

Governor's Establishment
Annual Report
2008-2009

22 September 2009

The Honourable Colin Barnett MLA
Premier of Western Australia
Office of the Premier
197 St Georges Terrace
PERTH WA 6000

Dear Premier

In accordance with Section 61 of the Financial Management Act 2006, I hereby submit for your information and presentation to Parliament the Report of the Governor's Establishment for the year ended 30 June 2009.

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

Yours sincerely



Kevin Skipworth
OFFICIAL SECRETARY & ACCOUNTABLE OFFICER

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ESTABLISHMENT OVERVIEW

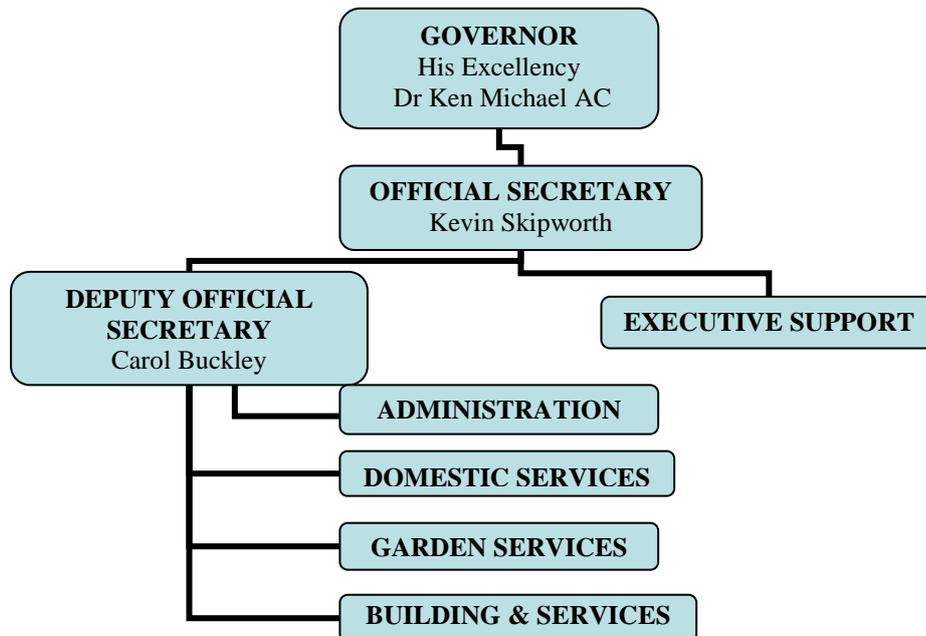
The office of Governor of Western Australia is enshrined in the Constitution Act 1889 (WA) and the Constitution Acts Amendment Act 1899 (WA) which establish the legal and operational framework of the system of Parliamentary democracy.

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.

Operational Structure

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



WHAT WE ACHIEVED IN 2008/2009

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

Support to the Governor – Service 1

- Appointments of the Hon. David K Malcolm AC, Lieutenant Governor as deputy of the Governor during the Governor's periods of absence from Perth:

Period of acting as deputy of the Governor (inclusive dates)

18/08/08– 25/08/08 (Administrator of the Commonwealth of Australia)

02/10/08– 06/10/08 (Leave)

23/10/08– 27/10/08 (Cervantes – Official visit)

11/05/09 – 15/05/09 (East Pilbara – Official visit)

01/06/09 – 08/06/09 (Leave)

- Appointments of Chief Justice Wayne Martin as deputy of the Governor during the Governor's periods of absence from Perth:

Period of acting as deputy of the Governor (inclusive dates)

14/01/09 - 21/01/09 (Leave)

16/02/09 – 20/02/09 (Canberra, Melbourne – Official visit)

- Granting Royal Assent – 26 Bills were processed for Royal Assent by the Governor and 16 Messages were submitted to the Parliament.
- Presiding over Executive Council – 26 scheduled and 11 special meetings of the Executive Council were conducted in Government House.
- Receiving 16 members of the Diplomatic, Consular Corps and other dignitaries during their official visits or postings to Western Australia.
- Reconstitutions of the Ministry
The Governor presided over 2 Reconstitutions of the Ministry held on 23 September 2008 and 9 February 2009
- Swearing In Ceremonies for Judicial Appointments: -
 - 3 judges of the District Court, commissioners of the Supreme Court & judges of the Children's Court of Western Australia;
 - 7 commissioners of the District Court of Western Australia;

- 26 commissioners of the Supreme Court of Western Australia;
 - 1 judge of the Family Court of Western Australia;
 - 1 acting judge of the Family Court of Western Australia;
 - 2 magistrates of the Magistrates Court & Magistrates of the Children's Court of Western Australia;
 - 1 commissioner for Children and Young People
- The Governor delivered 139 speeches and provided 42 official messages.
 - The Governor undertook the following official regional tours of Western Australia:-
 - 21 – 24 July 2008 (Mid West)
 - 11 – 15 May 2009 (Pilbara East)
 - Administrator of the Commonwealth of Australia
 - 18 – 25 August 2008: Administration of Commonwealth duties in Canberra
 - Governor General Briefings in Canberra and official attendance at the Victorian Bushfire Memorial Service, Melbourne 16 – 22 February 2009
 - Supporting and assisting patronage organisations – the Governor and Mrs Michael, as Patrons, maintained support for and involvement with 174 organisations including attendance at 282 functions or events.

Management of the Governor's Establishment – Service 2

- Hospitality for 3,480 guests who attended dinners, luncheons, breakfasts and receptions at Government House.
- An estimated 37,000 people were welcomed to Government House on Open Days, school tours, community group tours, education program visits, garden functions including Oz Concert, the Perth International Arts Festival, and regular garden openings.
- Government House Ballroom was hired to 148 community, charity groups and other approved organisations for functions. A total of 33,338 patrons.
- Investiture Ceremonies were conducted to present awards to 98 recipients in The Queen's Birthday 2008 and Australia Day 2009 Honours and Awards including Bravery. 800 guests attended the ceremonies.
- 435 messages of congratulations were processed for anniversaries of members of the public for significant Birthdays and Wedding Anniversaries.
- There were 3 resignations (3 FTE's), 0 retirements and 5 appointments (4.7 FTE's). Total FTE's at 30 June 2009 is 26.05.

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.

SIGNIFICANT ISSUES AND TRENDS

Corporate Structure

The management of the Government House Ballroom, previously under licence to AEG Ogden on behalf of the Perth Theatre Trust, reverted to the Governor's Establishment following the expiry of the licence agreement, after 5 years, on 30 June 2009. An additional position (1 FTE) has been established to undertake all duties in respect to the control and management of the Government House Ballroom. This will enable Governor's Establishment to ensure the Ballroom is available for use at minimal cost by the community and charitable organisations.

A further review of other outsourced services utilised by the Governor's Establishment will be undertaken during 2009/2010.

Building and Services

Significant attention will continue to be on strategic maintenance and resourcing to ensure building maintenance projects are scheduled in a timely manner and budgeted for in coming years. Urgent building maintenance issues, particularly the asbestos removal and exterior maintenance painting of House and Ballroom, have been identified and, with an allocation from the holding account of \$175,000 in 2009-10, this work will proceed with urgency. The Conservation Master Plan will be updated and reviewed for future funding implications under the Capital Works program for 2010/2011.

ACKNOWLEDGMENTS

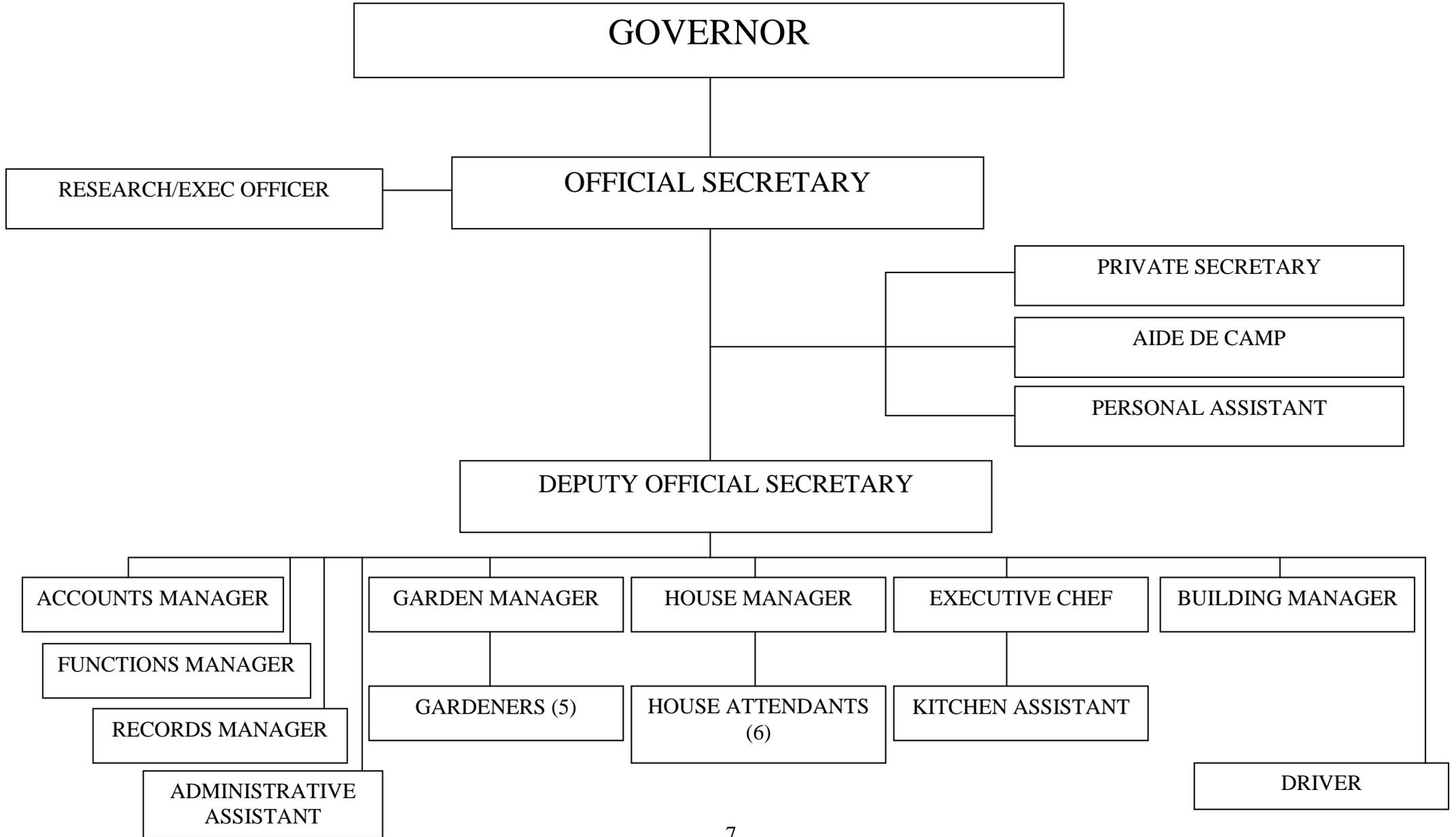
The staff of the Governor's Establishment are the most valuable and important resource in providing effective support to the Governor and effective management of the State's number one heritage asset.

I take this opportunity to thank all staff, including the Honorary Aides de Camp, for their outstanding contribution and support in endeavouring to maintain standards of excellence at the Governor's Establishment.

In the effective operation of this office, it is essential to maintain a co-operative and reliable liaison with the Executive, Public Service, Judiciary and the Parliament and this office is most grateful to those senior public officials for the ongoing assistance and co-operation extended throughout the reporting year.

Particular thanks to the Lieutenant Governor the Honourable David K Malcolm AC QC who acted as deputy of the Governor. Thanks also to the Chief Justice of Western Australia, Solicitor General, Officers of the Parliament and staff, in particular the Parliamentary Services Finance Unit and the Human Resources Department, the Auditor General and the Director General and Clerks of the Executive Council at the Department of the Premier and Cabinet.

Governor's Establishment Organisational Chart





Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

GOVERNOR'S ESTABLISHMENT FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2009

I have audited the accounts, financial statements, controls and key performance indicators of the Governor's Establishment.

The financial statements comprise the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity, Cash Flow Statement, 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, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

Official Secretary's Responsibility for the Financial Statements and Key Performance Indicators

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 (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.pdf.

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

Governor's Establishment
Financial Statements and Key Performance Indicators for the year ended 30 June 2009

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Governor's Establishment at 30 June 2009 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Governor's Establishment 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; and
- (iii) the key performance indicators of the Governor's Establishment are relevant and appropriate to help users assess the Governor's Establishment's performance and fairly represent the indicated performance for the year ended 30 June 2009.



COLIN MURPHY
AUDITOR GENERAL
16 September 2009

GOVERNOR'S ESTABLISHMENT

CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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 2009 and the financial position as at 30 June 2009.

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
Chief Finance Officer
Date: 08/09/09



Kevin Skipworth
Accountable Authority
Date: 08/09/09



**GOVERNOR'S ESTABLISHMENT
INCOME STATEMENT
FOR THE YEAR ENDED 30 June 2009**

	Note	2009	2008
		\$000	\$000
COST OF SERVICES			
Expenses			
Employee benefits expense	7	2,582	2,575
Supplies and services	8	897	869
Depreciation and amortisation expense	9	193	176
Accommodation expenses	10	204	233
Other expenses	11	13	9
Total cost of services		<u>3,889</u>	<u>3,862</u>
Income			
Revenue			
User charges and fees	12	134	70
Total income other than income from State Government		<u>134</u>	<u>70</u>
NET COST OF SERVICES		<u>3,755</u>	<u>3,792</u>
INCOME FROM STATE GOVERNMENT			
Service appropriation	13	4,088	3,812
Liabilities assumed by the Treasurer		-	375
Resources received free of charge		31	31
Total income from State Government		<u>4,119</u>	<u>4,218</u>
SURPLUS/(DEFICIT) FOR THE PERIOD		<u>364</u>	<u>426</u>

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



**GOVERNOR'S ESTABLISHMENT
BALANCE SHEET
AS AT 30 JUNE 2009**

	Note	2009	2008
		\$000	\$000
ASSETS			
Current Assets			
Cash and cash equivalents	24	46	329
Receivables	15	37	9
Other current assets	17	35	-
Total Current Assets		<u>118</u>	<u>338</u>
Non-Current Assets			
Restricted cash and cash equivalents	14, 24	36	21
Amounts receivable for services	16	1,600	1,010
Property, plant and equipment	18	16,407	15,572
Total Non-Current Assets		<u>18,043</u>	<u>16,603</u>
TOTAL ASSETS		<u>18,161</u>	<u>16,941</u>
LIABILITIES			
Current Liabilities			
Payables	20	172	81
Provisions	21	350	299
Income received in advance	21	32	-
Total Current Liabilities		<u>554</u>	<u>380</u>
Non-Current Liabilities			
Provisions	22	114	102
Total Non-Current Liabilities		<u>114</u>	<u>102</u>
Total Liabilities		<u>668</u>	<u>482</u>
Net Assets		17,493	16,459
EQUITY	23		
Contributed equity		2,635	2,635
Reserves		15,172	14,502
Accumulated deficiency		(314)	(678)
Total Equity		<u>17,493</u>	<u>16,459</u>
TOTAL LIABILITIES AND EQUITY		<u>18,161</u>	<u>16,941</u>

The Balance Sheet should be read in conjunction with the accompanying notes.



**GOVERNOR'S ESTABLISHMENT
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009	2008
		\$000	\$000
Balance of equity at start of period		16,459	17,661
CONTRIBUTED EQUITY	23		
Balance at start of period		2,635	2,635
Capital contribution		-	-
Distributions to owners		-	-
Balance at end of period		<u>2,635</u>	<u>2,635</u>
RESERVES	23		
Asset Revaluation Reserve			
Balance at start of period		14,502	15,738
Gains/(losses) from asset revaluation		670	(1,236)
Balance at end of period		<u>15,172</u>	<u>14,502</u>
ACCUMULATED SURPLUS	23		
Balance at start of period		(678)	(1,104)
Surplus/(Deficit) for the period		364	426
Balance at end of period		<u>(314)</u>	<u>(678)</u>
Balance of equity at end of period		<u>17,493</u>	<u>16,459</u>
Total income and expense for the period ^(a)		<u>1,034</u>	<u>(810)</u>

^(a) The aggregate net amount attributable to each category of equity is: Deficit of \$98,000 plus loss from asset revaluation \$718,000 (2008: deficit \$16,000 plus gains from asset revaluation \$1,023,000).

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



**GOVERNOR'S ESTABLISHMENT
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009	2008
		\$000	\$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		997	983
Special Acts		2,500	2,239
Capital contribution		-	-
Holding account drawdowns		-	-
Net cash provided by State Government		<u>3,497</u>	<u>3,222</u>
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(2,519)	(2,243)
Supplies and services		(901)	(835)
Accommodation expenses		(113)	(234)
GST payments on purchases		(134)	(13)
Other payments		(13)	(8)
Receipts			
User charges and fees		142	70
GST Receipts on sales		11	-
GST receipts from taxation authority		120	8
Net Cash Provided by/ (used in) Operating Activities	24	<u>(3,407)</u>	<u>(3,255)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(358)	(130)
Net cash provided by/(used in) investing activities		<u>(358)</u>	<u>(130)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(268)</u>	<u>(163)</u>
Cash and cash equivalents at the beginning of period		350	513
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	24	<u>82</u>	<u>350</u>

The Cash Flow Statement 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 2009**

	Support to Governor		Management of Governor's Establishment		Total	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
COST OF SERVICES						
Expenses						
Employee benefits expense	1,386	988	1,196	1,587	2,582	2,575
Supplies and services	95	84	802	785	897	869
Depreciation and amortisation expense		-	193	176	193	176
Accommodation expenses		-	204	233	204	233
Other expenses		-	13	9	13	9
Total cost of services	1,481	1,072	2,408	2,790	3,889	3,862
Income						
User charges and fees	-	-	134	70	134	70
Total income other than income from State Government	-	-	134	70	134	70
NET COST OF SERVICES	1,481	1,072	2,274	2,720	3,755	3,792
INCOME FROM STATE GOVERNMENT						
Service appropriation	1,568	1,523	2,520	2,289	4,088	3,812
Liabilities assumed by the Treasurer		-		375	-	375
Resources received free of charge		-	31	31	31	31
Total income from State Government	1,568	1,523	2,551	2,695	4,119	4,218
Surplus/(Deficit) for the period	87	451	277	(25)	364	426

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

**SCHEDULE OF ASSETS AND LIABILITIES BY SERVICE
AS AT 30 JUNE 2009**

	Support to Governor		Management of Governor's Establishment		Total	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
ASSETS						
Current assets	6	-	112	338	118	338
Non-current assets	119	108	17,924	16,495	18,043	16,603
Total assets	125	108	18,036	16,833	18,161	16,941
LIABILITIES						
Current Liabilities	63	129	491	251	554	380
Non-current liabilities	9	39	105	63	114	102
Total Liabilities	72	168	596	314	668	482
NET ASSETS	53	(60)	17,440	16,519	17,493	16,459

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 2009**

	2009 Estimate \$000	2009 Actual \$000	Variance \$000	2009 Actual \$000	2008 Actual \$000	Variance \$000
DELIVERY OF SERVICES						
Item 6 Net amount appropriated to deliver services	1,589	1,588	(1)	1,588	1,573	15
Amounts Authorised by Other Statutes						
Governor's Establishment Act 1992	1,568	2,109	541	2,109	1,879	230
Salaries and Allowances Act 1975	361	391	30	391	360	31
Total appropriations provided to deliver services	3,518	4,088	570	4,088	3,812	276
Details of Expenses by Service						
Effective support to the Governor	1,568	1,481	(87)	1,481	1,072	409
Effective management of the Governor's Establishment	2,043	2,408	365	2,408	3,200	(792)
Total Cost of Services	3,611	3,889	278	3,889	4,272	(383)
Less total income	(55)	(134)	(79)	(134)	(70)	(64)
Net Cost of services	3,556	3,755	199	3,755	4,202	(447)
Adjustments (i)	(38)	333	371	333	(390)	723
Total appropriations provided to deliver services	3,518	4,088	570	4,088	3,812	276

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

Note 28. 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2009 and between the actual results for 2008 and 2009.



GOVERNOR'S ESTABLISHMENT NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. Departmental mission and funding

The Governor's Establishment's mission is to provide support to the Governor and management of the Governor's Establishment (the Department).

The Department is predominantly funded by Parliamentary appropriations. It also receives funds from the hiring out of the Government House ballroom on a fee-for-service basis. The fees charged are determined and approved by Government. The financial statements encompass all funds through which the Department controls resources to carry on its functions.

In the process of reporting on the Department as a single entity, all intra-entity transactions and balances have been eliminated.

2. Australian equivalents to International Financial Reporting Standards

General

The Department's financial statements for the year ended 30 June 2009 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Department has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Department cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Department for the annual reporting period ended 30 June 2009.

3. Summary of significant accounting policies

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board 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 and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has 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.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings and infrastructure 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).

The judgements that have been made in the process of applying the Department's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 4 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at note 5 'Key sources of estimation uncertainty'.

(c) Reporting Entity

The reporting entity comprises the Department.

(d) Contributed Equity

AASB Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers, other than as a result of a restructure of administrative arrangements, in the nature of equity contributions 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 contributions (appropriations) have been designated as contributions by owners by Treasurer's instruction (TI) 955 'Contributions by Owners made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

Transfers 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. See note 23 'Equity'.

(e) Income

Revenue recognition

Revenue is 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 control transfer to the purchaser and can be measured reliably.

Rendering of services

Revenue is recognised upon delivery of the service to the client or by reference to the stage of completion of the transaction.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

Service Appropriations

Service Appropriations are recognised as revenues 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 into the Department's bank account or credited to the holding account held at Treasury.

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the determination specified in the 2008-2009 Budget Statements, the Department retained \$134,000 in 2009 (\$70,000 in 2008) from user charges and fees.

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 which is 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.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the balance sheet date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes.

Gains

Gains may be realised or unrealised and 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

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 Income Statement (other than when they form part of a group of similar items which are significant in total).

Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost.

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

Subsequent measurement

After recognition as an asset, the Department uses the revaluation model for the measurement of land, buildings and works of art, and the cost model for all other property, plant and equipment. Land and buildings are carried at fair value less accumulated depreciation on buildings 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 carried 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.

Where market-based evidence is not available, the 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, ie. the depreciated replacement cost. Where the fair value of buildings is dependent on using the depreciated replacement cost, the gross carrying amount and the accumulated depreciation are restated proportionately.

Independent valuations of land and buildings are provided annually by the Western Australian Land Information Authority (Valuation Services) and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

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

Refer to note 18 for further information on revaluations.

Derecognition

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

Asset Revaluation Reserve

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



GOVERNOR'S ESTABLISHMENT NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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.

Land is not depreciated. Depreciation on other assets 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 and Fittings	5 years
Office Equipment	3 years
Computer Equipment	3 years
Garden Equipment	5 to 10 years

Works of art controlled by the Department are classified as property, plant and equipment. They are anticipated to have very long and indefinite useful lives. Their service potential has not, in any material sense, been consumed during the reporting period, and so 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.

(g) Intangible Assets

Capitalisation/Expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$5,000 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 Income Statement.

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

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

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. 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 treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

(h) Impairment of Assets

Property, plant and equipment, and intangible assets are tested for any indication of impairment at each balance sheet date. 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. 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 each balance sheet date irrespective of whether there is any indication of impairment.

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

See note 19 'Impairment of assets' for the outcome of impairment reviews and testing.

(i) Non Current Assets (or Disposal Groups) Classified as Held for Sale

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell and are presented separately in the Balance Sheet. Assets classified as held for sale are not depreciated or amortised.

All land holdings are Crown land vested in the Department by the Government. The Department for Planning and Infrastructure (DPI) is the only agency with the power to sell Crown land. The Department transfers Crown land and any attaching buildings to DPI when the land becomes available for sale.

(i) Leases

The Department does not hold any finance lease.

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

(j) Financial Instruments

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

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

These 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 in 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 Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These are comprised of cash on hand.

(l) Accrued Salaries

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

Accrued salaries (refer note 20 'Payables') represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to its net fair value.

(m) Amounts Receivable for Services (Holding Account)

The Department receives appropriation funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

See also note 13 'Income from State of WA' and note 16 'Amounts receivable for services'.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

(n) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for 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. See note 3(k) 'Financial Instruments' and note 15 'Receivables'.

(o) Payables

Payables are recognised 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 they are generally settled within 30 days. See note 3 (k) 'Financial Instruments' and note 20 'Payables'.

(p) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable 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 obligation. Provisions are reviewed at each balance sheet date. See note 21 'Provisions'

(i) Provisions - Employee Benefits

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the end of the end of the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

A liability for long service leave is recognised after an employee has completed four years of service. An actuarial assessment of long service leave undertaken by PricewaterhouseCoopers Actuaries at 31 May 2009 determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

All annual leave and 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 balance sheet date.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

(p) Provisions (Cont.)

(i) Provisions - Employee Benefits (Cont.)

Superannuation

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. The Department has no liabilities for superannuation charges under the Pension or the GSS Schemes as the liability has been assumed by Treasurer.

Employees commencing employment prior to 16 April 2007 who are not members of either the Pension or the GSS Schemes 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). Both of these schemes are accumulation schemes. The Department makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

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

See also note 3(r) 'Superannuation expense'.

(ii) Provisions -Other

Employment On Costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of the '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 following elements are included in calculating the superannuation expense in the Income Statement:

(a) Defined benefit plans - For 2007-08, change in the unfunded employer's liability (i.e. current service cost and, actuarial gains and losses) assumed by the Treasurer in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme (GSS); and

(b) Defined contribution plans - Employer contributions paid to the GSS (concurrent contributions), West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

(q) Superannuation Expense (Cont.)

Defined benefit plans - For 2007-08, the movements (i.e. current service cost and, actuarial gains and losses) in the liabilities in respect of the Pension Scheme and the GSS Scheme transfer benefits are recognised as expenses directly in the Income Statement. As these liabilities are assumed by the Treasurer a revenue titled 'Liabilities assumed by the Treasurer' equivalent to the expense is recognised under Income from State Government in the Income Statement. Commencing in 2008-09, the reporting of annual movements in these notional liabilities has been discontinued and is no longer recognised in the income statement.

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided in the current year.

Defined contribution plans - in order to reflect the Department's true cost of services, the Department is funded for the equivalent of employer contributions in respect of the GSS Scheme (excluding transfer benefits). These contributions were paid to the GESB during the year and placed in a trust account administered by the GESB on behalf of the Treasurer. The GESB subsequently paid these employer contributions in respect of the GSS Scheme to the Consolidated Account.

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

(s) Resources Received Free of Charge or For Nominal Cost

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income and as assets or expenses as appropriate, at fair value.

(t) Comparative Figures

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

4. Judgements made by management in applying accounting policies

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

Operating Lease Commitment

The Department has entered into a commercial lease and has determined that the lessor retains all the significant risks and rewards of ownership of the property. Accordingly the lease has been classified as an operating lease.

5. Key sources of estimation uncertainty

There were no key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

6. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Department has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2008 that impacted on the Department:

Review of AAS 27 'Financial Reporting by Local Governments', AAS 29 'Financial Reporting by Government Departments and AAS 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:

AASB 1004 'Contributions';

AASB 1050 'Administered Items';

AASB 1051 'Land Under Roads';

AASB 1052 'Disaggregated Disclosures';

AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137];

Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities'.

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and revised topic-based Standards and Interpretation. These requirements remain substantively unchanged. The new and revised Standards and Interpretation make some modifications to disclosures and provide additional guidance (for example, Australian Guidance to AASB 116 'Property, Plant and Equipment' in relation to heritage and cultural assets has been introduced), otherwise 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 2009**

6. Disclosure of changes in accounting policy and estimates
Future impact of Australian Accounting Standards not yet operative

The Department cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Department has not applied early the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued and which may impact the Department but are not yet effective. Where applicable, the Department plans to apply these Standards and Interpretations from their application date:

Title	Operative for reporting periods beginning on/after
AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Department does not expect any financial impact when the Standard is first applied.	1 January 2009
AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]. This Standard amends AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and classification of Crown land held by the Department where the Crown land is to be sold by the Department for Planning and Infrastructure. The Department does not expect any financial impact when the	1 July 2009

Changes in Accounting Estimates

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	\$000	\$000
7 Employee benefits expenses		
Wages and salaries ^(a)	2,143	1,865
Superannuation - defined contribution plans ^(b)	168	119
Superannuation - defined benefit plans ^{(c) (d)}	36	403
Long service leave ^(e)	77	38
Annual leave ^(e)	158	150
	<u>2,582</u>	<u>2,575</u>
<p>^(a)Includes the value of fringe benefit to the employee plus the fringe benefits tax component.</p> <p>^(b)Defined contribution plans include West State, Gold State and GESBS Super Scheme (contributions paid).</p> <p>^(c)Defined benefit plans include Pension scheme and Gold State (pre-transfer benefit).</p> <p>^(d) An equivalent notional income is also recognized (see note 13 'Income from State of WA'). Commencing in 2008-09, the reporting of notional superannuation expense and equivalent notional income has been discontinued.</p> <p>^(e)Includes a superannuation contribution component.</p> <p>Employee on-costs such as workers' compensation insurance are included at note 11 Other Expenses. The employee on-costs liability is included at note 22 Provisions.</p>		
8 Supplies and services		
Communications	39	37
Consultants and contractors	374	334
Consumables	311	229
Travel	16	102
Other	157	167
	<u>897</u>	<u>869</u>
9 Depreciation and amortisation expense		
Depreciation		
Plant and equipment	48	40
Buildings	145	136
Total Depreciation	<u>193</u>	<u>176</u>
10 Accommodation expenses		
Electricity and gas	52	38
Repairs and maintenance	152	195
	<u>204</u>	<u>233</u>



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	\$000	\$000
11 Other expenses		
Employment on-costs ^(a)	(1)	-
Other ^(b)	14	9
	<u>13</u>	<u>9</u>

^(a)Includes workers' compensation and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 22 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

^(b) Audit fee, see also note 31 'Remuneration of auditor'.

12 User charges and fees

Ballroom Hire	46	46
Other Income	88	24
	<u>134</u>	<u>70</u>

13 Income from State Government

Appropriation received during the year:

Service appropriations ^(a)	4,088	3,812
	<u>4,088</u>	<u>3,812</u>

The following liabilities have been assumed by the Treasurer during the financial year:

- Superannuation ^(b)	-	375
Total liabilities assumed by the Treasurer	<u>-</u>	<u>375</u>

Resources received free of charge: ^(c)

Determined on the basis of the following estimates provided by agencies:

Parliamentary Services Department	31	31
	<u>31</u>	<u>31</u>
	<u>4,119</u>	<u>4,218</u>

^(a) Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

^(b) The assumption of the superannuation liability by the Treasurer is a notional income to match the notional superannuation expense reported in respect of current employees who are members of the Pension Scheme and current employees who have a transfer benefit entitlement under the Gold State Superannuation Scheme. Commencing in 2008-09, the reporting of the notional superannuation expense and equivalent notional income has been discontinued.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	\$000	\$000
13 Income from State Government (Cont.)		
<p>(c) Where assets or services have been received free of charge or for nominal consideration, the Department recognises revenues equivalent to the fair value of the assets and/or the fair value of those services that can be reliably measured and which would have been purchased if they were not donated, and those fair values shall be recognised as assets or expenses, as applicable. Where the contribution of assets or services are in the nature of contributions by owners, the Department makes and adjustment direct to equity.</p>		
14 Restricted cash and cash equivalents		
Non-current		
Accrued salaries suspense account ^(a)	36	21
	36	21
<p>^(a) Amount held in the suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.</p>		
15 Receivables		
Current		
Sundry Receivables	25	-
GST Receivables	12	9
	37	9
16 Amounts receivable for services		
Non-Current	1,600	1,010
	1,600	1,010
<p>Represents the non-cash component of service appropriations (see note 3(n) 'Amounts receivable for services (Holding Account)'). It is restricted in that it can only be used for asset replacement or payment of leave liability.</p>		
17 Other current assets		
Prepayments	35	-
	35	-



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	\$000	\$000
18 Property, plant and equipment		
<u>Land</u>		
At Fair Value ^(a)	185	168
	<u>185</u>	<u>168</u>
<u>Buildings</u>		
At Fair Value ^(a)	15,196	14,505
	<u>15,196</u>	<u>14,505</u>
<u>Furniture and Equipment</u>		
At Cost	238	167
Accumulated Amortisation	(119)	(95)
	<u>119</u>	<u>72</u>
<u>Computer Equipment</u>		
At Cost	6	15
Accumulated Depreciation	-	(15)
	<u>6</u>	<u>-</u>
<u>Office Equipment</u>		
At Cost	39	62
Accumulated Depreciation	(17)	(62)
	<u>22</u>	<u>-</u>
<u>Garden Equipment</u>		
At Cost	216	134
Accumulated Depreciation	(138)	(108)
	<u>78</u>	<u>26</u>
<u>Motor Vehicle</u>		
At Valuation	100	100
<u>Works of Art</u>		
At Valuation	701	701
<u>Works In Progress</u>		
At Cost	-	-
Represents projects currently being undertaken but not yet finished and liable to depreciation.	<u>16,407</u>	<u>15,572</u>

Land and buildings were revalued as at 1 July 2008 by the Western Australian land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2009 and recognised at 30 June 2009. In undertaking the revaluation, fair value was determined by reference to depreciated replacement cost for buildings and current use for land.

Valuation services and the Department of Treasury and finance assessed the valuations globally to ensure that the valuations provided (as at 1 July 2008) were compliant with fair value at 30 June 2009.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

18 Property, plant and equipment (Cont.)

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

	Land	Buildings	Furniture & Equipment	Computer Equipment	Office Equipment	Garden Equipment	Motor Vehicle	Works of Art	Work in Progress	Total
2009	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	168	14,505	72	-	-	26	100	701	-	15,572
Additions		183	68	6	25	76	-	-		358
Transfers ^(a)										-
Other disposals										-
Revaluation increments	17	653								670
Impairment losses ^(b)										-
Impairment losses reversed ^(b)										-
Depreciation		(145)	(21)	-	(3)	(24)	-	-	-	(193)
Carrying amount at end of year	185	15,196	119	6	22	78	100	701	-	16,407

	Land	Buildings	Furniture & Equipment	Computer Equipment	Office Equipment	Garden Equipment	Motor Vehicle	Works of Art	Work in Progress	Total
2008	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	136	15,730	38	-	1	45	100	701	103	16,854
Additions		46	54						31	131
Transfers ^(a)		134							(134)	-
Other disposals										-
Revaluation increments	32	(1,269)								(1,237)
Impairment losses ^(b)										-
Impairment losses reversed ^(b)										-
Depreciation		(136)	(20)		(1)	(19)				(176)
Carrying amount at end of year	168	14,505	72	-	-	26	100	701	-	15,572



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

19 Impairment of assets

There were no indications of impairment to property, plant and equipment and intangible assets at 30 June 2009.

The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period and at balance sheet date there were no intangible assets not yet available for use. The Department held no surplus assets at 30 June 2009.

	2009	2008
	\$000	\$000
20 Payables		
Current		
Trade payables	60	30
Accrued expenses	84	37
Accrued salaries	28	14
See note 3(p) 'Payables' and note 29 'Financial Instruments'	172	81

21 Other Current Liabilities

Income received in advance ^(a)

	32	-
	32	-

^(a) Commencing 1 July 2009, Governors establishment resumed management of the ballroom resulting in prepayments for bookings to be held after 1 July 2009.

22 Provisions

Current

Employee benefits provision

Annual Leave ^(a)

	70	66
Long Service Leave ^(b)	255	204
	325	270

Other provisions

Employment on-costs ^(c)

	25	29
	350	299

Non-current

Employee benefits provision

Long Service Leave ^(b)

	107	92
Other provisions		
Employment on-costs ^(c)	7	10
	114	102

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

Within 12 months of balance sheet date	70	66
More than 12 months after balance sheet date		-
	70	66

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

Within 12 months of balance sheet date	207	225
More than 12 months after balance sheet date	155	101
	362	326

^(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'



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

22 Provisions (Cont.)	2009	2008
<u>Movements in Other Provisions</u>	<u>\$000</u>	<u>\$000</u>
Movements in each class of provisions during the financial year, other than employee benefits, are set out below.		
<u>Employment on-cost provision</u>		
Carrying amount at start of year	3	3
Additional provisions recognised	-	1
Payment/other sacrifices of economic benefits	(1)	(1)
Carrying amount at end of year	<u>2</u>	<u>3</u>

23 Equity

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

Contributed Equity

Balance at the start of the year	2,635	2,635
Contribution by owners ^(a)	-	-
Balance at the end of the year	<u>2,635</u>	<u>2,635</u>

^(a) Under Treasury's instruction TI955 'Contributions by Owners Made to Wholly Owned Public Sector Entities' Capital Contributions (appropriations) have been designated as contributions by owners in accordance with AASB Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities'.

Reserves

Asset Revaluation Reserve

Balance at the start of the year	14,502	15,738
Net revaluation increments / (decrements):		
- Buildings	653	(1,269)
- Land	17	32
Balance at the end of the year	<u>15,172</u>	<u>14,502</u>

Accumulated surplus / (deficit)

Balance at the start of the year	(678)	(1,104)
Result for the period	364	426
Balance at the end of the year	<u>(314)</u>	<u>(678)</u>



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

24 Notes to the Cash Flow Statement	2009	2008
<u>Reconciliation of Cash</u>	<u>\$000</u>	<u>\$000</u>
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash and cash equivalents	46	329
Restricted cash and cash equivalents (refer note 14)	36	21
	<u>82</u>	<u>350</u>
 <u>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</u>		
Net cost of services	(3,755)	(3,792)
 Non-cash items:		
Depreciation and amortisation expense	193	176
Superannuation expense	-	375
Resources received free of charge	31	31
 (Increase)/decrease in assets:		
Current receivables ^(b)	(25)	-
Prepayments	(35)	3
Increase/(decrease) in liabilities:		
Current payables ^(c)	91	(1)
Current provisions	51	46
Other current liabilities	32	(48)
Non-current provisions	13	(40)
Net GST receipts/(payments) ^(a)	(3)	(5)
Net cash provided by/(used in) operating activities	<u>(3,407)</u>	<u>(3,255)</u>

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

^(b) 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.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
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	2009	2008
	\$000	\$000
25 Commitments		
Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised in the financial statements are payable as follows:		
- Within one year	50	40
- Later than one year and not Later than five years	17	18
- Later than five years		-
	<u>67</u>	<u>58</u>
Representing:		
Cancellable operating leases	67	58
Non-cancellable operating leases		
	<u>67</u>	<u>58</u>

During the reporting period, an asbestos audit of Government House buildings and grounds was completed. This audit identified asbestos contamination that will require rectification in future periods. The cost of this rectification work has yet to be determined.

26 Contingent liabilities and contingent assets

The Department has no contingent liabilities and no contingent assets.

27 Events Occurring After Balance Sheet Date

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

28 Explanatory Statement

Significant variances between estimates and actual results for income and expenses as presented in the financial statement titled 'Summary of Consolidated Fund Appropriations and Income Estimates' are shown below. Significant variations are considered to be those greater than 10% or \$100,000.

(i) Significant variances between estimate and actual for 2009 - Total appropriation to deliver services:

	2009	2009	
	Estimate	Actual	Variation
	\$000	\$000	\$000
Total appropriation provided to deliver services for the year.	3,518	4,088	570

Additional funding provided under Special Acts for wage and salary increases for Governor, Official Secretary and all staff following award reviews (\$571,000) less budget reduction for Advertising (\$1,000).

(ii) Significant variances between estimate and actual for 2009 - Total cost of services

	2009	2009	
	Estimate	Actual	Variation
	\$000	\$000	\$000
Total Cost of Services	3,611	3,889	278

The Award Wages for Governor's Establishment employees were increased after the 2009 Budget was published and backdated to 1 January 2008. The Senior Officers positions were reclassified and backdated to February 2006 and paid in 2008. As a result of these changes, the actual total cost of services for 2008 (\$4,272,000) was significantly higher than the published estimate for 2009. The 2009 Actual is consistent with the 2008 Actual Total Cost of Services.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

28 Explanatory Statement (Cont.)

(iii) Significant variances between actuals for 2008 and 2009 - Total appropriation to deliver services:

	2008	2009	Variation
	Actual	Actual	
	\$000	\$000	\$000
Total appropriation provided to deliver services for the year.	3,812	4,088	276

\$206,000 additional funding was provided in 2009 for wages and salaries under Special Acts arrangements. \$71,000 was provided for cost escalation, offset by \$1,000 budget reduction for Advertising.

29 Financial Instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Department are cash and cash equivalents, restricted cash and cash equivalents, receivables and payables. All of the Department's cash is held in the public bank account (non-interest bearing) apart from restricted cash held with the Department of Treasury and Finance (non-interest bearing). The Department has limited exposure to financial risks. The Department's overall risk management program focuses on managing the risks identified below.

Credit Risk

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

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment as shown in the table at Note 29(c).

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 is not actively involved in any trading activities. All other receivable balances are monitored on an ongoing basis with the result that the Department's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Allowance for impairment of financial assets is calculated based on objective evidence such as observable data indicating changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 29 Financial Instrument Disclosures.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

29 Financial Instruments (Cont.)

Liquidity Risk

The Department is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when the Department is unable to meet its financial obligations as they fall due.

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

Market Risk

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

(b) Categories of Financial Instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:

	2009	2008
	\$000	\$000
Financial Assets		
Cash and cash equivalents	45	329
Restricted Cash and cash equivalents	36	21
Loans and Receivables ⁽ⁱ⁾	1,626	1,010
	<u>1,707</u>	<u>1,360</u>
Financial liabilities		
Financial liabilities measured at amortised cost	172	81
	<u>172</u>	<u>81</u>

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

(c) Financial Instrument Disclosures

Credit Risk and Interest Rate Risk Exposure

The following table details the Department's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets.

The Department's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown below. The table is based on information provided to senior management of the Department.

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

The Department does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

All financial assets and financial liabilities are non-interest bearing.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
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29 Financial Instruments (Cont.)

	Non-Interest Carrying	
	Bearing	amount
	\$000	\$000
2009		
<u>Financial Assets</u>		
Cash and cash equivalents	45	45
Restricted cash and cash equivalents	36	36
Receivables (i)	25	25
Amounts receivable for services	1,601	1,601
	1,707	1,707
<u>Financial Liabilities</u>		
Payables	172	172
2008		
<u>Financial Assets</u>		
Cash and cash equivalents	329	329
Restricted cash and cash equivalents	21	21
Receivables (i)	-	-
Amounts receivable for services	1,010	1,010
	1,360	1,360
<u>Financial Liabilities</u>		
Payables	81	81

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

Interest Rate Risk 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 balance sheet, 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.

30 Remuneration of Senior Officers

Remuneration

	2009	2008
The number of senior officers whose total fees, salaries, superannuation and other benefits for the financial year, fall within the following bands -		
\$150,001-\$160,000	1	
\$190,001-\$200,000	1	1
\$220,001-\$230,000		1
The total remuneration of senior officers is:	349	419

The total remuneration includes the superannuation expense incurred by the Department in respect of senior officers.

Two senior officers are members of the Pension Scheme.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
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31 Remuneration of Auditor

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

Auditing the accounts and financial statements and performance indicators	<u>11</u>	<u>10</u>
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32 Supplementary Financial Information

Write-Offs

There were no items written off during the financial year.

Losses Through Thefts, Defaults And Other Causes

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

Gifts of Public Property

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

33 Related Bodies

The Department had no related bodies during the financial year.

34 Affiliated Bodies

The Department had no affiliated bodies during the financial year.

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

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2009**

GOVERNOR'S ESTABLISHMENT

KEY PERFORMANCE INDICATORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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 2009.



Kevin Skipworth
Accountable Authority
Date: 10 August 2009

**PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2009**

Desired Outcome and Key Effectiveness Indicators

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 Governor's requirements as representative of the Crown are met and to support the conservation and development of the Domain as a significant heritage asset.

Desired Outcome	Services
Support the Governor and management of the Governor's Establishment	1. Effective support to the Governor. 2. Management of the Governor's Establishment.

Key Effectiveness Indicators

The Governor's Establishment provides effective support to enable the Governor to perform the constitutional, statutory, ceremonial and public duties associated with the office. The Governor completes a survey to determine that the resources applied to this service are directed to:

Assist with the representational activities of the office including planning, briefings and travel;

Manage the household at Government House to a high standard by providing hospitality service for official functions and ongoing support to the Governor in residence;

Manage the Domain by providing maintenance, security and caretaking services to a high standard and applying heritage principles.

The Governor is satisfied as to the level of support provided and the standard of Domain management.

Key Efficiency Indicators

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.

	2006 Actual (\$'000)	2007 Actual (\$'000)	2008 Actual (\$'000)	2009 Actual (\$'000)	2009 Target (\$'000)	Variance to 2009 Target (\$'000) (a)
Total cost of Service 1	894	1,126	1,072	1,481	1,568	(87) (5.5%)

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.

	2006 Actual (\$'000)	2007 Actual (\$'000)	2008 Actual (\$'000)	2009 Actual (\$'000)	2009 Target (\$'000)	Variance to 2009 Target (\$'000) (b)
Total cost of Service 2	2,247	2,367	3,200	2,870	2,043	365 17.9%

(a) Service 1 Variance to Target

A small saving in staff costs was achieved through an increase in leave taken compared to 2008.

(c) Service 2 Variance to Target

The Award Wages for Governor's Establishment employees were increased after the 2009 Budget was published and backdated to 1 January 2008. The Senior Officers positions were reclassified and backdated to February 2006 and paid in 2008.