	189,578
Security Deposit	11,478	-
Accrued Expenses	311,407	129,750
PAYG and GST Payable	128,494	112,521
Superannuation	26,132	22,434
Dividends Payable	59,529	83,341
	958,761	537,624

NOTE 12: PROVISIONS.

Short Term	2016 \$	2015 \$
Accrued Staff Bonuses	97,431	51,576
Annual Leave	149,396	105,229
Long Service Leave - expected to be settled within 12 months	38,993	33,797
Unpaid FBT	(501)	876
Total	285,319	191,478

Long Term

Long Service Leave - expected to be settled after 12 months	45,801	43,531
Total Provisions	331,121	235,009

NOTE 13: EQUITY AND RESERVES.

(a) CONTRIBUTED EQUITY	2016 \$	2015 \$
396,862 (2015: 396,862) ordinary shares fully paid	403,862	403,862

(b) RETAINED EARNINGS	2016 \$	2015 \$
Retained Earnings at the beginning of the year	3,697,291	2,791,838
Net Result for the year	370,853	988,794
Dividends provided for	(59,529)	(83,341)
Retained Earnings at the end of the year	4,008,615	3,697,291

(c) DIVIDENDS

Dividends recognised in the current year by the Company are:

15 cents per share - (2015: final unfranked ordinary dividend - 21 cents).	(59,529)	(83,341)
----------------------------------------------------------------------------	----------	----------

NOTE 14: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES.

(a) RECONCILIATION OF NET CASH USED IN OPERATING RESULT	2016 \$	2015 \$
Profit from ordinary activities after income tax	370,853	988,794
NON-CASH MOVEMENTS		
Depreciation	57,527	26,899
Amortisation	41,613	123,521
Doubtful Debts prov/(prov write back)	21,645	(2,501)
Loss / (Gain) on disposal of non-current assets	(11,718)	(12,826)
Increase/(Decrease) in Employee Entitlements	96,110	(8,041)
Increase/(Decrease) in Payables	444,950	(754,848)
Decrease/(Increase) in Prepayments	(23,011)	(19,467)
Decrease/(Increase) in Receivables	(752,844)	863,844
Net Cash From Operating Activities	245,125	1,205,375

(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	298,540	234,350
Short Term Deposits	2,160,453	3,489,866
Cash and Cash Equivalents	2,458,993	3,724,216

NOTE 15: CAPITAL AND LEASING COMMITMENTS.**(a) OPERATING LEASE COMMITMENTS**

	2016 \$	2015 \$
Non-cancellable operating leases contracted for but not capitalised in the financial statements.		
Payable		
Not later than 1 year	274,016	211,377
Later than 1 year but not later than 5 years	1,195,385	-
Later than 5 years	547,412	-
	2,016,813	211,377

A seven-year lease has been signed for the Victorian and National offices on Level 18, 461 Bourke Street, Melbourne, VIC 3000 whose expiry is set for 31st May 2023.

(b) CAPITAL COMMITMENTS

At 30 September 2016, the Company has no capital commitments.

NOTE 16: AUDITOR'S REMUNERATION.

	2016 \$	2015 \$
Amounts received, or due and receivable for auditing the accounts by:		
- Victorian Auditor-General (External Audit)	21,645	18,300
	21,645	18,300

NOTE 17: RELATED PARTY TRANSACTIONS.**(a) THE NAMES OF DIRECTORS WHO HAVE HELD OFFICE DURING THE FINANCIAL YEAR ARE:**

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. 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.

	2016 \$	2015 \$
(B) INCOME PAID OR PAYABLE TO DIRECTORS	121,736	96,175
No. of Directors whose income from the Company was within the following bands:		
\$1,000-\$9,999	-	3
\$10,000-\$19,999	6	4
\$20,000-\$29,999	1	1
	7	8

	2016 \$	2015 \$
(c) AMOUNTS OF A PRESCRIBED BENEFIT GIVEN DURING THE YEAR BY THE COMPANY TO A PRESCRIBED SUPERANNUATION FUND ON BEHALF OF DIRECTORS	9,876	7,629

(d) OTHER TRANSACTIONS OF RESPONSIBLE PERSONS AND THEIR RELATED ENTITIES

For the year ending 30th September 2016 one Board member was engaged to provide professional support and mentoring services to the CEO.

Ms. L. Wilson	-	800
	-	800

MAPS Group Ltd did not make payments to other contractors charged with significant management responsibilities from 1st October 2015 to 30th September 2016.

(e) EXECUTIVE OFFICERS' REMUNERATION

The number of executive officers, other than responsible persons, whose total remuneration falls within the bands above \$100,000 at 30 September 2016 are as follows:

Income Band \$	2016 \$	2015 \$
\$110,000-\$119,999	1	1
\$120,000-\$129,999	1	-
\$130,000-\$139,999	1	-
\$140,000-\$149,999	1	-
\$150,000-\$159,999	-	1
\$160,000-\$169,999	1	1
\$190,000-\$199,999	1	1
\$220,000-\$229,999	-	1
\$230,000-\$239,999	1	-
Total number of employees for the above bands	7	5
Aggregate remuneration for bandings above	1,131,463	858,108

**NOTE 18: CONTINGENT ASSETS
AND CONTINGENT LIABILITIES.**

	2016 \$	2014 \$
Contingent Liabilities		
Bank Guarantees related to Level 18, 461 Bourke Street, Melbourne, Victoria 3000	74,485	-
Bank Guarantees related to 447 Auburn Road, Hawthorn East, Victoria 3123		73,854
Total Contingent Liabilities	74,485	73,854

There are no known contingent assets for the company.

NOTE 19: EVENTS OCCURRING AFTER REPORTING DATE.

Since 30 September 2016 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 20: 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 company manages its interest rate risk by maintaining a diversified investment portfolio.

Sharemarket Risk

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

Foreign Exchange Risk

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

Other Price Risk

The entity has no significant exposure to Other Price Risk.

FUNDING RISK

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

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

CREDIT RISK EXPOSURES

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

Concentration of Credit Risk

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

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

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

LIQUIDITY RISK

Liquidity risk is the risk of being unable to meet financial obligations as they fall due. The entity manages liquidity risk by monitoring cash flows and ensuring that maximum funds are available for investment and payment of financial liabilities.

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

The entity's financial liability maturities have been disclosed at Note 20(b).

(b) INTEREST RATE RISK

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

Financial Instruments	Non-Interest-Bearing		Floating Interest Rate		Fixed Interest Rate Maturing In:						Total Carrying Amount Per Balance Sheet	
	2016 \$	2015 \$	2016 \$	2015 \$	1 year or less		1 - 5 Years		Over 5 years		2016 \$	2015 \$
Financial Assets												
Cash	-	-	298,540	234,350	2,160,453	3,489,866	-	-	-	-	2,458,993	3,724,216
Receivables	1,616,523	885,324									1,616,523	885,324
Other Financial Assets	-	-	-	-	488,485	-	-	-	-	-	488,485	-
Total Financial Assets	1,616,523	885,324	298,540	234,350	2,648,938	3,489,866	-	-	-	-	4,564,001	4,609,540
Financial Liabilities												
Payables	958,761	537,624	-	-	-	-	-	-	-	-	958,761	537,624
Interest Bearing Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	958,761	537,624	-	-	-	-	-	-	-	-	958,761	537,624
Net Financial Asset/Liabilities	657,762	347,700	298,540	234,350	2,648,938	3,489,866	-	-	-	-	3,605,240	4,071,916
Weighted average interest rate			1.0%	1.2%	2.8%	3.3%						

NOTE 20: FINANCIAL INSTRUMENTS (CONTINUED).

(c) MARKET RISK ON FINANCIAL INSTRUMENTS

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

Policy in managing the interest risk:

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

Sensitivity analysis on interest risk:

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

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

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

INTEREST RATE EXPOSURE 2016	Current Rate (%)	Amount	Annual return at current rate	Rates moved by	
				-1% Possible effect Profit or loss	1% Possible effect Profit or loss
Financial Assets					
Cash at Bank	1.00%	298,540	2,985	(2,985)	2,985
Cash and Cash Equivalents	2.77%	2,160,453	59,845	(21,605)	21,605
Receivables	0.00%	1,616,523	-	-	-
Other Financial Assets	2.70%	488,485	13,189	(4,885)	4,885
Total Financial Assets		4,564,001	76,019	(29,474)	29,474
Financial Liabilities					
Trade Creditors and Accruals	0.00%	958,761	-	-	-
Interest Bearing Liabilities	0.00%	-	-	-	-
Total Financial Liabilities		958,761	-	-	-
Possible effect movement in interest income in profit or loss				(29,474)	29,474

INTEREST RATE EXPOSURE 2015	Current Rate (%)	Amount	Annual return at current rate	Rates moved by	
				-1% Possible effect Profit or loss	1% Possible effect Profit or loss
Financial Assets					
Cash at Bank	1.20%	234,350	2,812	(2,344)	2,344
Cash and Cash Equivalents	3.33%	3,489,866	116,213	(34,899)	34,899
Receivables	0.00%	885,324	-	-	-
Other Financial Assets	0.00%	-	-	-	-
Total Financial Assets		4,609,540	119,025	(37,242)	37,242
Financial Liabilities					
Trade Creditors and Accruals	0.00%	537,624	-	-	-
Interest Bearing Liabilities	0.00%	-	-	-	-
Total Financial Liabilities		537,624	-	-	-
Possible effect movement in interest income in profit or loss				(37,242)	37,242

(d) FAIR VALUE

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

FINANCIAL INSTRUMENTS	2016		2015	
	Carrying Value \$	Fair Value \$	Carrying Value \$	Fair Value \$
Financial Assets				
Cash and Cash Equivalents	2,458,993	2,458,993	3,724,216	3,724,216
Receivables	1,616,523	1,616,523	885,324	885,324
Other Financial Assets	488,485	488,485	-	-
Total Financial Assets	4,564,001	4,564,001	4,609,540	4,609,540
Financial Liabilities				
Trade Creditors and Accruals	958,761	958,761	537,624	537,624
Interest Bearing Liabilities	-	-	-	-
Total Financial Liabilities	958,762	958,762	537,624	537,624

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

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

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

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

MAPS Group Limited Declaration By Directors

Financial Statements Year Ended 30th September 2016.

The Directors of the company declare that:

1. The financial statements and notes of the company set out on pages 48 to 79:
 - a) gives a true and fair view of the company's financial position as at 30th September 2016 and its performance and cash flows for the year ended on that date in accordance with Australian Accounting Standards; and
 - b) comply with the Corporations Act 2001.
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.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:

Dated this 2nd day of December 2016.



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

REGISTERED OFFICE

LOCATION OF SHARE REGISTER

ACT
NSW
NT
QLD
SA
TAS
VIC
WA

Maps Group Limited
Trading as Procurement Australia.
Level 18, 461 Bourke Street
Melbourne, Victoria 3000.

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Trading as Procurement Australia.
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**Procurement
Australia**



