



# Governor's Establishment Western Australia

---

## Annual Report 2016-17

**HON KATE DOUST, MLC**  
President of the  
Legislative Council

**HON PETER WATSON, MLA**  
Speaker of the  
Legislative Assembly

In accordance with Section 61 of the Financial Management Act 2006, I hereby submit to you for tabling in each house the Annual Report of the Governor's Establishment for the year ended 30 June 2017.

The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Buckley', with a large, stylized initial 'C'.

Carol Buckley MVO  
**OFFICIAL SECRETARY**  
Accountable Officer  
Governor's Establishment

# Contents

Official Secretary's Review	2
Office of the Governor	5
What we do	5
Our vision, purpose and values	5
Role of the Governor	5
Organisational chart	6
Senior Officers	7
Enabling legislation	8
Compliance with Statutory Requirements	8
Report on performance	9
Constitutional support of the Governor	9
Administrative and operational support	10
Official hospitality for the Governor and official guests	12
Promotion and interpretation of the Domain	13
Conservation and management of the Domain	15
Outlook 2017/18 and beyond	16
Management of the Domain	16
Community Impact	16
Certification of financial statements	17
Audit opinion	18
Financial Statements	22
Key Performance Indicators	71
Other Financial Disclosures	74
Pricing policies of services provided	74
Capital Works	74
Employment and Industrial Relations	74
Staff Development	74
Workers Compensation	74
Governance Disclosures	75
Contracts with Senior Officers	75
Unauthorised Use of Credit Cards	75
Other Legal Requirements	76
Statement of compliance with the State Records Act 2000	76

This Report is available on the Governor's Establishment Website: [www.govhouse.wa.gov.au](http://www.govhouse.wa.gov.au)

# Official Secretary's Review

## Year in review 2016/17

The 2016/17 financial year marked a busy and productive 12 months at the Governor's Establishment WA, and the third year of Her Excellency the Honourable Kerry Sanderson AC's tenure.

The Office continued to deliver a comprehensive set of professional services to support Her Excellency in fulfilling the constitutional, ceremonial and community duties involved in the vice-regal role.

In June, Her Excellency embarked on her first official visit overseas as Governor. During the trip, the Governor met with government, university and industry representatives in the UK, Italy and Spain. In London, the Governor held a private audience with Her Majesty Queen Elizabeth II at Buckingham Palace.

The year also featured a royal visit from The King and Queen of the Netherlands to Government House in October, and a Swearing-in Ceremony for the McGowan Ministry in the Government House Ballroom in March. In May, the Governor conducted the Swearing-in of Members of the Legislative Council for the fortieth Parliament and officially opened the Parliament.

In addition to the Governor's robust community program in the metropolitan area and commitment to over 150 patronage organisations, the Governor visited rural communities in the Pilbara and the Mid-West in August and September as part of the successful Regional Visit Program.

Key initiatives from the Governor's projects progressed forward, most notably with the launch of the WA Parks Foundation in October. The Governor, together with the support of many community representatives and the Department of Biodiversity, Conservation and Attractions – Parks and Wildlife Service, established the Foundation to promote and protect our national parks and conservation areas.

A follow-up forum was also facilitated on development opportunities for Aboriginal girls as part of the *Investing in our future* initiative.

The Governor continued to work with the Office of Science to support STEM (science, technology, engineering and mathematics) education in WA, through the Governor's School STEM Awards. This included visiting schools and hosting the 2016 STEM Awards presentation, as well as hosting the winning schools at Government House throughout the year.

We successfully managed our corporate agenda and developed a new strategic plan for 2016-2021. The Office made significant achievements in outcomes relating to Community Impact and Domain and Department objectives, as well as Governor Support, throughout the year.

A new website for Government House was designed and prepared over the last six months and will be launched in the first weeks of the 2017/18 financial year. It will support the implementation of a community engagement plan.

Building and garden works, including the management of the residence, Office, grounds, assets and physical security, continues to be undertaken in accordance with priority needs and the updated Conservation Management Plan prepared by Griffiths Architects in September 2016.

## 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 and acknowledgement 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 and the Honourable Justice Rene Le Miere who both 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 staff at the Department of the Premier and Cabinet, in particular the Clerks of the Executive Council, for their continued support throughout the year.



**Official Secretary/CEO**





**L-R:** Private audience with Her Majesty the Queen, Swearing in of WA's 30<sup>th</sup> Premier, Pilbara Regional Visit - Ngarluma and Yindjibarndi Foundation Limited, STEM Awards with St Mary's Anglican Girls School, WA Parks Foundation launch, Government House Open Day (April), Investiture ceremony for Australia Day 2017 Honour Recipients, The King and Queen of the Netherlands.

# Office of the Governor

## 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, purpose and values

Our vision is that the Governor's Establishment, within the Domain, is increasingly recognised as a contemporary place of heritage and cultural significance and a source of pride for the people of Western Australia.

Our purpose is to provide support to the Governor and to fulfil the constitutional, civic and ceremonial responsibilities of that Office and to manage the Government Domain as a significant cultural heritage asset for the community of Western Australia.

We are committed to our values of:

- Openness and participation
- Continuous improvement, striving for excellence
- Equity, accountability and respect
- Innovation and teamwork

## Role of the Governor

Being a contemporary Governor means embracing the constitutional and ceremonial duties that the role has always performed, while also focussing on a busy community program to ensure the diverse interests of the Western Australian community are central.

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*.

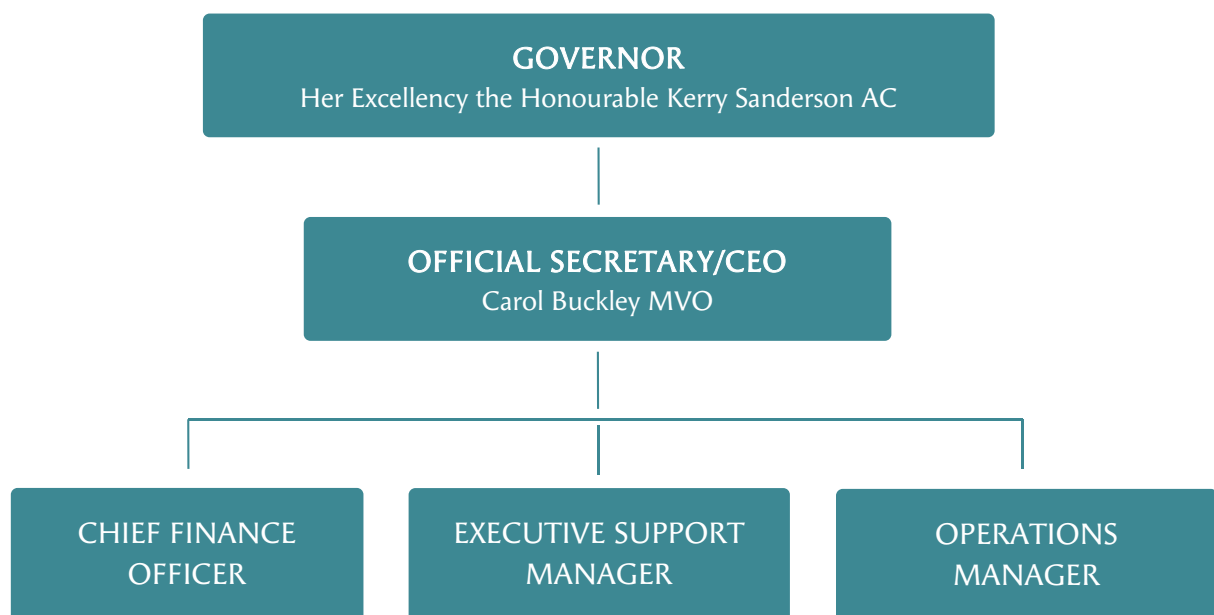
As well as the constitutional duties of the Governor, there are important community, ceremonial and promotional functions associated with the position.

These functions 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, 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.

## Organisational chart

The Establishment is structured into three 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.

### **Chief Finance Officer**

**Roselyn Hamilton ACCA MIPA**

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 on our website, [www.govhouse.wa.gov.au](http://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

The Office provides 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*.

The Governor carried out:



The Governor's Establishment manages an active program of official calls for the Governor.

### The Governor welcomed:

192

Callers

(Including members of the Diplomatic, Consular Corps and other dignitaries during their official visits).

## 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 carried out the following community duties:

236

Functions  
attended

154

Speeches  
delivered

25

Official  
messages

445

Significant Birthdays and  
Anniversaries acknowledged

The Governor is patron of a diverse range of community organisations which contribute to society in many areas.

The Governor was patron to:

157

Community  
organisations

During the year the Governor continued a program of travel throughout Regional Western Australia.

The Regional Visit Program enables the Governor to continue to develop a good working knowledge of the State, and are an opportunity to engage with and express appreciation to the many people that make up the fabric of our rural communities.

This year's itinerary included an extensive visit to rural communities in the Pilbara in August and the Mid-West in September.

The Governor made the following regional visits:

Pilbara region,  
August 2016

Karratha, Wickham,  
Roebourne, Port  
Hedland

Mid-West  
region,  
September 2016

Geraldton, Meekatharra,  
Mt Magnet

## Official hospitality for the Governor and official guests

The Governor regularly hosts many events at Government House for community organisations and official guests.

### The Governor hosted:

76

Functions at  
Government House  
including Receptions  
and Awards Ceremonies.

### Hospitality was provided to:

3, 281

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.

### The Governor hosted and officiated at:

2

Investiture Ceremonies  
(2<sup>nd</sup> September & 7 April)

For

128

Recipients of Honours and  
Awards within the Order of  
Australia

2

Private Investiture  
Ceremonies

For

2

Recipients for defence service  
decorations



## 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.

### Tours and educational visits for schools

Working together, the Constitutional Centre of Western Australia and Governor's Establishment provided tours and educational visits for:

682

Western Australian schoolchildren from

14

Different schools

This program is scheduled to continue in 2017/18. Special thanks to the team at the Constitutional Centre for their professional advice and support.

### Community access

The Government House Domain is a significant cultural heritage asset which belongs to all Western Australians. Members of the community are always encouraged to visit Government House.

The gardens of Government House will continue to be open to the public at lunchtime every Tuesday, Wednesday and Thursday.

43, 919

People were welcomed to Government House during Open Days, house tours, community group tours and garden functions, including regular garden openings at lunchtimes.



### **Government House Open Day, April 2017**

The public are invited to tour the heritage-listed House, Grounds and Gardens with friends and family and enjoy a range of different community information stalls and entertainment. Future Open Days will be promoted on the Government House website.



### **Consular Corps of Western Australia, World of Food Festival, November 2016**

The fifth annual World of Food Festival, hosted by the Consular Corps of Western Australia, was held in the Government House Grounds with over 30 different cultural food stalls and entertainment. Thanks to the Consular Corps of Western Australia, sponsors and partners, stall holders, entertainers, participants, and all involved.

Above L-R: Hon. Dr Mike Nahan, MLA, Treasurer; Minister for Citizenship and Multicultural Interests with Her Excellency and Mr Ade Padmo Sarwono, Dean of Consular Corps of WA and Consul General of the Republic of Indonesia.

## Conservation and management of the Domain

### Conservation

Government House is recognised as a heritage-listed site and the Office continuously reviews and updates Conservation and Strategic Asset Management Plans.

The following maintenance issues and capital works programs were addressed in 2016/17:

- **Conservation Management Plan**  
A long overdue update to the original 1990 Conservation Management Plan was completed in September 2016 by Griffiths Architects.
- **Grounds – Electrical upgrades**  
Replaced equipment to ensure compliance with Australian standards.
- **Security Fence – Northern boundary**  
Expected completion of an ongoing boundary fence program.
- **House – Accessible toilet**  
Toilet facilities on the ground floor of the House have now been converted into a unisex accessible toilet.
- **Ballroom – Entry steps**  
Improvements to Ballroom entry steps to facilitate better access to the Ballroom for people with ambulatory difficulties.

### Management

The Governor's Establishment is committed to recruiting and maintaining quality staff.

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.

The Governor's Establishment  
employed:



During the year there were:



## Outlook 2017/18 and beyond

### Management of the Domain

The Governor's Establishment will continue to implement programs listed in its 5 year Strategic Plan. Significant attention will continue to be on strategic maintenance and resourcing to ensure building projects are scheduled in a timely manner and budgeted in the coming years, 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.

### Community Impact

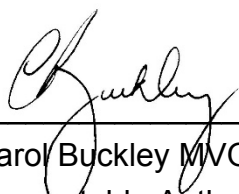
The Establishment will continue to work, in collaboration with the Government House Foundation, to develop and implement its strategy to clearly articulate the Governor's constitutional, civic and ceremonial roles so that the community has a better understanding and appreciation of the contemporary significance of the Office.

# Certification of financial statements

## GOVERNOR'S ESTABLISHMENT CERTIFICATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017


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 2017 and the financial position as at 30 June 2017.

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 MVO  
Accountable Authority  
Date: 29/08/17



---

Roselyn Hamilton  
Chief Finance Officer  
Date: 29/08/17





## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

### GOVERNOR'S ESTABLISHMENT

### Report on the Financial Statements

#### **Opinion**

I have audited the financial statements of the Governor's Establishment which comprise the Statement of Financial Position as at 30 June 2017, 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.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Governor's Establishment for the year ended 30 June 2017 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

#### **Basis for Opinion**

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Governor's Establishment in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Responsibility of the Official Secretary 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, the *Financial Management Act 2006* 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.

In preparing the financial statements, the Official Secretary is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Governor's Establishment.

#### **Auditor's Responsibility for the Audit of the Financial Statements**

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



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

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

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

## **Report on Controls**

### ***Opinion***

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Governor's Establishment. The 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 (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, 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 2017.

### ***The Official Secretary's Responsibilities***

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



### ***Auditor General's Responsibilities***

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

### ***Limitations of Controls***

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

### **Report on the Key Performance Indicators**

#### ***Opinion***

I have undertaken a reasonable assurance engagement on the key performance indicators of the Governor's Establishment for the year ended 30 June 2017. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, 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 2017.

#### ***The 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 internal control as the Official Secretary determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Official Secretary is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.



### **Auditor General's Responsibility**

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

### **My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators**

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory 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 2017 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

31 August 2017

**GOVERNOR'S ESTABLISHMENT**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$000	2016 \$000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	6	3,818	3,682
Supplies and services	8	704	658
Depreciation expense	9	470	483
Accommodation expenses	10	474	361
Other expenses	11	14	13
<b>Total cost of services</b>		<b>5,480</b>	<b>5,197</b>
<b>Income</b>			
<i>Revenue</i>			
User charges and fees	13	91	121
Gain	14	4	-
<b>Total income other than income from State Government</b>		<b>95</b>	<b>121</b>
<b>NET COST OF SERVICES</b>		<b>5,385</b>	<b>5,076</b>
<b>Income from State Government</b>	15		
Service appropriation		5,343	5,305
Services received free of charge		12	12
<b>Total income from State Government</b>		<b>5,355</b>	<b>5,317</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>(30)</b>	<b>241</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in asset revaluation surplus	21	(1,516)	(328)
Gains/losses recognised directly in equity		-	-
<b>Total other comprehensive income</b>		<b>(1,516)</b>	<b>(328)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(1,546)</b>	<b>(87)</b>

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**  
**AS AT 30 JUNE 2017**

	Note	2017 \$000	2016 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	26	626	911
Receivables	17	47	10
Other Assets	19	22	7
<b>Total Current Assets</b>		<b>695</b>	<b>928</b>
<b>Non-Current Assets</b>			
Restricted cash and cash equivalents	16,26	14	-
Amounts receivable for services	18	1,889	1,431
Property, plant and equipment	20	32,112	33,872
<b>Total Non-Current Assets</b>		<b>34,015</b>	<b>35,303</b>
<b>TOTAL ASSETS</b>		<b>34,710</b>	<b>36,231</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	23	53	39
Provisions	24	438	420
<b>Total Current Liabilities</b>		<b>491</b>	<b>459</b>
<b>Non-Current Liabilities</b>			
Provisions	23	71	78
<b>Total Non-Current Liabilities</b>		<b>71</b>	<b>78</b>
<b>TOTAL LIABILITIES</b>		<b>562</b>	<b>537</b>
<b>NET ASSETS</b>		<b>34,148</b>	<b>35,694</b>
<b>EQUITY</b>			
	25		
Contributed equity		3,635	3,635
Reserves		27,765	29,281
Accumulated surplus/(deficit)		2,748	2,778
<b>TOTAL EQUITY</b>		<b>34,148</b>	<b>35,694</b>

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 2017**

	Note	Contributed Equity \$'000	Reserves \$'000	Accumulated Surplus/(Deficit) \$'000	Total Equity \$'000
<b>Balance at 1 July 2015</b>		<b>3,635</b>	<b>29,609</b>	<b>2,537</b>	<b>35,781</b>
Total comprehensive income for the year		-	(328)	241	(87)
Transactions with owners in their capacity as owners:					
Capital appropriations		-	-	-	-
Other contributions by owners		-	-	-	-
Distributions to owners		-	-	-	-
Total		-	-	-	-
<b>Balance at 30 June 2016</b>		<b>3,635</b>	<b>29,281</b>	<b>2,778</b>	<b>35,694</b>
<b>Balance at 1 July 2016</b>		3,635	29,281	2,778	35,694
Total comprehensive income for the year		-	(1,516)	(30)	(1,546)
Transactions with owners in their capacity as owners:					
Capital appropriations		-	-	-	-
Other contributions by owners		-	-	-	-
Distributions to owners		-	-	-	-
Total		-	-	-	-
<b>Balance at 30 June 2017</b>		<b>3,635</b>	<b>27,765</b>	<b>2,748</b>	<b>34,148</b>

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 2017**

	Note	2017 \$000	2016 \$000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		1,071	1,114
Special Acts		3,814	3,722
Holding account drawdowns		-	59
<b>Net cash provided by State Government</b>		<b>4,885</b>	<b>4,895</b>
Utilised as follows:			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(3,794)	(3,805)
Supplies and services		(692)	(673)
Accommodation expenses		(474)	(362)
GST payments on purchases		(133)	(131)
Other payments		(14)	(13)
Receipts			
User charges and fees		58	124
GST Receipts on sales		9	11
GST receipts from taxation authority		120	124
<b>Net cash provided by/(used in) operating activities</b>	26	<b>(4,920)</b>	<b>(4,725)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of non-current physical assets		(240)	(333)
Gain on disposal of assets		4	-
<b>Net cash provided by/(used in) investing activities</b>		<b>(236)</b>	<b>(333)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		-	-
<b>Net cash provided by/(used in) financing activities</b>		<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		(271)	(162)
Cash and cash equivalents at the beginning of period		911	1,073
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	26	<b>640</b>	<b>911</b>

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 2017**

	Support to Governor		Management of Governor's Establishment		Total	
	2017	2016	2017	2016	2017	2016
	\$000	\$000	\$000	\$000	\$000	\$000
<b>COST OF SERVICES</b>						
<u>Expenses</u>						
Employee benefits expense	1,215	1,165	2,603	2,517	3,818	3,682
Supplies and services	144	147	560	511	704	658
Depreciation and amortisation expense	-	-	470	483	470	483
Accommodation expenses	-	-	474	361	474	361
Other expenses	-	-	14	13	14	13
<b>Total cost of services</b>	<b>1,359</b>	<b>1,312</b>	<b>4,121</b>	<b>3,885</b>	<b>5,480</b>	<b>5,197</b>
<u>Income</u>						
User charges and fees	-	-	91	121	91	121
Gains on Disposal	-	-	4	-	4	-
<b>Total income other than income from State Government</b>	<b>-</b>	<b>-</b>	<b>95</b>	<b>121</b>	<b>95</b>	<b>121</b>
<b>NET COST OF SERVICES</b>	<b>1,359</b>	<b>1,312</b>	<b>4,026</b>	<b>3,764</b>	<b>5,385</b>	<b>5,076</b>
<u>Income from State Government</u>						
Service appropriation	1,350	1,000	3,993	4,305	5,343	5,305
Services received free of charge	-	-	12	12	12	12
<b>Total income from State Government</b>	<b>1,350</b>	<b>1,000</b>	<b>4,005</b>	<b>4,317</b>	<b>5,355</b>	<b>5,317</b>
<b>SURPLUS/DEFICIT FOR THE PERIOD</b>	<b>(9)</b>	<b>(312)</b>	<b>(21)</b>	<b>553</b>	<b>(30)</b>	<b>241</b>

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

**GOVERNOR'S ESTABLISHMENT**  
**SCHEDULE OF ASSETS AND LIABILITIES BY SERVICE**  
**AS AT 30 JUNE 2017**

	Support to Governor		Management of Governor's Establishment		Total	
	2017	2016	2017	2016	2017	2016
	\$000	\$000	\$000	\$000	\$000	\$000
<u>Assets</u>						
Current assets	8	1	687	927	695	928
Non-current assets	190	190	33,825	35,113	34,015	35,303
<b>Total assets</b>	<b>198</b>	<b>191</b>	<b>34,512</b>	<b>36,040</b>	<b>34,710</b>	<b>36,231</b>
<u>Liabilities</u>						
Current Liabilities	131	121	360	338	491	459
Non-current liabilities	14	4	57	74	71	78
<b>Total Liabilities</b>	<b>145</b>	<b>125</b>	<b>417</b>	<b>412</b>	<b>562</b>	<b>537</b>
<b>NET ASSETS</b>	<b>53</b>	<b>66</b>	<b>34,095</b>	<b>35,628</b>	<b>34,148</b>	<b>35,694</b>

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 2017**

	<b>2017 Estimate \$000</b>	<b>2017 Actual \$000</b>	<b>Variance \$000</b>	<b>2017 Actual \$000</b>	<b>2016 Actual \$000</b>	<b>Variance \$000</b>
<u>Delivery of Services</u>						
Item 7 Net amount appropriated to deliver services	1,529	1,529	-	1,529	1,583	(54)
Amounts Authorised by Other Statutes						
Governor's Establishment Act 1992	3,244	3,244	-	3,244	3,152	92
Salaries and Allowances Act 1975	570	570	-	570	570	-
<b>Total appropriations provided to deliver services</b>	<b>5,343</b>	<b>5,343</b>	<b>-</b>	<b>5,343</b>	<b>5,305</b>	<b>38</b>
<u>Details of Expenses by Service</u>						
Effective support to the Governor	1,437	1,359	(78)	1,359	1,312	47
Effective management of the Governor's Establishment	3,887	4,121	234	4,121	3,885	236
<b>Total Cost of Services</b>	<b>5,324</b>	<b>5,480</b>	<b>156</b>	<b>5,480</b>	<b>5,197</b>	<b>283</b>
Less total income	(115)	(91)	24	(91)	(121)	30
<b>Net Cost of services</b>	<b>5,209</b>	<b>5,389</b>	<b>180</b>	<b>5,389</b>	<b>5,076</b>	<b>313</b>
Adjustments <sup>(i)</sup>		(42)	(42)	(42)	229	(271)
<b>Total appropriations provided to deliver services</b>	<b>5,209</b>	<b>5,347</b>	<b>138</b>	<b>5,347</b>	<b>5,305</b>	<b>42</b>
<u>Capital Expenditure</u>						
Purchase of non-current physical assets	179	240	61	240	333	(93)
Drawdowns from holding account	-	-	-	-	(59)	59
Adjustments for other funding sources	(179)	(240)	(61)	(240)	(274)	34
<b>Capital appropriations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Note 30. 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2016 and between the actual results for 2016 and 2017

# GOVERNOR'S ESTABLISHMENT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2017

---

#### Note 1. Australian Accounting Standards

##### General

The Department's financial statements for the year ended 30 June 2017 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*. 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 2017.

#### 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, buildings, antiques and artwork and motor vehicles 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).

# GOVERNOR'S ESTABLISHMENT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2017

---

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.

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 reporting period.

#### **(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.



**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

---

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.

**(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 most recent determination, as quantified in the 2016-17 Budget Statements, the Department retained \$58,000 in 2017 (\$124,000 in 2016) 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.

**(f) Property, plant and equipment**

Capitalisation/expensing of assets

**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

---

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 economic 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

**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

---

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.

**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 19 '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
Refurbishment	10 Years
Furniture & Fittings	5 Years
Office Equipment	3 Years
Computer Equipment	3 Years
Garden Equipment	5-10 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.

**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

---

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.

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 that can be reliably measured, are capitalised to the extent that they represent probable future economic benefits.

**(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.

**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

---

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.

**(j) Financial instruments**

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

- 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 23 'Payables') represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The Department considers the carrying amount of accrued salaries to be equivalent to its fair value.

**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

---

The accrued salaries suspense account (see note 16 'Restricted cash and cash equivalents') consists of amounts paid annually, from Departmental appropriations for salaries expense, into a suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days 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.

**(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.

# GOVERNOR'S ESTABLISHMENT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2017

---

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.

#### *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.



**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

---

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.

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.



**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

---

**(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.

**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 reporting period.

**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 2017**

---

**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, or adopted, for annual reporting periods beginning on or after 1 July 2016 that impacted on the Department.

**AASB 1057      *Application of Australian Accounting Standards***

This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.

**AASB 2014-3      *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]***

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.

**AASB 2014-4      *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]***

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.

**AASB 2014-9      *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]***

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. As the Department has no joint ventures and associates, the application of the Standard has no financial impact.

**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

---

AASB 2015-1 *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]*

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 determined that the application of the Standard has no financial impact.

AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]*

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.

AASB 2015-6 *Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]*

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. There is no financial impact.

AASB 2015-10 *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 & 128*

This Standard defers the mandatory effective date (application date) of amendments to AASB 10 & AASB 128 that were originally made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. There is no financial impact.

**Voluntary changes in Accounting Policy**

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

# GOVERNOR'S ESTABLISHMENT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2017

---

#### 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.

		<b>Operative for reporting periods beginning on/after</b>
AASB 9	<p><i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>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.</p>	1 January 2018
AASB 15	<p><i>Revenues from Contracts with Customers</i></p> <p>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.</p> <p>The Department's income is principally derived from appropriations which will be measured under AASB 1058 <i>Income of Not-for-Profit Entities</i> and will be unaffected by this change. However, the Department has not yet determined the potential impact of the Standard on 'User charges and fees' and 'Sales' revenues. In broad terms, it is anticipated that the terms and conditions attached to these revenues will defer revenue recognition until the Department has discharged its performance obligations</p>	1 January 2018

# GOVERNOR'S ESTABLISHMENT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2017

---

AASB 16	<i>Leases</i>	1 January 2019
	<p>This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</p> <p>Whilst the impact of AASB 16 has not yet been quantified, the entity currently has operating lease commitments for \$39,000. The Department anticipates most of this amount will be brought onto the statement of financial position, excepting amounts pertinent to short-term or low-value leases. Interest and amortisation expense will increase and rental expense will decrease.</p>	
AASB 1058	<i>Income of Not-for-Profit Entities</i>	1 January 2019
	<p>This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, a performance obligation (a promise to transfer a good or service), or, an obligation to acquire an asset. The Department has not yet determined the application or the potential impact of the Standard.</p>	
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 &amp; 1038 and Int 2, 5, 10, 12, 19 &amp; 127]</i>	1 January 2018
	<p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>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.</p>	



# GOVERNOR'S ESTABLISHMENT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2017

---

AASB 2014-1	<i>Amendments to Australian Accounting Standards</i>	1 January 2018
	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.	
AASB 2014-5	<i>Amendments to Australian Accounting Standards Arising from AASB 15</i>	1 January 2018
	This Standard gives effect to the consequential amendments to Australian Accounting Standards (including interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. The Department has not yet determined the application or the potential impact of the Standard.	
AASB 2014-7	<i>Amendments to Australian Accounting Standards Arising from AASB 9 (December 2014)</i>	1 January 2018
	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.	
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 &amp; 128]</i>	1 January 2016
	This Standard amends AASB 10 and AASB 128 to address an 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 mandatory effective date (application date) for the Standard has been deferred to 1 Jan 2018 by AASB 2015-10. The Department has determined that the Standard has no financial impact.	

**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

---

AASB 2015-8    *Amendments to Australian Accounting Standards – Effective 1 January 2017*  
*Date of AASB 15*

This Standard amends the mandatory effective date (application date) of AASB 15 *Revenue from Contracts with Customers* so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. For Not-For-Profit entities, the mandatory effective date has subsequently been amended to 1 January 2019 by AASB 2016-7. The Department has not yet determined the application or the potential impact of AASB 15

AASB 2016-2    *Amendments to Australian Accounting Standards – Disclosure 1 January 2017*  
*Initiative: Amendments to AASB 107*

This Standard amends AASB 107 *Statement of Cash Flows* (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.

AASB 2016-3    *Amendments to Australian Accounting Standards – 1 January 2018*  
*Clarifications to AASB 15*

This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The Department has not yet determined the application or the potential impact.

AASB 2016-4    *Amendments to Australian Accounting Standards – 1 January 2017*  
*Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*

This Standard clarifies that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*. The Department has not yet determined the application or the potential impact.

**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

---

AASB 2016-7    *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities*    1 January 2017

This Standard amends the mandatory effective date (application date) of AASB 15 and defers the consequential amendments that were originally set out in AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15* for not-for-profit entities to annual reporting periods beginning on or after 1 January 2019, instead of 1 January 2018. There is no financial impact.

AASB 2016-8    *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*    1 January 2019

This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.

AASB 2017-2    *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle*    1 January 2017

This Standard clarifies the scope of AASB 12 by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5. There is no financial impact.

**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 2017

<b>Note 6. Employee benefits expense</b>	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Wages and salaries <sup>(a)</sup>	3,162	3,043
Superannuation - defined contribution plans <sup>(b)</sup>	290	272
Superannuation - defined benefits plans <sup>(c)</sup>	35	37
Long Service leave <sup>(d)</sup>	89	103
Annual leave <sup>(d)</sup>	242	227
	<b>3,818</b>	<b>3,682</b>

(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 11 'Other expenses'.

The employee on-costs liability is included at note 24 'Provisions'.

#### **Note 7. Compensation of Key Management Personnel**

The Department has determined that key management personnel includes senior officers of the Department.

Total compensation for senior officers of the Department for the reporting period are presented within the following bands:

<b>Compensation Band (\$)</b>	<b>2017</b>	<b>2016</b>
300,001 - 350,000	1	-
250,001 - 300,000	-	1
200,001 - 250,000	-	-
150,001 - 200,000	-	-
	<b>\$000</b>	<b>\$000</b>
Short-term employee benefits	297	250
Post-employment benefits	35	37
Other long-term benefits	-	-
Termination benefits	-	-
<b>Total compensation of senior officers</b>	<b>332</b>	<b>287</b>

# GOVERNOR'S ESTABLISHMENT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2017

<b>Note 8. Supplies and services</b>	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Communications	30	37
Consultants and contractors	290	170
Consumables	204	225
Travel	15	15
Other	165	211
	<b>704</b>	<b>658</b>

<b>Note 9. Depreciation expense</b>	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
<u>Depreciation</u>		
Plant and equipment	146	155
Buildings	324	328
	<b>470</b>	<b>483</b>

<b>Note 10. Accommodation expenses</b>	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Electricity and gas	81	80
Repairs and maintenance	393	281
	<b>474</b>	<b>361</b>

<b>Note 11. Other expenses</b>	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Audit fee	14	13
	<b>14</b>	<b>13</b>

#### **Note 12. Related Party Transactions**

The Department is a wholly owned and controlled entity of the State of Western Australia. In conducting its activities, the Department is required to pay various taxes and levies based on the standard terms and conditions that apply to all tax and levy payers to the State and entities related to State.

Related parties of the department include:

- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and public sector entities, including related bodies included in the whole of government consolidated financial statements;
- the Government Employees Superannuation Board (GESB).



# GOVERNOR'S ESTABLISHMENT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2017

#### Significant transactions with government related entities

Significant transactions include:

- service appropriations (note 15)
- services received free of charge from the Parliamentary Services Department (note 15)
- superannuation payments to GESB (note 6)
- fleet leasing to the Department of Finance (note 27)
- commitments for future lease payments to the Department of Finance (note 27)
- insurance payments to the Insurance Commission and Riskcover fund (note 8)
- remuneration for services provided by the Auditor General (note 11)

#### Material transactions with related parties

The Department had no material related party transaction with senior officers or their close family members or their controlled (or jointly controlled) entities for disclosure.

#### Note 13. User charges and fees

	2017	2016
	\$000	\$000
Ballroom Hire	83	107
Other Income	8	14
	<b>91</b>	<b>121</b>

#### Note 14. Net gain/(loss) on disposal of non-current assets

	2017	2016
	\$000	\$000
<u>Net proceeds from disposal of non-current assets</u>		
Plant and equipment	4	-
<u>Carrying amount of non-current assets disposed</u>		
Plant and equipment	-	-
<b>Net gain/(loss)</b>	<b>4</b>	<b>-</b>

#### Note 15. Income from State Government

	2017	2016
	\$000	\$000
Appropriation received during the period:		
Service appropriations <sup>(a)</sup>	5,343	5,305
	<b>5,343</b>	<b>5,305</b>
Services received free of charge from other State government agencies during the period:		
Parliamentary Services Department	12	12
	<b>12</b>	<b>12</b>
	<b>5,355</b>	<b>5,317</b>

(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 2017**

<b>Note 16. Restricted cash and cash equivalents</b>	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
<u>Non-current</u>		
Accrued salaries suspense account <sup>(a)</sup>	14	-
	<b>14</b>	<b>-</b>

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

<b>Note 17. Receivables</b>	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
<u>Current</u>		
Sundry Receivables	34	1
GST Receivables	13	9
<b>Total Current</b>	<b>47</b>	<b>10</b>

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

<b>Note 18. Amounts receivable for services (Holding Account)</b>	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Current	-	-
Non-Current	1,889	1,431
	<b>1,889</b>	<b>1,431</b>

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.

<b>Note 19. Other Assets</b>	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
<u>Current</u>		
Prepayments	22	7
	<b>22</b>	<b>7</b>

**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

<b>Note 20. Property, plant and equipment</b>	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
<u>Land</u>		
At Fair Value <sup>(a)</sup>	234	234
	<u>234</u>	<u>234</u>
<u>Buildings</u>		
At Fair Value <sup>(a)</sup>	30,630	32,332
	<u>30,630</u>	<u>32,332</u>
<u>Furniture and Equipment</u>		
At Cost	464	464
Accumulated depreciation	(401)	(376)
Accumulated impairment loss	-	-
	<u>63</u>	<u>88</u>
<u>Computer Equipment</u>		
At Cost	326	300
Accumulated depreciation	(211)	(115)
Accumulated impairment loss	-	-
	<u>115</u>	<u>185</u>
<u>Office Equipment</u>		
At Cost	22	39
Accumulated depreciation	(20)	(35)
Accumulated impairment loss	-	-
	<u>2</u>	<u>4</u>
<u>Garden Equipment</u>		
At Cost	213	206
Accumulated depreciation	(122)	(117)
Accumulated impairment loss	-	-
	<u>91</u>	<u>89</u>
<u>Motor Vehicle</u>		
At Valuation	190	190
<u>Works of Art</u>		
At Valuation	657	657
<u>Works In Progress</u>		
At Cost	130	93
Represents projects currently being undertaken but not yet finished and liable to depreciation.	<u><b>32,112</b></u>	<u><b>33,872</b></u>

(a) Land and buildings were revalued as at 1 July 2016 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2016 and recognised at 30 June 2017. 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**  
**FOR THE YEAR ENDED 30 JUNE 2017**

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

	Land	Buildings	Furniture & Equipment	Computer Equipment	Office Equipment	Garden Equipment	Motor Vehicle	Works of Art	Work in Progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2017</b>										
Carrying amount at start of year	234	32,332	88	185	4	89	190	657	93	33,872
Additions	-	127	-	25	-	26	-	-	62	240
Transfers <sup>(a)</sup>	-	11	-	-	-	-	-	-	(25)	(14)
Other disposals	-	-	-	-	-	-	-	-	-	-
Revaluation increments	-	(1,516)	-	-	-	-	-	-	-	(1,516)
Impairment losses <sup>(b)</sup>	-	-	-	-	-	-	-	-	-	-
Impairment losses reversed <sup>(b)</sup>	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(324)	(25)	(95)	(2)	(24)	-	-	-	(470)
<b>Carrying amount at end of year</b>	<b>234</b>	<b>30,630</b>	<b>63</b>	<b>115</b>	<b>2</b>	<b>91</b>	<b>190</b>	<b>657</b>	<b>130</b>	<b>32,112</b>
	Land	Buildings	Furniture & Equipment	Computer Equipment	Office Equipment	Garden Equipment	Motor Vehicle	Works of Art	Work in Progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2016</b>										
Carrying amount at start of year	234	32,332	130	196	5	111	190	646	506	34,350
Additions	-	200	4	75	-	-	-	-	54	333
Transfers <sup>(a)</sup>	-	467	-	-	-	-	-	-	(467)	-
Other disposals	-	-	-	-	-	-	-	-	-	-
Revaluation increments	-	(339)	-	-	-	-	-	11	-	(328)
Impairment losses <sup>(b)</sup>	-	-	-	-	-	-	-	-	-	-
Impairment losses reversed <sup>(b)</sup>	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(328)	(46)	(86)	(1)	(22)	-	-	-	(483)
<b>Carrying amount at end of year</b>	<b>234</b>	<b>32,332</b>	<b>88</b>	<b>185</b>	<b>4</b>	<b>89</b>	<b>190</b>	<b>657</b>	<b>93</b>	<b>33,872</b>

(a) The Department of Lands (DoL) is the only agency with the power to sell Crown land. The land is transferred to DoL for sale and the Department accounts for the transfer as a distribution to owner.

(b) Recognised in the Statement of Comprehensive Income. 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.

Information on fair value measurements is provided in Note 21

**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Note 21. Fair value measurements**

				<b>Fair Value At end of period</b>
<b>Assets measured at fair value:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>2017</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Land (note 20)	-	-	234	234
Building (note 20)	-	-	30,630	30,630
Motor Vehicle (note 20)	-	190	-	190
Antiques & Artwork (note 20)	-	657	-	657
	-	847	30,864	31,711

				<b>At end of period</b>
<b>Assets measured at fair value:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>2016</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Land (note 20)	-	-	234	234
Building (note 20)	-	-	32,332	32,332
Motor Vehicle (note 20)	-	190	-	190
Antiques & Artwork (note 20)	-	657	-	657
	-	847	32,566	33,413

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)**

	<b>Land \$000</b>	<b>Buildings \$000</b>
<b>2017</b>		
Fair Value at start of period	234	32,332
Additions	-	138
Revaluation increments/(decrements) recognised in Other Comprehensive Income	-	(1,516)
Transfers (from/(to) Level 2)	-	-
Disposals	-	-
Depreciation Expense	-	(324)
Fair Value at end of period	234	30,630



**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	<b>Land \$000</b>	<b>Buildings \$000</b>
<b>2016</b>		
Fair Value at start of period	234	32,332
Additions	-	200
Revaluation increments/(decrements) recognised in Other Comprehensive Income	-	(339)
Transfers (from/(to) Level 2)	-	-
Disposals	-	-
Depreciation Expense	-	(328)
Fair Value at end of period	234	31,865

### **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.

#### **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.

**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

---

**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 2017 \$000	Fair Value 2016 \$000	Valuation technique	Unobservable inputs
Land	234,000	234,000	Current Use Land Value	Current Use
Buildings	30,629,900	32,332,300	Depreciated Replacement Cost	Consumed economic benefit/ Current replacement cost per m <sup>2</sup>

Reconciliations of the opening and closing balances are provided in Note 20

# GOVERNOR'S ESTABLISHMENT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2017

#### Note 22. Impairment of assets

There were no indications of impairment to property, plant and equipment and intangible assets at 30 June 2017.

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 2017.

#### Note 23. Payables

	2017	2016
	\$000	\$000
<u>Current</u>		
Trade payables	-	(1)
Accrued expenses	38	40
Accrued salaries	15	-
	<b>53</b>	<b>39</b>

#### Note 24. Provisions

	2017	2016
	\$000	\$000
<u>Current</u>		
<i>Employee benefits provision</i>		
Annual Leave <sup>(a)</sup>	54	57
Long Service Leave <sup>(b)</sup>	383	361
	<b>437</b>	<b>418</b>
<i>Other provisions</i>		
Employment on-costs <sup>(c)</sup>	1	2
	<b>438</b>	<b>420</b>
<u>Non-current</u>		
<i>Employee benefits provision</i>		
Long Service Leave <sup>(b)</sup>	71	78
<i>Other provisions</i>		
Employment on-costs <sup>(c)</sup>	-	-
	<b>71</b>	<b>78</b>

(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:

**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Within 12 months of the end of the reporting period	54	57
More than 12 months after the reporting period	-	-
	<b>54</b>	<b>57</b>

(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:

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Within 12 months of the end of the reporting period	171	137
More than 12 months after the reporting period	284	304
	<b>455</b>	<b>441</b>

(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 11 'Other expenses'.

**Movements in other provisions**

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
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	2	3
Additional provisions recognised	-	-
Payment/other sacrifices of economic benefits	(1)	(1)
<b>Carrying amount at end of year</b>	<b>1</b>	<b>2</b>

**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

---

**Note 25. 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.

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
<b>Contributed Equity</b>		
Balance at start of period	3,635	3,635
Contribution by owners		
Capital Contribution		
<b>Balance at end of year</b>	<b>3,635</b>	<b>3,635</b>
<b>Reserves</b>		
<u>Asset Revaluation Surplus</u>		
Balance at start of year	29,281	29,609
Net revaluation increments/(decrements):		
- Buildings	(1,516)	(339)
- Land		-
- Artworks	-	11
<b>Balance at end of year</b>	<b>27,765</b>	<b>29,281</b>
<b>Accumulated surplus / (deficit)</b>		
Balance at start of year	2,778	2,537
Result for the period	(30)	241
<b>Balance at end of year</b>	<b>2,748</b>	<b>2,778</b>

# GOVERNOR'S ESTABLISHMENT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2017

#### Note 26. 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:

	2017	2016
	\$000	\$000
Cash and cash equivalents	626	911
Restricted cash and cash equivalents ( <i>note 16 'Restricted cash and cash equivalents'</i> )	14	-
	<b>640</b>	<b>911</b>

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

	2017	2016
	\$000	\$000
Net cost of services	(5,385)	(5,076)

##### Non-cash items:

Depreciation and amortisation expense ( <i>note 9 'Depreciation and amortisation expense'</i> )	470	483
Superannuation expense	-	-
Services received free of charge ( <i>note 15 'Income from State Government'</i> )	12	12

##### (Increase)/decrease in assets:

Current receivables <sup>(a)</sup>	(33)	3
Prepayments	(15)	(2)

##### Increase/(decrease) in liabilities:

Current payables <sup>(a)</sup>	14	(149)
Current provisions	18	15
Other current liabilities	-	-
Non-current provisions	(7)	(16)

Net GST receipts/(payments) <sup>(b)</sup>	-	6
Change in GST in receivables/payables <sup>(c)</sup>	-	-
<b>Net cash provided by/(used in) operating activities</b>	<b>(4,926)</b>	<b>(4,724)</b>

(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.

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



**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Note 27. Commitments**

**Non-cancellable Operating Lease Commitments**

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Commitments in relation to leases contracted for at the end of the reporting		
Within 1 year	31	41
Later than 1 year and not later than 5 years	8	37
Later than 5 years	-	-
	<b>39</b>	<b>78</b>

*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.

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
<b>Capital expenditure commitments</b>		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable		
Within 1 year	-	-
Later than 1 year and not later than 5 years	-	-
Later that 5 years	-	-
	<b>-</b>	<b>-</b>

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
<b>Other expenditure commitments</b>		
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	-	-
	<b>-</b>	<b>-</b>

**Note 28. Contingent liabilities and contingent assets**

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

**Note 29. 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 statements.

**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Note 30. Explanatory statement**

All variances between estimates (original budget) and actual results for 2016, and between the actual results for 2017 and 2016 are shown below. Narratives are provided for key variations selected from observed major variances, which are generally greater than: 5% and \$104,000 for the Statements of Comprehensive Income and Cash Flows; and, 5% and \$725,000 for the Statement of Financial Position.

	Variance Note \$000	Estimate 2017 \$000	Actual 2017 \$000	Actual 2016 \$000	Variance between estimate and actual \$000	Variance between actual results for 2017 and 2016 \$000
<b>Statement of Comprehensive Income</b>						
Employee benefits expense		3,824	3,818	3,682	(6)	136
Supplies and services		627	704	658	77	46
Depreciation expense		461	470	483	9	(13)
Accommodation expenses	1	397	474	361	77	113
Other expenses		15	14	13	(1)	1
<b>Total cost of services</b>		<b>5,324</b>	<b>5,480</b>	<b>5,197</b>	<b>156</b>	<b>283</b>
<b>Income</b>						
<i>Revenue</i>						
User charges and fees		115	91	121	(24)	(30)
Gain		-	4	-	4	4
<b>Total income other than income from State Government</b>		<b>115</b>	<b>95</b>	<b>121</b>	<b>(20)</b>	<b>(26)</b>
<b>NET COST OF SERVICES</b>		<b>5,209</b>	<b>5,385</b>	<b>5,076</b>	<b>176</b>	<b>309</b>

**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

<b>Income from State Government</b>					
Service appropriation	5,343	5,343	5,305	-	38
Services received free of charge	30	12	12	(18)	-
<b>Total income from State Government</b>	<b>5,373</b>	<b>5,355</b>	<b>5,317</b>	<b>(18)</b>	<b>38</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>164</b>	<b>(30)</b>	<b>241</b>	<b>(194)</b>	<b>(271)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Changes in asset revaluation surplus	-	(1,516)	(328)	(1,516)	(1,188)
Gains/losses recognised directly in equity	-	-	-	-	-
<b>Total other comprehensive income</b>		<b>(1,516)</b>	<b>(328)</b>	<b>(1,516)</b>	<b>(1,188)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(1,546)</b>	<b>(87)</b>	<b>(1,546)</b>	<b>(1,459)</b>

**Major Estimate and Actual (2017) Variance Narrative**

1) The Department entered into a new maintenance contract during 2016/17 and attended to a backlog of maintenance for the Government Domain.

**Major Actual (2017) and Comparative (2016) Variance Narratives**

NIL

**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Variance Note \$000	Estimate 2017 \$000	Actual 2017 \$000	Actual 2016 \$000	Variance between estimate and actual \$000	Variance between actual results for 2017 and 2016 \$000
<b>Statement of Financial Position</b>						
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents		818	626	911	192	(285)
Receivables		19	47	10	(28)	37
Other Current Assets		5	22	7	(17)	15
<b>Total Current Assets</b>		<b>842</b>	<b>695</b>	<b>928</b>	<b>147</b>	<b>(233)</b>
<b>Non-Current Assets</b>						
Restricted cash and cash equivalents		27	14	-	13	14
Amounts receivable for services		1,889	1,889	1,431	-	458
Property, plant and equipment	2,A	34,003	32,112	33,872	1,891	(1,760)
<b>Total Non-Current Assets</b>		<b>35,919</b>	<b>34,015</b>	<b>35,303</b>	<b>1,904</b>	<b>(1,288)</b>
<b>TOTAL ASSETS</b>		<b>36,761</b>	<b>34,710</b>	<b>36,231</b>	<b>2,051</b>	<b>(1,521)</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Payables		113	53	39	60	14
Provisions		328	438	420	(110)	18
<b>Total Current Liabilities</b>		<b>441</b>	<b>491</b>	<b>459</b>	<b>(50)</b>	<b>32</b>

**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

<b>Non-Current Liabilities</b>					
Provisions	90	71	78	19	(7)
<b>Total Non-Current Liabilities</b>	<b>90</b>	<b>71</b>	<b>78</b>	<b>19</b>	<b>(7)</b>
<b>TOTAL LIABILITIES</b>	<b>531</b>	<b>562</b>	<b>537</b>	<b>(31)</b>	<b>25</b>
<b>NET ASSETS</b>	<b>36,230</b>	<b>34,148</b>	<b>35,694</b>	<b>2,082</b>	<b>(1,546)</b>
<b>EQUITY</b>					
Contributed equity	3,635	3,635	3,635	-	-
Reserves 3,B	29,609	27,765	29,281	1,844	(1,516)
Accumulated surplus/(deficit)	2,986	2,748	2,778		(30)
<b>TOTAL EQUITY</b>	<b>36,230</b>	<b>34,148</b>	<b>35,694</b>	<b>2,082</b>	<b>(1,546)</b>

**Major Estimate and Actual (2017) Variance Narrative**

- 2) The Government Domain's fair value decreased by \$1,516,000 in 2016/17.
- 3) The Government Domain's fair value decreased by \$1,516,000 in 2016/17.

**Major Actual (2017) and Comparative (2016) Variance Narratives**

- A) The Government Domain's fair value decreased by \$1,516,000 in 2016/17.
- B) The Government Domain's fair value decreased by \$1,516,000 in 2016/17.

**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Variance Note \$000	Estimate 2017 \$000	Actual 2017 \$000	Actual 2016 \$000	Variance between estimate and actual \$000	Variance between actual results for 2017 and 2016 \$000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>						
Service appropriation		1,071	1,071	1,114	-	(43)
Special Acts		3,814	3,814	3,722	-	92
Holding account drawdowns		-	-	59	-	(59)
<b>Net cash provided by State Government</b>		<b>4,885</b>	<b>4,885</b>	<b>4,895</b>	<b>-</b>	<b>(10)</b>
Utilised as follows:						
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
Employee benefits		(3,799)	(3,794)	(3,805)	5	11
Supplies and services		(597)	(692)	(673)	(95)	(19)
Accommodation expenses	4	(397)	(474)	(362)	(77)	(112)
GST payments on purchases		(63)	(133)	(131)	(70)	(2)
Other payments		(15)	(14)	(13)	1	(1)
<b>Receipts</b>						
User charges and fees		115	58	124	(57)	(66)
GST Receipts on sales		2	9	11	7	(2)
GST receipts from taxation authority		61	120	124	59	(4)
<b>Net cash provided by/(used in) operating activities</b>		<b>(4,693)</b>	<b>(4,920)</b>	<b>(4,725)</b>	<b>(227)</b>	<b>(195)</b>



**GOVERNOR'S ESTABLISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of non-current physical assets	(179)	(240)	(333)	(61)	93
Gain on disposal of assets	-	4	-	4	4
<b>Net cash provided by/(used in) investing activities</b>	<b>(179)</b>	<b>(236)</b>	<b>(333)</b>	<b>(57)</b>	<b>97</b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from borrowings	-	-	-	-	-
<b>Net cash provided by/(used in) financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Net increase/(decrease) in cash and cash equivalents	13	(271)	(162)	(284)	(109)
Cash and cash equivalents at the beginning of period	832	911	1,073	79	(162)
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>845</b>	<b>640</b>	<b>911</b>	<b>(205)</b>	<b>(271)</b>

**Major Estimate and Actual (2017) Variance Narrative**

4) The Department entered into a new maintenance contract during 2016/17 and attended to a backlog of maintenance for the Government Domain.

**Major Actual (2017) and Comparative (2016) Variance Narratives**

NIL

# GOVERNOR'S ESTABLISHMENT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2017

#### Note 31. 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

##### 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 31(c) 'Financial instruments disclosures' and note 17 '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

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

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

##### (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:

	2017	2016
	\$000	\$000
<u>Financial assets</u>		
Cash and cash equivalents	626	911
Restricted Cash and cash equivalents	14	-
Receivables <sup>(i)</sup>	1,923	1,432
	<b>2,563</b>	<b>2,343</b>
	2016	2015
	\$000	\$000
<u>Financial liabilities</u>		
Financial liabilities measured at amortised cost	53	39

(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 2017**

**(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

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

			Ageing analysis of financial assets					
			Past due but not impaired					
	Carrying Amount	Not past due and not impaired	Up to 1 month	1-3 months	3months to 1 year	1-5 years	More than 5 years	Impaired financial assets
2017	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	626	626						
Restricted cash and cash equivalents	14	14						
Receivables <sup>(i)</sup>	34	34						
Amounts receivable for services	1,889	1,889						
	2,563	2,563	0	0	0	0	0	0
2016								
Cash and cash equivalents	911	911						
Restricted cash and cash equivalents	0	0						
Receivables <sup>(i)</sup>	1	1						
Amounts receivable for services	1,431	1,431						
	2,343	2,343	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 2016**

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										
	Weighted Average Effective Interest Rate %	Interest rate exposure				Maturity dates				
		Carrying Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest Bearing	Nominal Amount	Up to 1 month	1-3 months	3months to 1 year	More than 5 years
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>2017</b>										
<u>Financial Assets</u>										
Cash and cash equivalents	-	626			626	626	626			
Restricted cash and cash equivalents	-	14			14	14				14
Receivables <sup>(i)</sup>	-	34			34	34	34			
Amounts receivable for services	-	1,889			1,889	1,889			1,889	
		<b>2,563</b>	<b>0</b>	<b>0</b>	<b>2,563</b>	<b>2,563</b>	<b>660</b>	<b>0</b>	<b>0</b>	<b>1,889</b>
<u>Financial Liabilities</u>										
Payables	-	53			53	53	53			
		<b>53</b>	<b>0</b>	<b>0</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2016</b>										
<u>Financial Assets</u>										
Cash and cash equivalents	-	911			911	911	911			
Restricted cash and cash equivalents	-	0			0	0				
Receivables <sup>(i)</sup>	-	1			1	1	1			
Amounts receivable for services	-	1,431			1,431	1,431			1,431	
		<b>2,343</b>	<b>0</b>	<b>0</b>	<b>2,343</b>	<b>2,343</b>	<b>912</b>	<b>0</b>	<b>0</b>	<b>1,431</b>
<u>Financial Liabilities</u>										
Payables	-	39			39	39	39			
		<b>39</b>	<b>0</b>	<b>0</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>0</b>	<b>0</b>	<b>0</b>

(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 2017**

---

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 32. Remuneration of auditor**

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

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Auditing the accounts, financial statements and key performance indicators	<b>14</b>	<b>13</b>

**Note 33. Related bodies**

The Department had no related bodies during the financial year.

**Note 34. Affiliated bodies**

The Department had no affiliated bodies during the financial year.

**Note 35. Supplementary Financial Information**

**(a) Write-offs**

There were no items written off during the reporting period.

**(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 reporting period.

# Key Performance Indicators

## GOVERNOR'S ESTABLISHMENT KEY PERFORMANCE INDICATORS AS AT 30 JUNE 2017

### 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 2017.

A handwritten signature in black ink, appearing to read 'Buckley', is written over a horizontal line.

Carol Buckley MVO  
Accountable Authority  
Date: 29/08/2017



## PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2017

### 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

	2013 Actual (\$'000)	2014 Actual (\$'000)	2015 Actual (\$'000)	2016 Actual (\$'000)	2017 Actual (\$'000)	2017 Target (\$000)	Variance to 2017 Target (\$000) (a)
Total cost of Service 1	902	944	798	1,312	1,359	1,437	<b>(5.4%) (78)</b>

### Service 2 - Management of the Establishment

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

	2013 Actual (\$'000)	2014 Actual (\$'000)	2015 Actual (\$'000)	2016 Actual (\$'000)	2017 Actual (\$'000)	2017 Target (\$'000)	Variance to 2017 Target (\$000) (b)
Total cost of Service 2	3,108	3,157	3,785	3,885	4,121	3,887	<b>6% 234</b>

#### a) Service 1 Variance to Target

Service 1 has decreased by \$78,000 (5.4%) due to organisational structure changes (allocation of positions to services) being implemented later than expected.

#### b) Service 2 Variance to Target

Service 2 has increased by \$234,000 (6%) due to an increase in maintenance expenditure during the reporting period and delays in an organisational structure change (allocation of positions to services).

## Other Financial Disclosures

### Pricing policies of services provided

The Department charges for goods and services rendered on a full cost recovery basis.

### Capital Works

Capital projects

The following capital works projects was completed during 2016-17:

- Equitable access upgrades which included upgrading the toilet facilities on the ground floor of the House and improvements to the Ballroom entry to improve access to Government House, particular for people with ambulatory difficulties.
- Electrical upgrades to grounds equipment to ensure compliance with Australian Standards.

### Employment and Industrial Relations

#### Staff Profile

	2017	2016
Full-time permanent	26	28
Full-time contract	0	0
Part-time measured on a FTE basis	2	2
	<b>28</b>	<b>30</b>

### Staff Development

The Department has a commitment to the development of its employees, the object of which is the protection of employees and enhancement of skills, abilities and performance to achieve outcomes established in the Department's Strategic Plan.

### Workers Compensation

One compensation claim was recorded during the reporting period. This compares with two compensation claims recorded in 2015-16.

## Governance Disclosures

### Contracts with Senior Officers

At the date of reporting, no senior officers, or firms of which senior officers are members, or entities in which senior officers have substantial interests, had any interests in existing or proposed contracts with the Department other than normal contracts of employment of service.

### Unauthorised Use of Credit Cards

Employees of the Department hold corporate credit cards where their functions warrant usage of this facility. Despite each cardholder being reminded of their obligations annually under the Department's purchasing card policy, three employees inadvertently utilised the corporate credit card during the reporting period. The matter was not referred for disciplinary action as the Chief Finance Officer noted prompt advice and settlement of the personal use amount, and, that the nature of the expenditure was immaterial and characteristic of an honest mistake.

<b>Aggregate Amount</b>	<b>2017</b>
	<b>\$</b>
Personal use expenditure for the reporting period (within 5 working days)	29
Personal use expenditure settled by the due date (within 5 working days)	29
Personal use expenditure outstanding at balance date	-

## Other Legal Requirements

### Statement of compliance with the State Records Act 2000

Section 61 and State Records Commission Standards, Standard 2, Principle 6

The Governor's Establishment has a five-year Recordkeeping Plan that was approved by the State Records Commissioner on 2 April 2007. The Recordkeeping Plan and Retention & Disposal Schedule are for review in March 2018.

The State Records Commission stated that 'The Plan for the Governor's Establishment demonstrates compliance with the minimum requirements of SRC Standard 2: Recordkeeping Plans and the SRC Standard 6: Outsourcing.'

Training in the usage of the Phillips Electronic Tracking System (PETS), the Governor's Establishments database and Objective electronic records management system, is included in part of our induction process. Additional individual training is available when required.