

Governor's Establishment
Annual Report
2014-2015

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OFFICIAL SECRETARY'S REVIEW

Year in Review 2014-15

The Governor's Establishment is a relatively small agency with broad ranging responsibilities including the provision of advice and support to the Governor in the constitutional, ceremonial and community roles; stewardship of the State's most important heritage asset; and responding to an ever expanding program of events and activities in the community expected of a contemporary Governor.

Throughout the year, the Governor's Establishment has exercised judicious and prudent oversight of the assets of the Government Domain including the capital works program, urgent and essential maintenance, and improved accessibility for visitors, residents and staff.

On 20 October 2014, Her Excellency the Honourable Kerry Sanderson AO was sworn in as the thirty second Governor of Western Australia. The planning and management of the transition of Governors was a priority during the reporting period, with significant work undertaken to develop comprehensive briefing material, ceremonial arrangements made, and several minor refurbishment projects.

The Office continued with its corporate governance agenda with a particular focus on strategic planning, staffing, and improvement of processes across a number of business areas.

The Office has supported an active program of community engagement during Her Excellency's first eight months at Government House.

During the 2014/15 year, the Office facilitated visits by the Governor to the Anzac Centenary Commemorative events in Albany in October 2014; to the Wheatbelt Region in March 2015; and to the Gascoyne Region in May 2015.

Acknowledgements

I take this opportunity to recognise and thank the staff of the Governor's Establishment for providing effective support and an outstanding contribution to the Establishment, the Governor and her family at Government House.

A special thank you to our Honorary Aides de Camp who all give their time voluntarily to provide a high-level support to the Governor on the program of travel and engagement with the community throughout Western Australia.

The Governor's Establishment shares a strong working relationship with the Parliament of Western Australia, the Department of the Premier and Cabinet, the Solicitor General's office and the Supreme Court of Western Australia. Particular thanks to the Lieutenant Governor Chief Justice Wayne Martin AC who acted as deputy of the Governor during the year.

Thanks also to Officers of the Parliament and staff, in particular the Finance and Human Resources Departments; the Director General and Clerks of the Executive Council and staff at the Department of the Premier and Cabinet, for their continued support throughout the year.

OFFICE OF THE GOVERNOR

ROLE OF THE GOVERNOR

The constitutional laws of Western Australia provide for a Governor to represent the Sovereign as Head of State.

The Governor's role includes important constitutional functions, and in performing these functions the Governor is required to act in an entirely apolitical way. The Governor's powers and functions are set out in the Letters Patent, under which the Governor is appointed, and the *Constitution Act 1889*.

As well as the constitutional duties of the Governor, there are important community, ceremonial and promotional functions associated with the position. These include:

- opening of the Western Australian Parliament;
- promoting the State and extending a welcome and hospitality to Heads of State, Ambassadors and other official visitors;
- conducting Investitures for the presentation of honours and awards under the Australian Honours system;
- presenting awards and medals to various organisations including Scouts, Girls and Boys Brigades, Churchill Fellowships, St John Ambulance Service Awards and numerous others;
- participating in many public events;
- travelling throughout Western Australia to meet people in regional areas and keep abreast of developments within the State;
- Patronage of many community and charitable organisations.

WHAT WE DO

As an independent entity, the Governor's Establishment provides personal, administrative and logistical support which enables the Governor to perform the role of constitutional, ceremonial and community duties. The office also maintains Government House, the Ballroom and the Grounds as a heritage listed estate.

OUR VISION, MISSION AND VALUES

Our vision is that the Governor's Establishment, within the Domain, be recognised as the Seat of the State and as a high quality historical, cultural, and heritage place for the people of Western Australia.

The Governor's Establishment's mission is to provide support to the Governor and to manage the Government Domain through its corporate objectives:

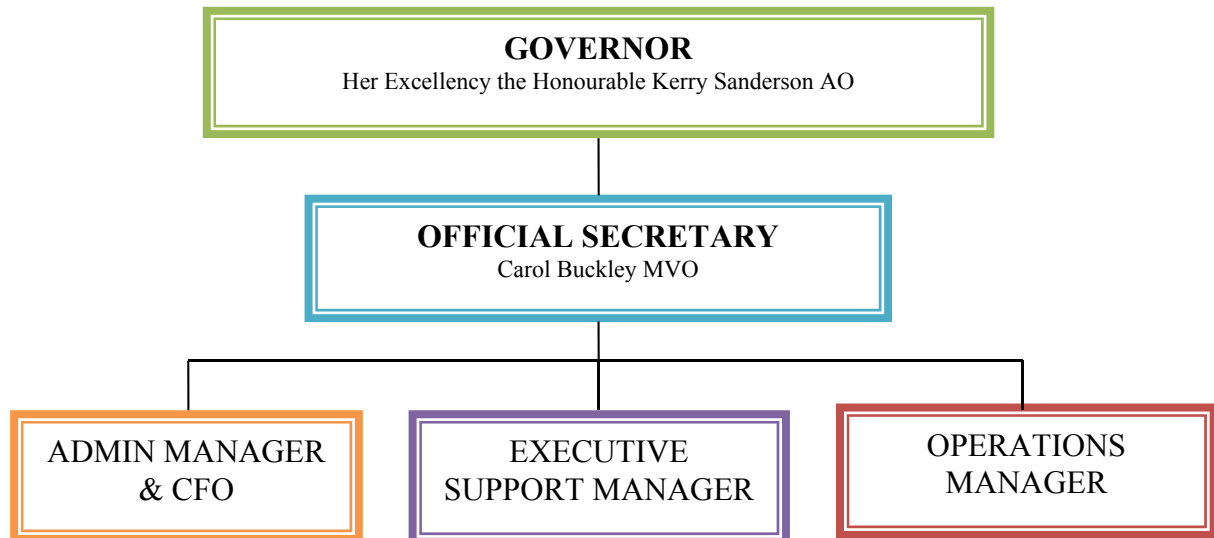
- Supporting the Constitutional duties of the Governor as identifiable Seat of the State.
- Administrative and operational support to the office of the Governor.
- Provision of appropriate official residential services for the Governor and official guests.
- Conservation and management of the Domain as a significant heritage.
- Promotion and interpretation of the heritage significance of the domain.

In achieving our vision and mission, we will act in regard to the following values

- Open & Accountable
- Inclusive & Responsive
- Respectful
- Creative, Proactive & Innovative

ORGANISATIONAL CHART

The Establishment is structured into four main areas which report ultimately to the Official Secretary in the capacity of the Chief Executive Officer.



SENIOR OFFICERS

Official Secretary/Chief Executive Officer

Carol Buckley MVO

Ensures the Establishment delivers its corporate objectives. Establishes the strategic direction and ensures compliance. Has the delegated responsibility as employer.

Executive Support Manager

Emma Clark

Responsible for the strategic planning for the development of the Governor's Program and integration of divisions to deliver the Program.

Administration Manager and Chief Financial Officer

Roselyn Hamilton

Responsible for the strategic personnel and financial management of the Governor's Establishment, including preparation of internal and Governmental financial reports and budgets.

Operations Manager

Mark Evans

Responsible for the effective management of the day to day operational requirements of the Governor's Establishment and the conservation of the Domain as a significant heritage asset.

ENABLING LEGISLATION

The office of Governor of Western Australia is enshrined in the *Constitution Act 1889 (WA)* and the *Constitution Acts Amendment Act 1899 (WA)* which establish the legal and operational framework of the system of Parliamentary democracy.

Section 2(2) of the *Constitution Act 1889 (WA)* states “The Parliament of Western Australia consists of The Queen and the Legislative Council and the Legislative Assembly.” In accordance with Section 50(1), “The Queen’s representative in Western Australia is the Governor who shall hold office during Her Majesty’s pleasure.”

The Governor’s Establishment Act 1992 was enacted to make the Governor the employer of the staff of the Governor’s Establishment and for related matters. The authority for employment of the staff has been delegated by the Governor, under Section 9, to the Official Secretary who has the responsibility for employing and determining remuneration for all staff.

COMPLIANCE WITH STATUTORY REQUIREMENTS

- *Constitution Act 1889 and Constitution Acts Amendment Act 1899*
- *Contaminated Sites Act 2003*
- *Disability Services Act 1993*
- *Electoral Act 1907*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Governor’s Establishment Act 1992*
- *Industrial Relations Act 1979*
- *Minimum Conditions of Employment Act 1993*
- *Occupational Safety & Health Act 1984*
- *Public Interest Disclosure Act 2003*
- *Salaries & Allowances Act 1975*
- *State Records Act 2000*
- *The Governor’s Establishment is exempt from the operations of the Freedom of Information Act 1992.*

REPORT ON PERFORMANCE

This annual report is focussed on the performance of the Governor's Establishment, as an agency, and is not an extensive account of the Governor's activities, which are reported regularly in the Vice Regal notices in the newspaper and at www.govhouse.wa.gov.au. It is, however, relevant to note some key events that had a significant bearing on the level of support provided by the staff of the Governor's Establishment throughout the year.

The corporate objectives of the Governor's Establishment encompass the following five goals as set out in the Strategic Plan 2015-20:

CONSTITUTIONAL SUPPORT OF THE GOVERNOR

On 20 October 2014, Her Excellency the Honourable Kerry Sanderson AO was sworn into office as the 32nd Governor of Western Australia.

The office provides policy advice, information and administrative support to the Governor as President of the Executive Council and arm of the Parliament. Advice and support are also provided, in consultation with the Solicitor General, to the Governor in accordance with the provisions of the various Acts including the *Constitution Act 1889 (WA)* and the *Letters Patent 1986*.

In 2014/15, the Governor carried out 1 reconstitution of the Ministry during the year and conducted 8 Swearing-in ceremonies for Judicial Appointments.

The Governor also presided over 26 scheduled Executive Councils and 13 special Executive Councils. Royal Assent was granted for 40 Bills passed by Parliament and 30 messages were submitted to Parliament.

The Governor's Establishment manages an active program of official calls for the Governor. During 2014/15, 22 members of the Diplomatic, Consular Corps and other dignitaries were welcomed during their official visits to Perth. There were a further 131 official callers during the year to 30 June 2015.

ADMINISTRATIVE AND OPERATIONAL SUPPORT

The Governor is able to reflect and recognise the values, aspirations and achievement of Western Australians, to give support and encouragement in their endeavours, and to make connections between people and organisations.

An important part of the Governor's role is to visit many organisations throughout the year. The Governor does this in a variety of ways:

- Attendance at 209 functions
- Delivered 179 speeches and 13 official messages
- Acknowledged 524 significant Birthdays and Anniversaries

The Governor is patron of a diverse range of community organisations which contribute to society in many areas. At 30 June 2015, the Governor was patron to 149 organisations.

In 2014/15 the Governor commenced a program of travel throughout Regional Western Australia. This year's itinerary included an extensive visit to the Wheatbelt Region in March 2015 and the Gascoyne Region in May 2015. These included visits and events in:

- *Gingin*
- *New Norcia*
- *Cunderdin*
- *Merredin*
- *Bruce Rock*
- *Corrigin*
- *Wickepin*
- *Wagin*
- *Narrogin*
- *Northam*
- *Exmouth*
- *Gascoyne Junction*
- *Carnarvon*
- *Shark Bay*

OFFICIAL HOSPITALITY FOR THE GOVERNOR AND OFFICIAL GUESTS

The Governor regularly hosts many events at Government House for community organisations and official guests. In 2014/15 the Governor hosted 71 functions at Government House including Receptions and Awards Ceremonies. During the year, hospitality was provided to a total of 2,386 guests.

The Governor and Governor's Establishment take great pleasure in supporting the Australian Honours and Awards System as well as other relevant awards programs. In 2014/15, the Governor hosted and officiated at 3 Investiture Ceremonies. Two Investitures were held at Government House Ballroom in September 2014 and March 2015 for 109 Recipients of Honours and Awards within the Order of Australia. A private Investiture was also held at Government House to present awards to 4 recipients from the SAS Regiment.

CONSERVATION & MANAGEMENT OF THE DOMAIN

Government House is recognised as a heritage-listed site and the Office continuously reviews and updates Conservation and Strategic Asset Management Plans. Significant attention will continue to be on strategic maintenance and resourcing to ensure building projects are scheduled in a timely manner and budgeted for out years. The following maintenance issues and capital works programs were addressed in 2014/15:

Building commenced to upgrade the garden workshops, to comply with current building codes. Building work is expected to be completed early in 2015/16.

The Governor's Establishment is committed to recruiting and maintaining quality staff. As at 30 June 2015, the Governor's Establishment employed 28 full-time equivalent employees across all divisions. During the year there was 1 retirement (1 FTE's), 4 employment (3.75 FTE) and one FTE was seconded.

The Office implemented a new Organisational Structure in September 2014 to better reflect and achieve the Department's strategic objectives.

The office devotes significant time and effort to improve its effectiveness and efficiency through organisational change. The Governor's Establishment continues an ongoing plan to review work practices to better achieve priorities and outcomes.

PROMOTION AND INTERPRETATION OF THE DOMAIN

The office is dedicated to enhancing the promotion and interpretation of the Domain as a significant heritage place. It is important to create opportunities for the public to visit the Domain and provide further information through educational material, publications and the Government House website.

Working together, the Constitutional Centre of Western Australia and Governor's Establishment have provided tours and educational visits for 786 Western Australian schoolchildren from 20 different schools. This program is scheduled to continue in 2015/16. Special thanks to the team at the Constitutional Centre for their professional advice and support.

In 2014/15 an estimated 36,000 people were welcomed to Government House on Open Days, house tours, community group tours, garden functions including regular garden openings. The gardens of Government House will continue to be open to the public at lunchtime every Tuesday, Wednesday and Thursday. Future Open Days will be promoted on the Government House website.

OUTLOOK 2015/16 & BEYOND

Management of the Government Domain

The Governor's Establishment will continue to implement programs listed in its 5 year Strategic Plan. A key objective for the Office will be to secure an ongoing funding arrangement to enable the buildings and grounds to be maintained in accordance with statutory obligations for the future benefit of all Western Australians.

Risk management and good governance will continue to be the focus of management at the Governor's Establishment.

Government House Community Engagement Plan

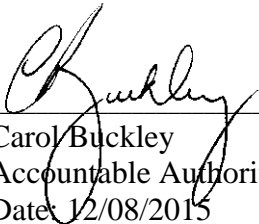
The Office will continue to work in conjunction with the Government House Foundation to develop and implement a strategy, in line with the overall Strategic Plan for the Establishment, to increase community understanding of the Office of the Governor's role and associated program.

GOVERNOR'S ESTABLISHMENT

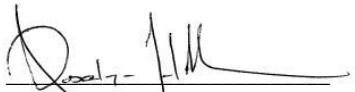
CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

The accompanying financial statements of the Governor's Establishment have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2015 and the financial position as at 30 June 2015.

At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



Carol Buckley
Accountable Authority
Date: 12/08/2015



Roselyn Hamilton
Chief Financial Officer
Date: 12/08/2015



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

GOVERNOR'S ESTABLISHMENT

Report on the Financial Statements

I have audited the accounts and financial statements of the Governor's Establishment.

The financial statements comprise the Statement of Financial Position as at 30 June 2015, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Official Secretary's Responsibility for the Financial Statements

The Official Secretary is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Official Secretary determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Governor's Establishment's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Official Secretary, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Governor's Establishment at 30 June 2015 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Report on Controls

I have audited the controls exercised by the Governor's Establishment during the year ended 30 June 2015.

Controls exercised by the Governor's Establishment are those policies and procedures established by the Official Secretary to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Official Secretary's Responsibility for Controls

The Official Secretary is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Governor's Establishment based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Governor's Establishment complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

Opinion

In my opinion, the controls exercised by the Governor's Establishment are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2015.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Governor's Establishment for the year ended 30 June 2015.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Official Secretary's Responsibility for the Key Performance Indicators

The Official Secretary is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Official Secretary determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Official Secretary's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

Opinion

In my opinion, the key performance indicators of the Governor's Establishment are relevant and appropriate to assist users to assess the Governor's Establishment's performance and fairly represent indicated performance for the year ended 30 June 2015.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Governor's Establishment for the year ended 30 June 2015 included on the Governor's Establishment's website. The Governor's Establishment's management is responsible for the integrity of the Governor's Establishment's website. This audit does not provide assurance on the integrity of the Governor's Establishment's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
14 August 2015



**GOVERNOR'S ESTABLISHMENT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

| | Note | 2015 \$000 | 2014 \$000 |
|---|------|---------------|---------------|
| COST OF SERVICES | | | |
| Expenses | | | |
| Employee benefits expense | 6 | 3,354 | 3,118 |
| Supplies and services | 7 | 578 | 417 |
| Depreciation expense | 8 | 420 | 319 |
| Accommodation expenses | 9 | 218 | 234 |
| Other expenses | 10 | 13 | 13 |
| Total cost of services | | 4,583 | 4,101 |
| Income | | | |
| <i>Revenue</i> | | | |
| User charges and fees | 11 | 106 | 100 |
| Total Revenue | | 106 | 100 |
| <i>Gains</i> | | | |
| Gain on disposal of non-current assets | 12 | - | 2 |
| Total Gains | | - | 2 |
| Total income other than income from State Government | | 106 | 102 |
| NET COST OF SERVICES | | 4,477 | 3,999 |
| Income from State Government | | | |
| Service appropriation | 13 | 4,671 | 4,602 |
| Services received free of charge | | 12 | 12 |
| Total income from State Government | | 4,683 | 4,614 |
| SURPLUS/(DEFICIT) FOR THE PERIOD | | 206 | 615 |
| OTHER COMPREHENSIVE INCOME | | | |
| Changes in asset revaluation surplus | | (310) | 8,299 |
| Gains/losses recognised directly in equity | | - | - |
| Total other comprehensive income | | (310) | 8,299 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | (104) | 8,914 |

Refer to the 'Schedule of Income and Expenses by Service'.

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



**GOVERNOR'S ESTABLISHMENT
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2015**

| | Note | 2015 \$000 | 2014 \$000 |
|--------------------------------------|--------|---------------|---------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 24 | 941 | 1,427 |
| Receivables | 15 | 19 | 13 |
| Other Current Assets | 17 | 5 | 4 |
| Total Current Assets | | 965 | 1,444 |
| Non-Current Assets | | | |
| Restricted cash and cash equivalents | 14, 24 | 132 | 102 |
| Amounts receivable for services | 16 | 1,021 | 728 |
| Property, plant and equipment | 18 | 34,350 | 34,143 |
| Total Non-Current Assets | | 35,503 | 34,973 |
| TOTAL ASSETS | | 36,468 | 36,417 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 21 | 188 | 108 |
| Provisions | 22 | 405 | 337 |
| Total Current Liabilities | | 593 | 445 |
| Non-Current Liabilities | | | |
| Provisions | 22 | 94 | 87 |
| Total Non-Current Liabilities | | 94 | 87 |
| TOTAL LIABILITIES | | 687 | 532 |
| NET ASSETS | | 35,781 | 35,885 |
| EQUITY | | | |
| Contributed equity | 23 | 3,635 | 3,635 |
| Reserves | | 29,609 | 29,919 |
| Accumulated surplus/(deficit) | | 2,537 | 2,331 |
| TOTAL EQUITY | | 35,781 | 35,885 |

Refer to the 'Schedule of Assets and Liabilities by Service'.

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



**GOVERNOR'S ESTABLISHMENT
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

| | Note | Contributed Equity \$'000 | Reserves \$'000 | Accumulated Surplus/ (Deficit) \$'000 | Total Equity \$'000 |
|---|------|---------------------------------|--------------------|--|------------------------|
| Balance at 1 July 2013 | | 3,635 | 21,620 | 1,716 | 26,971 |
| Total comprehensive income for the year | | - | 8,299 | 615 | 8,914 |
| Transactions with owners in their capacity as owners: | | | | | |
| Capital appropriations | | - | - | - | - |
| Other contributions by owners | | - | - | - | - |
| Distributions to owners | | - | - | - | - |
| Total | | - | - | - | - |
| Balance at 30 June 2014 | | 3,635 | 29,919 | 2,331 | 35,885 |
| Balance at 1 July 2014 | | 3,635 | 29,919 | 2,331 | 35,885 |
| Total comprehensive income for the year | | - | (310) | 206 | (104) |
| Transactions with owners in their capacity as owners: | | | | | |
| Capital appropriations | | - | - | - | - |
| Other contributions by owners | | - | - | - | - |
| Distributions to owners | | - | - | - | - |
| Total | | - | - | - | - |
| Balance at 30 June 2015 | | 3,635 | 29,609 | 2,537 | 35,781 |

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



**GOVERNOR'S ESTABLISHMENT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

| | 2015 | 2014 |
|--|-------------------|----------------|
| Note | \$000 | \$000 |
| CASH FLOWS FROM STATE GOVERNMENT | | |
| Service appropriation | 1,108 | 1,100 |
| Special Acts | 3,270 | 3,230 |
| Holding account drawdowns | - | 64 |
| Net cash provided by State Government | 4,378 | 4,394 |
| Utilised as follows: | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Payments | | |
| Employee benefits | (3,142) | (3,153) |
| Supplies and services | (628) | (244) |
| Accommodation expenses | (214) | (346) |
| GST payments on purchases | (166) | (69) |
| Other payments | (13) | (13) |
| Receipts | | |
| User charges and fees | 110 | 97 |
| GST Receipts on sales | 11 | 12 |
| GST receipts from taxation authority | 145 | 65 |
| Net cash provided by/(used in) operating activities | 24 (3,897) | (3,651) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of non-current physical assets | (937) | (98) |
| Gain on disposal of assets | - | 2 |
| Net cash provided by/(used in) investing activities | (937) | (96) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from borrowings | - | - |
| Net cash provided by/(used in) financing activities | - | - |
| Net increase/(decrease) in cash and cash equivalents | (456) | 647 |
| Cash and cash equivalents at the beginning of period | 1,529 | 882 |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD | 24 1,073 | 1,529 |

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



**GOVERNOR'S ESTABLISHMENT
SCHEDULE OF INCOME AND EXPENSE BY SERVICE
FOR THE YEAR ENDED 30 JUNE 2015**

| | Support to Governor | | Management of Governor's Establishment | | Total | |
|---|---------------------|--------------|--|--------------|--------------|--------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| COST OF SERVICES | | | | | | |
| <u>Expenses</u> | | | | | | |
| Employee benefits expense | 715 | 830 | 2,639 | 2,288 | 3,354 | 3,118 |
| Supplies and services | 83 | 114 | 495 | 303 | 578 | 417 |
| Depreciation and amortisation expense | - | - | 420 | 319 | 420 | 319 |
| Accommodation expenses | - | - | 218 | 234 | 218 | 234 |
| Other expenses | - | - | 13 | 13 | 13 | 13 |
| Total cost of services | 798 | 944 | 3,785 | 3,157 | 4,583 | 4,101 |
| <u>Income</u> | | | | | | |
| User charges and fees | - | - | 106 | 100 | 106 | 100 |
| Gain on disposal of assets | - | - | - | 2 | - | 2 |
| Total income other than income from State Government | - | - | 106 | 102 | 106 | 102 |
| NET COST OF SERVICES | 798 | 944 | 3,679 | 3,055 | 4,477 | 3,999 |
| <u>Income from State Government</u> | | | | | | |
| Service appropriation | 1,000 | 1,100 | 3,671 | 3,502 | 4,671 | 4,602 |
| Services received free of charge | - | - | 12 | 12 | 12 | 12 |
| Total income from State Government | 1,000 | 1,100 | 3,683 | 3,514 | 4,683 | 4,614 |
| SURPLUS/DEFICIT FOR THE PERIOD | 202 | 156 | 4 | 459 | 206 | 615 |

The Schedule of Income and Expenses by service should be read in conjunction with the accompanying notes.

**SCHEDULE OF ASSETS AND LIABILITIES BY SERVICE
AS AT 30 JUNE 2015**

| | Support to Governor | | Management of Governor's Establishment | | Total | |
|--------------------------|---------------------|------------|--|---------------|---------------|---------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| <u>Assets</u> | | | | | | |
| Current assets | 27 | 25 | 938 | 1,419 | 965 | 1,444 |
| Non-current assets | 100 | 127 | 35,403 | 34,846 | 35,503 | 34,973 |
| Total assets | 127 | 152 | 36,341 | 36,265 | 36,468 | 36,417 |
| <u>Liabilities</u> | | | | | | |
| Current Liabilities | 111 | 104 | 482 | 341 | 593 | 445 |
| Non-current liabilities | 3 | - | 91 | 87 | 94 | 87 |
| Total Liabilities | 114 | 104 | 573 | 428 | 687 | 532 |
| NET ASSETS | 13 | 48 | 35,768 | 35,837 | 35,781 | 35,885 |

The Schedule of Assets and Liabilities by Service should be read in conjunction with the accompanying notes.



**GOVERNOR'S ESTABLISHMENT
SUMMARY OF CONSOLIDATED ACCOUNT
APPROPRIATIONS AND INCOME ESTIMATES
FOR THE YEAR ENDED 30 JUNE 2015**

| | 2015 | 2015 | | 2015 | 2014 | |
|--|--------------|--------------|--------------|--------------|--------------|------------|
| | Estimate | Actual | Variance | Actual | Actual | Variance |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| <u>Delivery of Services</u> | | | | | | |
| Item 7 Net amount appropriated to deliver services | 1,401 | 1,401 | - | 1,401 | 1,372 | 29 |
| Amounts Authorised by Other Statutes | | | | | | |
| Governor's Establishment Act 1992 | 2,780 | 2,780 | - | 2,780 | 2,747 | 33 |
| Salaries and Allowances Act 1975 | 490 | 490 | - | 490 | 483 | 7 |
| Total appropriations provided to deliver services | 4,671 | 4,671 | - | 4,671 | 4,602 | 69 |
| <u>Details of Expenses by Service</u> | | | | | | |
| Effective support to the Governor | 1,057 | 798 | (259) | 798 | 944 | (146) |
| Effective management of the Governor's Establishment | 3,752 | 3,785 | 33 | 3,785 | 3,157 | 628 |
| Total Cost of Services | 4,809 | 4,583 | (226) | 4,583 | 4,101 | 482 |
| Less total income | (115) | (106) | 9 | (106) | (102) | (4) |
| Net Cost of services | 4,694 | 4,477 | (217) | 4,477 | 3,999 | 478 |
| Adjustments ⁽ⁱ⁾ | | 194 | 194 | 194 | 603 | (409) |
| Total appropriations provided to deliver services | 4,694 | 4,671 | (23) | 4,671 | 4,602 | 69 |
| <u>Capital Expenditure</u> | | | | | | |
| Purchase of non-current physical assets | 1,059 | 937 | (122) | 937 | 98 | 839 |
| Drawdowns from holding account | - | - | - | - | (64) | 64 |
| Adjustments for other funding sources | (776) | (937) | (161) | (937) | (34) | (903) |
| Capital appropriations | 283 | - | (283) | - | - | - |

⁽ⁱ⁾ Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation

Note 28. 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2014 and between the actual results for 2014 and 20145



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 1. Australian Accounting Standards

General

The Department's financial statements for the year ended 30 June 2015 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Department has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Partial exemption permitting early adoption of *AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities* has been granted. Aside from AASB 2015-7, there has been no early adoption of any other Australian Accounting Standards that have been issued or amended (but not operative) by the Department for the annual reporting period ended 30 June 2015.

Note 2. Summary of significant accounting policies

(a) General statement

The Department is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for land and buildings which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

Note 3 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the Department's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 2. Summary of significant accounting policies (cont.)

(b) Basis of preparation (cont.)

Note 4 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Reporting entity

The reporting entity comprises the Department.

Mission

The Governor's Establishment's mission is to provide support to the Governor and to manage the Government Domain through its corporate objectives:

- Supporting the Constitutional duties of the Governor as identifiable Seat of the State.
- Administrative and operational support to the Governor.
- Provision of appropriate official residential services for the Governor and official guests.
- Conservation and management of the Domain as a significant heritage.
- Promotion and interpretation of the heritage significance of the domain

The Department is predominantly funded by Parliamentary appropriations. It provides support for the Governor in carrying out his official duties. The fees charged raised from the hire of facilities are set with reference to prevailing market forces. The financial statements encompass all funds through which the Department controls resources to carry on its functions.

Services

Service 1: Effective Support to the Governor

Support the Governor in performing the constitutional, statutory, official, ceremonial, community and civic duties associated with the Governor's role.

Service 2: Management of the Governor's Establishment

Effectively manage the financial and administrative requirement of the Establishment including capital works program, heritage building management, planning and coordinating official visits and provision of hospitality on behalf of the State.

(d) Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed equity.

The transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 2. Summary of significant accounting policies (cont.)

(e) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

Provision of services

Revenue is recognised by reference to the stage of completion of the transaction.

Service appropriations

Service Appropriations are recognised as revenues at fair value in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Net appropriation determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the determination specified in the 2014-15 Budget Statements, the Department retained \$105,000 in 2015 (\$102,000 in 2014) from user charges and fees for hire of facilities.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Department obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Gains

Realised or unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 2. Summary of significant accounting policies (cont.)

(f) Property, plant and equipment

Capitalisation/expensing of assets

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

Property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land, buildings and works of art, and historical cost for all other property, plant and equipment. Land and buildings are carried at fair value less accumulated depreciation (buildings only) and accumulated impairment losses. Works of art are carried at fair value less accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market based evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

In the absence of market-based evidence, fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Valuation Services) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful life. Professional judgment by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 2. Summary of significant accounting policies (cont.)

(f) Property, plant and equipment (cont.)

Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets as described in note 18 'Property, Plant and Equipment'.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

| | | | |
|------------------------|-----------|--------------------|---------------|
| Buildings | 100 years | Office Equipment | 3 years |
| Refurbishment | 10 years | Computer Equipment | 3 years |
| Furniture and Fittings | 5 years | Garden Equipment | 5 to 10 years |

Works of art controlled by the Department are classified as property, plant and equipment. These are anticipated to have indefinite useful lives. Their service potential has not, in any material sense, been consumed during the reporting period, and consequently no depreciation has been recognised.

The motor vehicle reported in the balance sheet is a vintage vehicle that is considered to have a long and indefinite useful life. The service potential of this asset has not, in any material sense, been consumed during the reporting period, and so no depreciation has been recognised.

Land is not depreciated.

(g) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. The Department has not capitalised any intangible assets at balance sheet date.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 2. Summary of significant accounting policies (cont.)

(g) Intangible assets (cont.)

Computer software

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

Website costs

Website costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a website, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a website, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

(h) Impairment of assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the Department is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

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

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

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

(i) Leases

The Department does not hold any finance lease.

The Department holds operating leases for motor vehicles. Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased vehicles.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 2. Summary of significant accounting policies (cont.)

(j) Financial instruments

In addition to cash at bank, the Department has two categories of financial instrument:

- Loans and receivables; and
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Restricted cash and cash equivalents
- Receivables
- Amounts receivable for services

Financial Liabilities

- Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(k) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents (and restricted cash and cash equivalents) assets comprise of cash on hand.

(l) Accrued salaries

Accrued salaries (see note 20 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (see note 14 'Restricted cash and cash equivalents') consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

(m) Amounts receivable for services (holding account)

The Department receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 2. Summary of significant accounting policies (cont.)

(n) Receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Department will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(o) Payables

Payables are recognised at the amounts payable when the Department becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

(p) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions - Employee Benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual Leave

The liability for annual leave that is expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Annual leave not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 2. Summary of significant accounting policies (cont.)

(p) Provisions (cont.)

Long Service Leave

The liability for long service leave that is expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Long service leave not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Department has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Superannuation

The Government Employees Superannuation Board (GESB) and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees have been able to choose their preferred superannuation fund provider. The Department makes contributions to GESB or other fund provider on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. Contributions to these accumulation schemes extinguish the Department's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 2. Summary of significant accounting policies (cont.)

(p) Provisions (cont.)

The Department has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Department to the GESB.

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

Provisions - other

Employment on-costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Department's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

(q) Superannuation expense

The superannuation expense is recognised in the profit or loss of the Statement of Comprehensive Income and comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBS, or other superannuation funds. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

(r) Assets and Services received free of charge or for nominal cost

Assets or services received free of charge or for nominal cost that the Department would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(s) Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 3. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Department evaluates these judgements regularly.

Note 4. Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Long Service Leave

Several estimations and assumptions used in calculating the Department's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Department has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2014 that impacted on the Department.

Int 21 *Levies*

This interpretation clarifies the circumstances under which a liability to pay a government levy imposed should be recognised. There is no financial impact for the Department at reporting date.

AASB 10 *Consolidated Financial Statements*

This standard, issued in August 2011, supersedes AASB 127 *Consolidated and Separate Financial Statements* and Int 112 *Consolidation – Special Purpose Entities*, introducing a number of changes to accounting treatments.

The adoption of the new Standard has no financial impact for the Department as it does not impact accounting for related bodies and the Department has no interests in other entities.

AASB 11 *Joint Arrangements*

This Standard, issued in August 2011, supersedes AASB 131 *Interests in Joint Ventures*, introduces new principles for determining the type of joint arrangement that exists, which are more aligned to the actual rights and obligations of the parties to the arrangement.

There is no financial impact for the Department as the new standard continues to require the recognition of the Department's share of assets and share of liabilities for the unincorporated joint operation.

AASB 12 *Disclosure of Interests in Other Entities*

This Standard, issued in August 2011, supersedes disclosure requirements in AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*. There is no financial impact.

AASB 127 *Separate Financial Statements*

This Standard, issued in August 2011, supersedes AASB 127 *Consolidated and Separate Financial Statements* removing the consolidation requirements of the earlier standard whilst retaining accounting and disclosure requirements for the preparation of separate financial statements. There is no financial impact.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

- AASB 128 *Investments in Associates and Joint Ventures*
- This Standard supersedes AASB 128 *Investments in Associates*, introducing a number of clarifications for the accounting treatments of changed ownership interest.
- The adoption of the new Standard has no financial impact for the Department as it does not hold investments in associates and joint ventures.
- AASB 1031 *Materiality*
- This Standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality not available in IFRSs and refers to guidance on materiality in other Australian pronouncements. There is no financial impact.
- AASB 1055 *Budgetary Reporting*
- This Standard requires specific budgetary disclosures in the general purpose financial statements of not-for-profit entities within the General Government Sector. The Department will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]*
- This Standard gives effect to consequential changes arising from the issuance of AASB10, AASB 11, AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*. There is no financial impact for the Department.
- AASB 2012-3 *Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]*
- This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact.
- AASB 2013-3 *Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*
- This Standard introduces editorial and disclosure changes. There is no financial impact.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

AASB 2013-4 *Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]*

This Standard permits the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. The Department does not routinely enter into derivatives or hedges, therefore there is no financial impact.

AASB 2013-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities - Control and Structured Entities [AASB 10, 12 & 1049]*

The amendments, issued in October 2013, provide significant guidance in determining whether a not-for-profit entity controls another entity when financial returns are not a key attribute of the investor's relationship. The standard has no financial impact in its own right, rather the impact results from the adoption of the amended AASB 10.

AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.*

Part B of this omnibus Standard makes amendments to other Standards arising from the deletion of references to AASB 1031 in other Standards for periods beginning on or after 1 January 2014. It has no financial impact.

AASB 2014-1 *Amendments to Australian Accounting Standards*

Part A of this Standard consists primarily of clarifications to Accounting Standards and has no financial impact for the Department.

Part B of this Standard has no financial impact as the Department contributes to schemes that are defined contribution plans, or deemed to be defined contribution plans.

Part C of the Standard has no financial impact as it removes references to AASB 1031 *Materiality* from a number of Accounting Standards.



**GOVERNOR'S ESTABLISHMENT
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Note 5. Disclosure of changes in accounting policy and estimates (cont.)

Voluntary changes in Accounting Policy

There were no voluntary changes in accounting policy during the reporting period.

Future impact of Australian Accounting Standards not yet operative

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Department has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Department. Where applicable, the Department plans to apply these Australian Accounting Standards from their application date.

**Operative for
reporting periods
beginning on/after**

| | | |
|-------------|--|----------------|
| AASB 9 | <i>Financial Instruments</i> This Standard supersedes <i>AASB 139 Financial Instruments: Recognition and Measurement</i> , introducing a number of changes to accounting treatments. The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 <i>Amendments to Australian Accounting Standards</i> . The Department has not yet determined the application or the potential impact of the Standard. | 1 January 2018 |
| AASB 15 | <i>Revenues from Contracts with Customers</i> This Standard establishes the principles the Department shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Department has not yet determined the application or the potential impact of the Standard. | 1 January 2017 |
| AASB 2010-7 | <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i> This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The mandatory application of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Department has not yet determined the application or the potential impact of the Standard. | 1 January 2018 |



**GOVERNOR'S ESTABLISHMENT
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| | | |
|-------------|--|----------------|
| AASB 2013-9 | <i>Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments.</i> | 1 January 2015 |
| | <p>Part C of this omnibus Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. The department has not yet determined the application or the potential impact of AASB 9.</p> | |
| AASB 2014-1 | <i>Amendments to Australian Accounting Standards</i> | 1 January 2018 |
| | <p>Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Department to determine the application or potential impact of the Standard.</p> | |
| AASB 2014-3 | <i>Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint operations [AASB 1 & 11]</i> | 1 January 2016 |
| | <p>The Department establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the standard.</p> | |
| AASB 2014-4 | <i>Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]</i> | 1 January 2016 |
| | <p>The adoption of this Standard has no financial impact for the Department as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.</p> | |
| AASB 2014-5 | <i>Amendments to Australian Accounting Standards Arising from AASB 15</i> | 1 January 2017 |
| | <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including interpretations) arising from the issuance of AASB 15. The Department has not yet determined the application or the potential impact of the Standard.</p> | |
| AASB 2014-7 | <i>Amendments to Australian Accounting Standards Arising from AASB 9 (December 2014)</i> | 1 January 2018 |
| | <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including interpretations) arising from the issuance of AASB 9 (December 2014). The Department has not yet determined the application or the potential impact of the Standard.</p> | |



**GOVERNOR'S ESTABLISHMENT
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| | | |
|--------------|--|----------------|
| AASB 2014-8 | <i>Amendments to Australian Accounting Standards Arising from AASB 9 (December 2014) - Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]</i> | 1 January 2015 |
| | <p>This Standard makes amendments to AASB 9 <i>Financial Instruments</i> (December 2009) and AASB 9 <i>Financial Instruments</i> (December 2010), arising from the issuance of AASB 9 <i>Financial Instruments</i> in December 2014. The Department has not yet determined the application or the potential impact of the Standard.</p> | |
| AASB 2014-9 | <i>Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements [AASB 1, 127 & 128]</i> | 1 January 2016 |
| | <p>This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Department has not yet determined the application or the potential impact of the Standard.</p> | |
| AASB 2014-10 | <i>Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]</i> | 1 January 2016 |
| | <p>This Standard amends AASB 10 and AASB 128 to address inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The Department has not yet determined the application or the potential impact of the Standard.</p> | |



**GOVERNOR'S ESTABLISHMENT
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| | | |
|-------------|---|----------------|
| AASB 2015-1 | <i>Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]</i> | 1 January 2016 |
| | <p>These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012-2014 Cycle in September 2014, and editorial corrections. The Department has not yet determined the application or the potential impact of the Standard.</p> | |
| AASB 2015-2 | <i>Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]</i> | 1 January 2016 |
| | <p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.</p> | |
| AASB 2015-3 | <i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i> | 1 July 2015 |
| | <p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.</p> | |
| AASB 2015-6 | <i>Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]</i> | 1 July 2016 |
| | <p>The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. The Department has not yet determined the application of the Standard, though there is no financial impact.</p> | |

Changes in accounting estimates

There were no changes in accounting estimates during the reporting period.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

| <i>Note 6. Employee benefits expense</i> | 2015 | 2014 |
|--|--------------|--------------|
| | \$000 | \$000 |
| Wages and salaries ^(a) | 2,747 | 2,590 |
| Superannuation - defined contribution plans ^(b) | 251 | 230 |
| Superannuation - defined benefits plans ^(c) | 34 | 28 |
| Long Service leave ^(d) | 104 | 58 |
| Annual leave ^(d) | 218 | 212 |
| | 3,354 | 3,118 |

^(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.

^(b) Defined contribution plans include West State, Gold State, GESB and other eligible funds.

^(c) Defined benefit plans include Pension scheme and Gold State (pre-transfer benefit).

^(d) Includes a superannuation contribution component.

Employee on-costs expenses, such as workers' compensation insurance are included at note 10 'Other expenses'.

The employee on-costs liability is included at note 22 'Provisions'.

| <i>Note 7. Supplies and services</i> | 2015 | 2014 |
|--------------------------------------|--------------|--------------|
| | \$000 | \$000 |
| Communications | 26 | 24 |
| Consultants and contractors | 153 | 64 |
| Consumables | 210 | 184 |
| Travel | 20 | 21 |
| Other | 169 | 124 |
| | 578 | 417 |

| <i>Note 8. Depreciation expense</i> | 2015 | 2014 |
|-------------------------------------|--------------|--------------|
| | \$000 | \$000 |
| <u>Depreciation</u> | | |
| Plant and equipment | 171 | 70 |
| Buildings | 249 | 249 |
| | 420 | 319 |

| <i>Note 9. Accommodation expenses</i> | 2015 | 2014 |
|---------------------------------------|--------------|--------------|
| | \$000 | \$000 |
| Electricity and gas | 71 | 93 |
| Repairs and maintenance | 147 | 141 |
| | 218 | 234 |



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

| <i>Note 10. Other expenses</i> | 2015 | 2014 |
|--------------------------------|--------------|--------------|
| | \$000 | \$000 |
| Audit fee | 13 | 13 |
| | 13 | 13 |

| <i>Note 11. User charges and fees</i> | 2015 | 2014 |
|---------------------------------------|--------------|--------------|
| | \$000 | \$000 |
| Ballroom Hire | 96 | 96 |
| Other Income | 10 | 4 |
| | 106 | 100 |

| <i>Note 12. Net gain/(Loss) on disposal of non-current assets</i> | 2015 | 2014 |
|---|--------------|--------------|
| | \$000 | \$000 |
| <u>Proceeds from disposal of non current assets</u> | | |
| Garden Equipment | - | 2 |
| <u>Costs of disposal of non-current assets</u> | | |
| Garden Equipment | - | - |
| Net gain/(Loss) | - | 2 |

| <i>Note 13. Income from State Government</i> | 2015 | 2014 |
|--|--------------|--------------|
| | \$000 | \$000 |
| Appropriation received during the period: | | |
| Service appropriations ^(a) | 4,671 | 4,602 |
| | 4,671 | 4,602 |
| Services received free of charge from other State government agencies during the period: | | |
| Parliamentary Services Department | 12 | 12 |
| | 12 | 12 |
| | 4,683 | 4,614 |

^(a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the 'budgeted' depreciation expense for the year and any agreed increase in leave liability during the year.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

| <i>Note 14. Restricted cash and cash equivalents</i> | 2015 | 2014 |
|--|--------------|--------------|
| | \$000 | \$000 |
| <u>Non-current</u> | | |
| Accrued salaries suspense account ^(a) | 132 | 102 |
| | 132 | 102 |

^(a) Funds held in the suspense account for the purpose of meeting the 27th pay in a financial year that occurs every 11th year.

| <i>Note 15. Receivables</i> | 2015 | 2014 |
|-----------------------------|--------------|--------------|
| | \$000 | \$000 |
| <u>Current</u> | | |
| Sundry Receivables | 4 | 8 |
| GST Receivables | 15 | 5 |
| Total Current | 19 | 13 |

The Department does not hold any collateral or other credit enhancements as security for receivables.

| <i>Note 16. Amounts receivable for services (Holding Account)</i> | 2015 | 2014 |
|---|--------------|--------------|
| | \$000 | \$000 |
| Current | - | - |
| Non-Current | 1,021 | 728 |
| | 1,021 | 728 |

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

| <i>Note 17. Other Assets</i> | 2015 | 2014 |
|------------------------------|--------------|--------------|
| | \$000 | \$000 |
| <u>Current</u> | | |
| Prepayments | 5 | 4 |
| | 5 | 4 |



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

| <i>Note 18. Property, plant and equipment</i> | 2015 | 2014 |
|---|---------------|---------------|
| | \$000 | \$000 |
| <u>Land</u> | | |
| At Fair Value ^(a) | 234 | 234 |
| | <u>234</u> | <u>234</u> |
| <u>Buildings</u> | | |
| At Fair Value ^(a) | 32,332 | 32,916 |
| | <u>32,332</u> | <u>32,916</u> |
| <u>Furniture and Equipment</u> | | |
| At Cost | 460 | 396 |
| Accumulated depreciation | (330) | (309) |
| Accumulated impairment loss | - | - |
| | <u>130</u> | <u>87</u> |
| <u>Computer Equipment</u> | | |
| At Cost | 231 | 6 |
| Accumulated depreciation | (35) | (6) |
| Accumulated impairment loss | - | - |
| | <u>196</u> | <u>-</u> |
| <u>Office Equipment</u> | | |
| At Cost | 39 | 54 |
| Accumulated depreciation | (34) | (48) |
| Accumulated impairment loss | - | - |
| | <u>5</u> | <u>6</u> |
| <u>Garden Equipment</u> | | |
| At Cost | 206 | 200 |
| Accumulated depreciation | (95) | (86) |
| Accumulated impairment loss | - | - |
| | <u>111</u> | <u>114</u> |
| <u>Motor Vehicle</u> | | |
| At Valuation | 190 | 100 |
| <u>Works of Art</u> | | |
| At Valuation | 646 | 646 |
| <u>Works In Progress</u> | | |
| At Cost | 506 | 40 |
| Represents projects currently being undertaken but not yet finished and liable to depreciation. | <u>34,350</u> | <u>34,143</u> |

Land and buildings were revalued as at 1 July 2013 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2015 and recognised at 30 June 2015. In undertaking the revaluation, fair value was determined by reference to depreciated replacement cost for buildings and current use for land.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
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Note 18. Property, plant and equipment (Cont.)

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out below.

| | Land | Buildings | Furniture & Equipment | Computer Equipment | Office Equipment | Garden Equipment | Motor Vehicle | Works of Art | Work in Progress | Total |
|---------------------------------------|--------------|------------------|----------------------------------|---------------------------|-------------------------|-------------------------|----------------------|---------------------|-------------------------|---------------|
| 2015 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Carrying amount at start of year | 234 | 32,916 | 87 | - | 6 | 114 | 100 | 646 | 40 | 34,143 |
| Additions | - | 147 | 82 | 225 | - | 17 | - | - | 466 | 937 |
| Transfers | - | - | - | - | - | - | - | - | - | - |
| Other disposals | - | - | - | - | - | - | - | - | - | - |
| Revaluation increments | - | (400) | - | - | - | - | 90 | - | - | (310) |
| Impairment losses | - | - | - | - | - | - | - | - | - | - |
| Impairment losses reversed | - | - | - | - | - | - | - | - | - | - |
| Depreciation | - | (331) | (39) | (29) | (1) | (20) | - | - | - | (420) |
| Carrying amount at end of year | 234 | 32,332 | 130 | 196 | 5 | 111 | 190 | 646 | 506 | 34,350 |

| | Land | Buildings | Furniture & Equipment | Computer Equipment | Office Equipment | Garden Equipment | Motor Vehicle | Works of Art | Work in Progress | Total |
|---------------------------------------|--------------|------------------|----------------------------------|---------------------------|-------------------------|-------------------------|----------------------|---------------------|-------------------------|---------------|
| 2014 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Carrying amount at start of year | 185 | 24,875 | 126 | - | 6 | 127 | 100 | 646 | - | 26,065 |
| Additions | - | 40 | - | - | 7 | 11 | - | - | 40 | 98 |
| Transfers | - | - | - | - | - | - | - | - | - | - |
| Other disposals | - | - | - | - | - | - | - | - | - | - |
| Revaluation increments | 49 | 8,250 | - | - | - | - | - | - | - | 8,299 |
| Impairment losses | - | - | - | - | - | - | - | - | - | - |
| Impairment losses reversed | - | - | - | - | - | - | - | - | - | - |
| Depreciation | - | (249) | (39) | - | (7) | (24) | - | - | - | (319) |
| Carrying amount at end of year | 234 | 32,916 | 87 | - | 6 | 114 | 100 | 646 | 40 | 34,143 |



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 19. Fair value measurements

| Assets measured at fair value: | | | | Fair Value |
|---------------------------------------|----------------|----------------|----------------|-------------------------|
| 2015 | Level 1 | Level 2 | Level 3 | At end of period |
| | \$000 | \$000 | \$000 | \$000 |
| Land | - | - | 234 | 234 |
| Building | - | - | 32,332 | 32,332 |
| Motor Vehicle | - | 190 | - | 190 |
| Antiques & Artwork | - | 646 | - | 646 |
| | - | 836 | 32,566 | 33,402 |
| <hr/> | | | | |
| 2014 | Level 1 | Level 2 | Level 3 | At end of period |
| | \$000 | \$000 | \$000 | \$000 |
| Land | - | - | 234 | 234 |
| Building | - | - | 32,916 | 32,916 |
| Motor Vehicle | - | 100 | - | 100 |
| Antiques & Artwork | - | 646 | - | 646 |
| | - | 746 | 33,150 | 33,896 |
| <hr/> | | | | |

There were no transfers between Levels 1, 2 or 3 during the current and previous periods.

Valuation techniques to derive Level 2 fair values

The Level 2 fair values of the Motor vehicle and Works of Art are derived using the market approach. Fair value has been determined by market evidence of sales prices of identical or similar assets in recent transactions.

Fair value measurement using significant unobservable inputs (Level 3)

| 2015 | Land | Buildings |
|---|--------------|------------------|
| | \$000 | \$000 |
| Fair Value at start of period | 234 | 32,916 |
| Additions | - | 147 |
| Revaluation increments/(decrements) recognised in Other | - | (400) |
| Transfers (from/(to) Level 2) | - | - |
| Disposals | - | - |
| Depreciation Expense | - | (331) |
| Fair Value at end of period | 234 | 32,332 |
| <hr/> | | |



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 19. Fair value measurements (cont)

| | Land | Buildings |
|---|--------------|------------------|
| 2014 | \$000 | \$000 |
| Fair Value at start of period | 185 | 24,875 |
| Additions | - | 40 |
| Revaluation increments/(decrements) recognised in Other | 49 | 8,250 |
| Transfers (from/(to) Level 2) | - | - |
| Disposals | - | - |
| Depreciation Expense | - | (249) |
| Fair Value at end of period | <u>234</u> | <u>32,916</u> |

Valuation processes

There were no changes in Valuation techniques during the period.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for sale as Treasurer's instructions require valuations of land, buildings and infrastructure to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Land (Level 3 fair values)

Fair value for restricted use land is based on market value, by either using market evidence of sales of comparable land that is unrestricted less restoration costs to return the site to a vacant and marketable condition (low restricted use land), or, comparison with market evidence for land with low level utility (high restricted use land). The relevant comparators of land with low level utility is selected by the Western Australian Land Information Authority (Valuation Services) and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.



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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 19. Fair value measurements (cont)

Buildings (Level 3 Fair Value)

Fair value for existing use specialised buildings and infrastructure assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset. Current replacement cost is generally determined by reference to the market-observable replacement cost of a substitute asset of comparable utility and the gross project size specifications.

Basis of Valuation

In the absence of market-based evidence, due to the specialised nature of some non-financial assets, these assets are valued at Level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on their use and disposal when they are not determined to be surplus to requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service.

Information about significant unobservable inputs (Level 3) in fair value

| Description | Fair Value 2015 \$000 | Fair Value 2014 \$000 | Valuation technique | Unobservable inputs |
|-------------|-----------------------------|-----------------------------|------------------------------------|--|
| Land | 234,000 | 234,000 | Current Use Land Value | Current Use |
| Buildings | 32,332,300 | 32,915,500 | Depreciated Replacement Cost | Consumed economic benefit/ obsolescence of asset Current replacement cost per m ² |

Reconciliations of the opening and closing balances are provided in Note 18



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NOTES TO THE FINANCIAL STATEMENTS
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Note 20. Impairment of assets

There were no indications of impairment to property, plant and equipment and intangible assets at 30 June 2015.

The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use. The Department held no surplus assets at 30 June 2015.

Note 21. Payables

| | 2015 | 2014 |
|------------------|--------------|--------------|
| | \$000 | \$000 |
| <u>Current</u> | | |
| Trade payables | - | 27 |
| Accrued expenses | 65 | 1 |
| Accrued salaries | 123 | 80 |
| | 188 | 108 |
| | 188 | 108 |

Note 22. Provisions

| | 2015 | 2014 |
|------------------------------------|--------------|--------------|
| | \$000 | \$000 |
| <u>Current</u> | | |
| <i>Employee benefits provision</i> | | |
| Annual Leave ^(a) | 81 | 40 |
| Long Service Leave ^(b) | 322 | 295 |
| | 403 | 335 |
| <i>Other provisions</i> | | |
| Employment on-costs ^(c) | 2 | 2 |
| | 405 | 337 |
| | 405 | 337 |
| <u>Non-current</u> | | |
| <i>Employee benefits provision</i> | | |
| Long Service Leave ^(b) | 93 | 86 |
| <i>Other provisions</i> | | |
| Employment on-costs ^(c) | 1 | 1 |
| | 94 | 87 |
| | 94 | 87 |

^(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

| | 2015 | 2014 |
|---|--------------|--------------|
| | \$000 | \$000 |
| Within 12 months of the end of the reporting period | 80 | 33 |
| More than 12 months after the reporting period | 2 | 7 |
| | 82 | 40 |
| | 82 | 40 |

^(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months at the end of the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 22. Provisions (cont.)

| | 2015 | 2014 |
|---|--------------|--------------|
| | \$000 | \$000 |
| Within 12 months of the end of the reporting period | 94 | 67 |
| More than 12 months after the reporting period | 324 | 317 |
| | 418 | 384 |

^(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 10 'Other expenses'.

Movements in other provisions

| | 2015 | 2014 |
|--|--------------|--------------|
| | \$000 | \$000 |
| Movement in each class of provisions during the period, other than employee benefits, are set out below. | | |
| <u>Employment on-cost provision</u> | | |
| Carrying amount at start of year | 3 | 2 |
| Additional provisions recognised | - | 1 |
| Payment/other sacrifices of economic benefits | - | - |
| Carrying amount at end of year | 3 | 3 |

Note 23. Equity

The Government holds the equity interest in the Department on behalf of the community. Equity represents the residual interest in the net assets of the Department. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

| | 2015 | 2014 |
|--|---------------|---------------|
| | \$000 | \$000 |
| Contributed Equity | | |
| Balance at start of period | 3,635 | 3,635 |
| Contribution by owners | | |
| Capital Contribution | - | - |
| Balance at end of year | 3,635 | 3,635 |
| Reserves | | |
| <u>Asset Revaluation Surplus</u> | | |
| Balance at start of year | 29,919 | 21,620 |
| Net revaluation increments/(decrements): | | |
| - Buildings | (310) | 8,250 |
| - Land | - | 49 |
| - Artworks | - | - |
| Balance at end of year | 29,609 | 29,919 |
| Accumulated surplus / (deficit) | | |
| Balance at start of year | 2,331 | 1,716 |
| Result for the period | 206 | 615 |
| Balance at end of year | 2,537 | 2,331 |



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 24. Notes to the Statement of Cash Flows

Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

| | 2015 | 2014 |
|--|--------------|--------------|
| | \$000 | \$000 |
| Cash and cash equivalents | 941 | 1,427 |
| Restricted cash and cash equivalents (<i>note 14 'Restricted cash and cash equivalents'</i>) | 132 | 102 |
| | 1,073 | 1,529 |

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

| | 2015 | 2014 |
|---|----------------|----------------|
| | \$000 | \$000 |
| Net cost of services | (4,477) | (3,999) |
| <u>Non-cash items:</u> | | |
| Depreciation and amortisation expense (<i>note 8 'Depreciation and amortisation expense'</i>) | 420 | 319 |
| Superannuation expense | - | - |
| Services received free of charge (<i>note 13 'Income from State Government'</i>) | 12 | 12 |
| Net gain/(loss) on disposal of property, plant and equipment (<i>note 12 'Net gain/(loss) on disposal of non-current assets'</i>) | - | (2) |
| <u>(Increase)/decrease in assets:</u> | | |
| Current receivables ^(a) | 4 | (3) |
| Prepayments | (1) | 53 |
| <u>Increase/(decrease) in liabilities:</u> | | |
| Current payables ^(a) | 80 | (4) |
| Current provisions | 68 | 1 |
| Other current liabilities | - | - |
| Non-current provisions | 7 | (36) |
| Net GST receipts/(payments) ^(b) | (10) | 8 |
| Change in GST in receivables/payables ^(c) | - | - |
| Net cash provided by/(used in) operating activities | (3,897) | (3,651) |

^(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items

^(b) This is the net GST paid/received. i.e. cash transactions.

^(c) This reverses out the GST in receivables and payables.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 25. Commitments

Non-cancellable Operating Lease Commitments

| | 2015 | 2014 |
|---|--------------|--------------|
| | \$000 | \$000 |
| Commitments in relation to leases contracted for at the end of the reporting period but not | | |
| Within 1 year | 24 | 27 |
| Later than 1 year and not later than 5 years | 22 | 14 |
| Later than 5 years | - | - |
| | 46 | 41 |
| | 46 | 41 |

The Department has entered into numerous vehicle lease which are non-cancellable with terms of 2 to 3 years, with rent payable monthly in advance.

The commitments above are inclusive of GST.

| | 2015 | 2014 |
|---|--------------|--------------|
| | \$000 | \$000 |
| Capital expenditure commitments | | |
| Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows: | | |
| Within 1 year | - | 143 |
| Later than 1 year and not later than 5 years | - | - |
| Later that 5 years | - | - |
| | - | 143 |
| | - | 143 |

| | 2015 | 2014 |
|--|--------------|--------------|
| | \$000 | \$000 |
| Other expenditure commitments | | |
| Other expenditure commitments contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows: | | |
| Within one year | - | - |
| Later than one year and not Later than five years | - | - |
| Later than five years | - | - |
| | - | - |
| | - | - |

Note 26. Contingent liabilities and contingent assets

The Department has no contingent liabilities and no contingent assets at the end of the period.

Note 27. Events occurring after the end of the reporting period

There were no events occurring after balance sheet date which would materially impact on the financial



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 28. Explanatory statement

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Summary of Consolidated Account Appropriations and Income Estimates' are shown below: Major variances are considered to be those greater than 10% or \$10 million.

| | Variance | Original Budget | Actual | Actual | Variance between | Variance between |
|---|----------|-----------------|--------------|--------------|------------------|--------------------|
| | Note | 2015 | 2015 | 2014 | estimate and | actual results for |
| | \$000 | \$000 | \$000 | \$000 | actual | and 2015 |
| | | | | | \$000 | and 2014 |
| | | | | | \$000 | \$000 |
| Statement of Comprehensive Income | | | | | | |
| Employee benefits expense | | 3,560 | 3,354 | 3,118 | 206 | 236 |
| Supplies and services | 1,A | 743 | 578 | 417 | 165 | 161 |
| Depreciation expense | 2,B | 293 | 420 | 319 | (127) | 101 |
| Accommodation expenses | | 200 | 218 | 234 | (18) | (16) |
| Other expenses | | 13 | 13 | 13 | - | - |
| Total cost of services | | 4,809 | 4,583 | 4,101 | 226 | 482 |
| Income | | | | | | |
| <i>Revenue</i> | | | | | | |
| User charges and fees | | 115 | 106 | 100 | 9 | 6 |
| Total Revenue | | 115 | 106 | 100 | 9 | 6 |
| <i>Gains</i> | | | | | | |
| Gain on disposal of non-current assets | C | - | - | 2 | - | (2) |
| Total Gains | | - | - | 2 | - | (2) |
| Total income other than income from State Government | | 115 | 106 | 102 | 9 | 4 |
| NET COST OF SERVICES | | 4,694 | 4,477 | 3,999 | 217 | 478 |
| Income from State Government | | | | | | |
| Service appropriation | | 4,671 | 4,671 | 4,602 | - | 69 |
| Services received free of charge | 3 | 30 | 12 | 12 | 18 | - |
| Total income from State Government | | 4,701 | 4,683 | 4,614 | 18 | 69 |
| SURPLUS/(DEFICIT) FOR THE PERIOD | | 7 | 206 | 615 | (199) | (409) |



GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 28. Explanatory statement (cont)

| | Variance | Original Budget | Actual | Actual | Variance between | Variance between |
|--|----------|-----------------|---------------|---------------|------------------|--------------------|
| | Note | 2015 | 2015 | 2014 | Actual | actual results for |
| | \$000 | \$000 | \$000 | \$000 | estimate and | 2015 |
| | | | | | actual | and 2014 |
| | | | | | \$000 | \$000 |
| Statement of Financial Position | | | | | | |
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | 4,D | 314 | 941 | 1,427 | (627) | (486) |
| Receivables | E | 19 | 19 | 13 | - | 6 |
| Other Current Assets | 5 | 57 | 5 | 4 | 52 | 1 |
| Total Current Assets | | 390 | 965 | 1,444 | (575) | (479) |
| Non-Current Assets | | | | | | |
| Restricted cash and cash equivalents | 6,F | 89 | 132 | 102 | (43) | 30 |
| Amounts receivable for services | G | 1,021 | 1,021 | 728 | - | 293 |
| Property, plant and equipment | 7 | 26,401 | 34,350 | 34,143 | (7,949) | 207 |
| Total Non-Current Assets | | 27,511 | 35,503 | 34,973 | (7,992) | 530 |
| TOTAL ASSETS | | 27,901 | 36,468 | 36,417 | (8,567) | 51 |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Payables | 8,H | 123 | 188 | 108 | (65) | 80 |
| Provisions | 9,I | 290 | 405 | 337 | (115) | 68 |
| Total Current Liabilities | | 413 | 593 | 445 | (180) | 148 |
| Non-Current Liabilities | | | | | | |
| Provisions | 10 | 128 | 94 | 87 | 34 | 7 |
| Total Non-Current Liabilities | | 128 | 94 | 87 | 34 | 7 |
| TOTAL LIABILITIES | | 541 | 687 | 532 | (146) | 155 |
| NET ASSETS | | 27,360 | 35,781 | 35,885 | (8,421) | (104) |
| EQUITY | | | | | | |
| Contributed equity | | 3,635 | 3,635 | 3,635 | - | - |
| Reserves | 11 | 21,620 | 29,609 | 29,919 | (7,989) | (310) |
| Accumulated surplus/(deficit) | | | 2,537 | 2,331 | | 206 |
| TOTAL EQUITY | | 25,255 | 35,781 | 35,885 | (10,526) | (104) |



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 28. Explanatory statement (cont)

| | Variance | Original Budget | Actual | Actual | Variance between | Variance between |
|--|----------|-----------------|----------------|----------------|------------------|--------------------|
| | Note | 2015 | 2015 | 2014 | estimate and | actual results for |
| | \$000 | \$000 | \$000 | \$000 | actual | 2015 |
| | | | | | \$000 | and 2014 |
| | | | | | | \$000 |
| CASH FLOWS FROM STATE GOVERNMENT | | | | | | |
| Service appropriation | | 1,108 | 1,108 | 1,100 | - | 8 |
| Special Acts | | 3,270 | 3,270 | 3,230 | - | 40 |
| Holding account drawdowns | | - | - | 64 | - | (64) |
| Net cash provided by State Government | | 4,378 | 4,378 | 4,394 | - | (16) |
| Utilised as follows: | | | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Payments | | | | | | |
| Employee benefits | 12 | (3,560) | (3,142) | (3,153) | (418) | 11 |
| Supplies and services | 13,J | (713) | (628) | (244) | (85) | (384) |
| Accommodation expenses | K | (197) | (214) | (346) | 17 | 132 |
| GST payments on purchases | 14,L | (63) | (166) | (69) | 103 | (97) |
| Other payments | 15 | (11) | (13) | (13) | 2 | - |
| Receipts | | | | | | |
| User charges and fees | M | 115 | 110 | 97 | 5 | 13 |
| GST Receipts on sales | 16 | 2 | 11 | 12 | (9) | (1) |
| GST receipts from taxation authority | 17,N | 61 | 145 | 65 | (84) | 80 |
| Net cash provided by/(used in) operating activities | | 178 | (3,897) | (3,651) | 4,075 | (246) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Purchase of non-current physical assets | 18,O | (776) | (937) | (98) | 161 | (839) |
| Gain on disposal of assets | P | - | - | 2 | - | (2) |
| Net cash provided by/(used in) investing activities | | (776) | (937) | (96) | 161 | (841) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| Proceeds from borrowings | | - | - | - | - | - |
| Net cash provided by/(used in) financing activities | | - | - | - | - | - |
| Net increase/(decrease) in cash and cash equivalents | | (764) | (456) | 647 | (308) | (1,103) |
| Cash and cash equivalents at the beginning of period | | 1,167 | 1,529 | 882 | (362) | 647 |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD | | 403 | 1,073 | 1,529 | (670) | (456) |



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 28. Explanatory statement (cont)

Major Variance Narratives

Variance between estimate and actual

- 1) Supplies and Services expense underspent by \$165,000 (22%) as the budget was based upon the assumption that the position of Governor being filled for the full year.
- 2) Depreciation expense exceeded by \$127,000 (43%) due to a revaluation of buildings and the purchase of high vale/low useful life assets.
- 3) Resources Received Free of Charge decrease by \$18,000 (60%) due to the department taking more control of financial services.
- 4) Cash and Cash Equivalents increased by \$627,000 (200%) due to a carry over of cash from 2013/14.
- 5) Other Current Assets fell by \$52,000 (91%) due to a decrease in prepayments as a result of timing of invoices.
- 6) Restricted Cash and cash equivalents increased by \$43,000 (48%) due to an increase in salary costs and therefore an increase in funds required for a 27th pay in 2015/16.
- 7) Property, Plant and Equipment increased by \$7.9 (30%) million due to a revaluation of buildings and the purchase of additional assets.
- 8) Payables has increase by \$65,000 due (53%) to an increase in salary costs and credit card expenditure owed but not yet paid at 30 June 2015.
- 9) Current Provisions increased by \$115,000 (40%) due to a combination of non-current liabilities becoming current and and increase in salary costs.
- 10) Non-current Provisions have decreased by \$34,000 (27%) due to a move from non-current to current.
- 11) Reserves have increased by \$29.9 million (37%) due to a revaluation of the building by Landgate.
- 12) Employee Benefits has decreased by \$418,000 (12%) due to a reduction in salary cost versus budget and a large salary accrual at 30 June 2015.
- 13) Supplies and Services expense underspent by \$244,000 (12%) as the budget was based upon the position of Governor being filled for the full year.
- 14) GST payments on purchases increased by \$103,000 (163%) due to large value invoices as a result of capital works projects.
- 15) Other payments have decreased by \$2,000 (18%) as there were no prepayments.
- 16) GST receipts on sales have increased by \$9,000 (450%) due to an error on the original budget.
- 17) GST receipts from taxation authority increased by \$84,000 (138%) due to large value invoices as a result of capital works projects.
- 18) Purchase of non-current physical assets has increased by \$161,000 (21%) due to cash being carried forward for unfinished projects from 2013/14.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 28. Explanatory statement (cont)

Major Variance Narratives (cont)

Variance between actual results for 2015 and 2014

- A) Supplies and services have increased by \$161,000 (39%) due to an increase in consultancy requirements in terms of Information Technology. There was also an increase of consultant expenditure to facilitate effective strategic planning for the Building and Domain.
- B) Depreciation expense increased by \$101,000 (32%) due to a revaluation of buildings and the purchase of high vale/low useful life assets.
- C) Gain on disposal of non-current assets decreased by \$2,000 (100%) as no assets were sold during the year.
- D) Cash and Cash Equivalents decreased by \$486,000 (34%) as it was utilised to fund capital purchases during the year.
- E) Receivables increased by \$6,000 (46%) due to an increase in GST receivable from the ATO at the end of the year.
- F) Restricted cash and cash equivalents has increased by \$30,000 (29%) due to an increase in salary costs and a requirement to hold cash to cover a 27th pay period in 2015/16.
- G) Amounts receivable for services increased by \$293,000 (40%) as funds were sent to the holding account to cover depreciation costs.
- H) Payables increased by \$80,000 (74%) due to an increase in salary accrual and credit cards not paid out of the bank until July 2015.
- I) Current provisions have increased by \$68,000 (20%) due to a combination of non-current liabilities becoming current and an increase in salary costs.
- J) Supplies and services increased by \$384,000 (157%) due to an increase in consultancy requirements in terms of Information Technology as a result of introduction of several new software and hardware items. There was also an increase of consultant expenditure to facilitate effective strategic planning for the building and Domain.
- K) Accommodation expenses have decreased by \$132,000 (38%) due to a decrease in accrued expenditure.
- L) GST payments on purchases increased by \$97,000 (141%) due to large increase in expenditure, mainly purchases of non-current assets.
- M) User charges and fees increased by \$13,000 (13%) due to an increase in high value invoices relating to Ballroom functions.
- N) GST receipts from taxation authority increased by \$80,000 (123%) due to large value invoices as a result of capital works projects.
- O) Purchase of non-current physical assets increased by \$839,000 (856%) due to several large capital works projects carried out during the year.
- P) Gain on disposal of assets has decreased by \$2,000 (100%) as there was no sale of assets during the year.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 29. Financial instruments

(a) Financial risk management objectives and policies

Financial instruments held by the Department are cash and cash equivalents, restricted cash and cash equivalents and payables. The Department has limited exposure to financial risks. The Department's overall risk management program focuses on managing the risks identified below.

Credit Risk

Credit risk arises when there is the possibility of the Department's receivables defaulting on their contractual obligations resulting in financial loss to the Department.

The maximum exposure to credit risk at end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at note 29(c) 'Financial instruments disclosures' and note 15 'Receivables'.

Credit risk associated with the Department's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). The Department has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Department's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity Risk

Liquidity risk arises when the Department is unable to meet its financial obligations as they fall due.

The Department is exposed to liquidity risk through its trading in the normal course of business.

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

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Department's income or the value of its holdings of financial instruments. The Department does not trade in foreign currency and is not materially exposed to other price risks.

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

| | 2015 | 2014 |
|--|--------------|--------------|
| <u>Financial assets</u> | \$000 | \$000 |
| Cash and cash equivalents | 941 | 1,427 |
| Restricted Cash and cash equivalents | 132 | 102 |
| Receivables ⁽ⁱ⁾ | 1,025 | 736 |
| | 2,098 | 2,265 |
| | 2,098 | 2,265 |
| | | |
| | 2015 | 2014 |
| <u>Financial liabilities</u> | \$000 | \$000 |
| Financial liabilities measured at amortised cost | 188 | 108 |
| | 188 | 108 |
| | 188 | 108 |

⁽ⁱ⁾ The amount of receivables excludes GST recoverable from the ATO (statutory receivable).



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 29. Financial instruments (cont.)

(c) Financial instrument disclosures

Credit Risk

The following table details the Department's maximum exposure to credit risk and the ageing analysis of financial assets. The Department's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Department.

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

| | Carrying Amount | Not past due and not impaired | Ageing analysis of financial assets | | | | | Impaired financial assets |
|--------------------------------------|-----------------|-------------------------------|-------------------------------------|------------|-------------------|-----------|-------------------|---------------------------|
| | | | Past due but not impaired | | | | | |
| | | | Up to 1 month | 1-3 months | 3months to 1 year | 1-5 years | More than 5 years | |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | |
| 2015 | | | | | | | | |
| Cash and cash equivalents | 941 | 941 | | | | | | |
| Restricted cash and cash equivalents | 132 | 132 | | | | | | |
| Receivables ⁽ⁱ⁾ | 4 | 4 | | | | | | |
| Amounts receivable for services | 1,021 | 1,021 | | | | | | |
| | 2,098 | 2,098 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2014 | | | | | | | | |
| Cash and cash equivalents | 1,427 | 1,427 | | | | | | |
| Restricted cash and cash equivalents | 102 | 102 | | | | | | |
| Receivables ⁽ⁱ⁾ | 8 | 8 | | | | | | |
| Amounts receivable for services | 728 | 728 | | | | | | |
| | 2,265 | 2,265 | 0 | 0 | 0 | 0 | 0 | 0 |

⁽ⁱ⁾ The amount of receivables excludes GST recoverable from the ATO (statutory receivable).



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 29. Financial instruments (cont.)

Liquidity risk and interest rate exposure

The following table discloses the Department's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

| | | Interest rate exposure and maturity analysis of financial assets and financial liabilities | | | | | | | | | |
|--------------------------------------|---|---|--------------------------------|-----------------------------------|---------------------------------|---------------------------|-----------------------|-------------------|------------------------------|------------------|------------------------------|
| | | Interest rate exposure | | | | | Maturity dates | | | | |
| | Weighted Average Effective Interest Rate | Carrying Amount | Fixed Interest Rate | Variable Interest Rate | Non-interest Bearing | Nominal Amount | Up to 1 month | 1-3 months | 3months to 1 year | 1-5 years | More than 5 years |
| | % | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| 2015 | | | | | | | | | | | |
| <u>Financial Assets</u> | | | | | | | | | | | |
| Cash and cash equivalents | - | 941 | | | 941 | 941 | 941 | | | | |
| Restricted cash and cash equivalents | - | 132 | | | 132 | 132 | | | 132 | | |
| Receivables ⁽ⁱ⁾ | - | 4 | | | 4 | 4 | 4 | | | | |
| Amounts receivable for services | - | 1,021 | | | 1,021 | 1,021 | 64 | | | 957 | |
| | | 2,098 | 0 | 0 | 2,098 | 2,098 | 1,009 | 0 | 132 | 957 | 0 |
| <u>Financial Liabilities</u> | | | | | | | | | | | |
| Payables | - | 188 | | | 188 | 188 | 188 | | | | |
| | | 188 | 0 | 0 | 188 | 188 | 188 | 0 | 0 | 0 | 0 |
| 2014 | | | | | | | | | | | |
| <u>Financial Assets</u> | | | | | | | | | | | |
| Cash and cash equivalents | - | 1,427 | | | 1,427 | 1,427 | 1,427 | | | | |
| Restricted cash and cash equivalents | - | 102 | | | 102 | 102 | | | | 102 | |
| Receivables ⁽ⁱ⁾ | - | 8 | | | 8 | 8 | 8 | | | | |
| Amounts receivable for services | - | 728 | | | 728 | 728 | 64 | | | 664 | |
| | | 2,265 | 0 | 0 | 2,265 | 2,265 | 1,499 | 0 | 0 | 766 | 0 |
| <u>Financial Liabilities</u> | | | | | | | | | | | |
| Payables | - | 108 | | | 108 | 108 | 108 | | | | |
| | | 108 | 0 | 0 | 108 | 108 | 108 | 0 | 0 | 0 | 0 |

⁽ⁱ⁾ The amount of receivables excludes GST recoverable from the ATO (statutory receivable).



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 29. Financial instruments (cont.)

Interest rate sensitivity analysis

The Department's financial assets and liabilities at balance sheet date are not subject to any interest rate risk.

Fair values

All financial assets and liabilities recognised in the statement of financial position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes

Note 30. Remuneration of senior officers

The number of senior officers whose total fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

| | 2015 | 2014 |
|--|--------------|--------------|
| | \$000 | \$000 |
| \$220,001-\$240,000 | - | - |
| \$240,001-\$260,000 | - | - |
| \$260,001-\$280,000 | 1 | - |
| \$280,001-\$300,000 | - | - |
| \$300,001-\$320,000 | - | 1 |
| \$320,001-\$340,000 | - | - |
| | \$000 | \$000 |
| Base remuneration and superannuation | 247 | 288 |
| Annual leave and long service leave accruals | 15 | - |
| Other benefits | 17 | 17 |
| Total remuneration of senior officers | 279 | 305 |

The total remuneration includes the superannuation expense incurred by the Department in respect of senior officers. Also included is a pay out of Long Service Leave at a value of \$52,000 in 2014.

Note 31. Remuneration of auditor

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

| | 2015 | 2014 |
|--|--------------|--------------|
| | \$000 | \$000 |
| Auditing the accounts, financial statements and key performance indicators | 13 | 13 |

Note 32. Related bodies

The Department had no related bodies during the financial year.

Note 33. Affiliated bodies

The Department had no affiliated bodies during the financial year.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 34. Supplementary Financial Information

(a) Write-offs

There were no items written off during the financial year.

(b) Losses through thefts, defaults and other causes

There were no items lost by the Department through thefts, defaults or

(c) Gifts of public property

There were no gifts of public property made by the Department during the financial

**KEY PERFORMANCE INDICATORS
OF THE
GOVERNOR'S ESTABLISHMENT
FINANCIAL STATEMENTS**

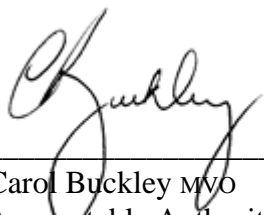
**FOR THE YEAR ENDED
30 JUNE 2015**

GOVERNOR'S ESTABLISHMENT
KEY PERFORMANCE INDICATORS

Key Performance Indicators

Certification of Key Performance Indicators

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Governor's Establishment's performance, and fairly represent the performance of the Governor's Establishment for the financial year ended 30 June 2015.



Carol Buckley MVO
Accountable Authority
Date: 12/08/2015

**PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2015**

Outcome

The Governor’s Establishment is not part of the State public service or an agency of Government.

The Governor’s Establishment’s objectives are to ensure the office of the Governor, as representative of the Crown, receives appropriate support and the Domain is managed to a high standard as a significant heritage asset.

| Outcome | Services |
|--|--|
| Office of the Governor receives appropriate support. | 1. Administration of the Office of the Governor. |
| Management of the Establishment to a high standard and applying heritage principles. | 2. Management of the Establishment. |

Key Effectiveness Indicators

This indicator is derived from a survey instrument provided to the Governor seeking feedback on the extent to which expectations are met by services provided by the department.

The survey indicates that resources have been applied, but are not limited to:

- Administrative support to the Office of the Governor
- Representational activities throughout Western Australia
- Management of official events and hospitality
- Provision of a secure, well maintained and presented Domain
- Promotion of sound heritage principles and practices.

The Governor is satisfied as to the achievement of outcomes 1 and 2.

Key Efficiency Indicators

Two services directly support delivery of agency-level outcomes and the strategic goals.

Service 1 – Administration of the Office of the Governor

- Administrative support to the Office of the Governor
- Representational activities throughout Western Australia
- Management of official events and hospitality

| | 2011 Actual (\$'000) | 2012 Actual (\$'000) | 2013 Actual (\$'000) | 2014 Actual (\$'000) | 2015 Actual (\$'000) | 2015 Target (\$000) | Variance to 2015 Target (\$000) (a) |
|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|---------------------------|--|
| Total cost of Service 1 | 1,842 | 952 | 902 | 944 | 798 | 1,057 | (24.5%) (259) |

Service 2 - Management of the Establishment

- Provision of a secure, well maintained and presented Domain
- Promotion of sound heritage principles and practices.

| | 2011 Actual (\$'000) | 2012 Actual (\$'000) | 2013 Actual (\$'000) | 2014 Actual (\$'000) | 2015 Actual (\$'000) | 2015 Target (\$'000) | Variance to 2015 Target (\$000) (b) |
|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--|
| Total cost of Service 2 | 2,540 | 3,261 | 3,108 | 3,157 | 3,785 | 3,752 | 0.9% 33 |

(a) Service 1 Variance to Target

The Governor was sworn into office on 20 October 2014. This resulted in a 4 month vacancy of office and, therefore, a decrease in expenditure.

(b) Service 2 Variance to Target

The department engaged several contractors to facilitate effective strategic planning for the future of the office and the Domain.

