

Governor's Establishment
Annual Report
2009-2010

14 September 2010

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 2010.

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

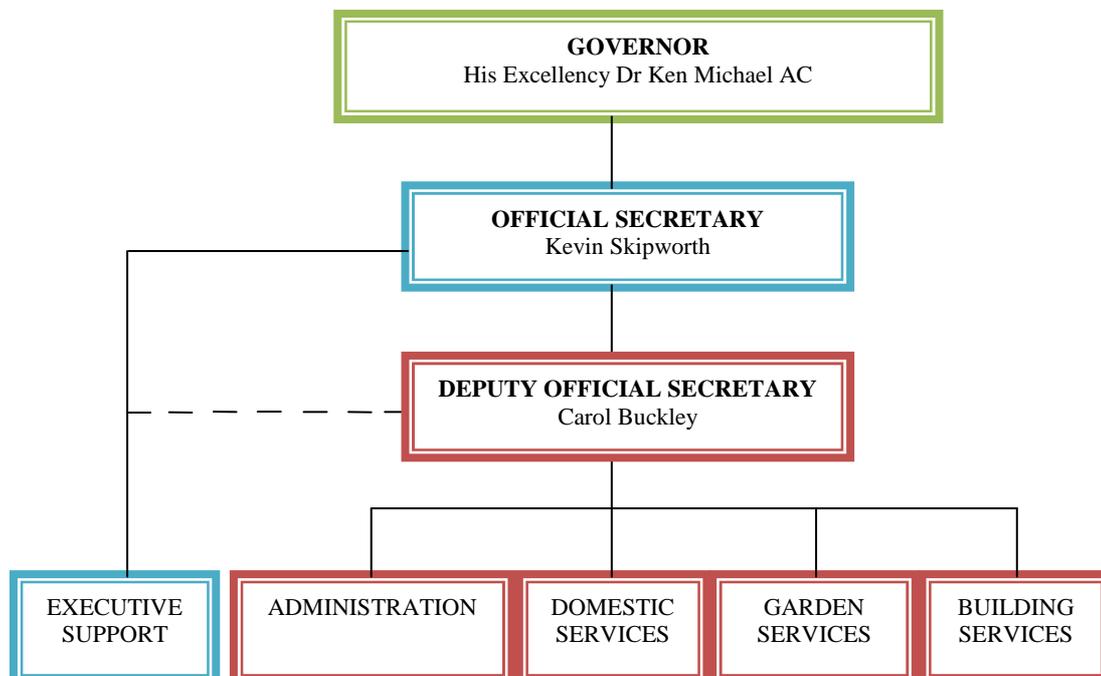
The office of Governor of Western Australia is enshrined in the Constitution Act 1889 (WA) and the Constitution Acts Amendment Act 1899 (WA) which establish the legal and operational framework of the system of Parliamentary democracy.

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 2009/2010

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)

06/07/09 – 09/07/09 (Leave)

20/07/09 – 24/07/09 (Visit to the Wheatbelt Region)

03/08/09 – 07/08/09 (Leave)

17/09/09 – 20/09/09 (Leave)

21/09/09 – 24/09/09 (Visit to Northern Goldfields Region)

- Appointments of Chief Justice Wayne Martin, 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)

17/12/09 – 24/01/10 (Leave)

05/04/10 – 10/04/10 (Leave)

18/04/10 – 01/05/10 (Administering Commonwealth of Australia)

- Appointments of Hon Justice Michael Murray as deputy of the Governor during the Governor's periods of absence from Perth:

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

04/11/09 – 07/11/09 (Leave)

26/05/10 – 28/05/10 (Visit to East Kimberley Region)

- Granting Royal Assent – 53 Bills were processed for Royal Assent by the Governor and 27 Messages were submitted to the Parliament.
- Presiding over Executive Council – 26 scheduled and 9 special meetings of the Executive Council were conducted in Government House.
- Receiving 28 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 17 November 2009 and 28 April 2010
- Swearing In Ceremonies for Judicial Appointments: -
 - 11 Judges of the District Court, Judges of the Supreme Court, Judges of the Family Court & Judges of the Children’s Court of Western Australia;
 - 2 Commissioners of the District Court of Western Australia;
 - 3 Commissioners of the Supreme Court of Western Australia;
 - 1 President of the Court of Appeal;
 - 1 Acting Judge of the Family Court of Western Australia;
 - 6 magistrates of the Magistrates Court & Magistrates of the Children’s Court of Western Australia;
 - 1 Deputy President of the State Administrative Tribunal
- The Governor delivered 133 speeches and provided 58 official messages.
- The Governor undertook the following regional visits in Western Australia:-
 - 10 September 2009 (Bunbury Bypass Road)
 - 12 October 2009 (Fairbridge Village, Pinjarra)
 - 02 November 2009 (Albany)
 - 16 December 2009 (Bunbury)
 - 13 February 2010 (Margaret River)
 - 12 May 2010 (Beverley)
- The Governor undertook the following official regional tours of Western Australia:-
 - 20 – 24 July 2009 (Wheatbelt Region)
 - 21 – 24 September 2009 (Goldfields-Esperance Region)
 - 26 – 28 May 2010 (Kimberley Region)
- Administrator of the Commonwealth of Australia
 - 20 April – 1 May 2010: Administrator of Commonwealth
(Duties in Canberra 23-25 April 2010)
- Supporting and assisting patronage organisations – the Governor and Mrs Michael, as Patrons, maintained support for and involvement with 184 organisations including attendance at 354 functions or events.

Management of the Governor’s Establishment – Service 2

- Hospitality for 3,531 guests who attended dinners, luncheons, breakfasts and receptions at Government House.

- An estimated 34,000 people were welcomed to Government House on Open Days, school tours, community group tours, education program visits, garden functions including Oz Concert, and regular garden openings.
- Government House Ballroom was hired to 44 community, charity groups and other approved organisations for functions.
- Investiture Ceremonies were conducted to present awards to 125 recipients in The Queen's Birthday 2009 and Australia Day 2010 Honours and Awards including Bravery. 766 guests attended the ceremonies.
- 376 messages of congratulations were processed for anniversaries of members of the public for significant Birthdays and Wedding Anniversaries.
- There was 1 resignation (1 FTE), 1 contract ended (1 FTE), 0 retirements and 8 appointments (8 FTE's). Total FTE's at 30 June 2010 is 33.05.

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.

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 April 2012.

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 PETS (Governor's Establishments database and electronic records management system) is included in our induction process and additional training is offered as required.

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 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 has enabled Governor's Establishment to ensure the Ballroom is available for use at minimal cost by the community and charitable organisations.

Building and Services

Significant attention will continue to be on strategic maintenance and resourcing to ensure building projects are scheduled in a timely manner and budgeted for in coming years. The following urgent maintenance issues were addressed in 2009/10:

- Asbestos Removal – complete
- Entry Refurbishment – ongoing
- North Boundary Wall – ongoing

In 2010/11 there will be a continuation of the maintenance program for Government House.

The Conservation Master Plan will be updated and reviewed for future funding implications under the Capital Works program for 2010/2011.

ACKNOWLEDGMENTS

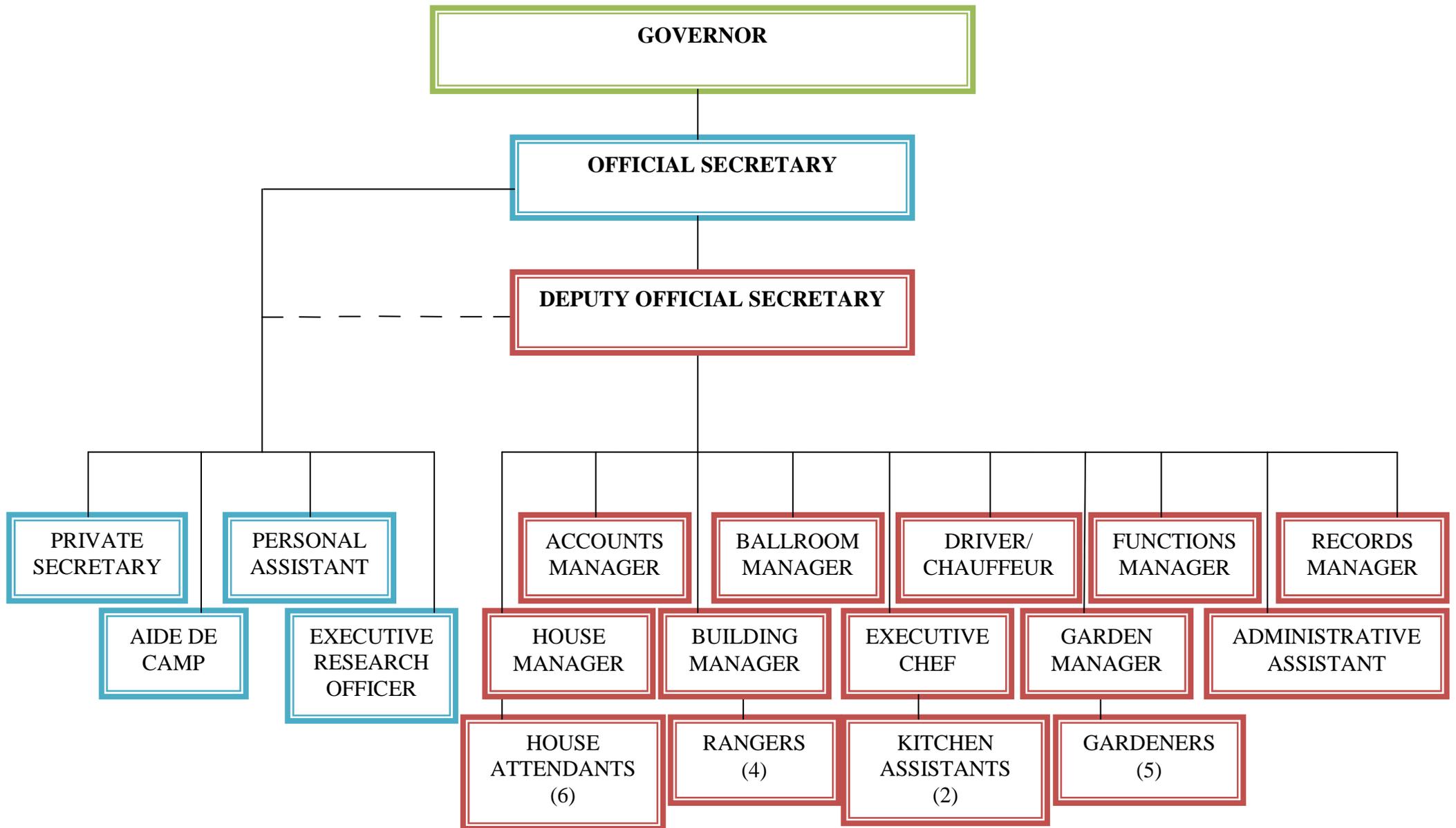
The staff of the Governor's Establishment are the most valuable and important resource in providing effective support to the Governor and effective management of the State's number one heritage asset.

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 Chief Justice Wayne Martin and the former Lieutenant Governor the Honourable David K Malcolm AC QC who acted as deputy of the Governor. Thanks also to the Justices of the Supreme Court 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 2010

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

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and 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, 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 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. This document is available on the OAG website under "How We Audit".

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 2010

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 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards 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 2010.



COLIN MURPHY
AUDITOR GENERAL
16 September 2010

GOVERNOR'S ESTABLISHMENT

CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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 2010 and the financial position as at 30 June 2010.

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: 14/09/10



Kevin Skipworth
Accountable Authority
Date: 14/09/10



**GOVERNOR'S ESTABLISHMENT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$000	2009 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	3,002	2,582
Supplies and services	7	709	897
Depreciation expense	8	219	193
Accommodation expenses	9	147	204
Other expenses	10	11	13
Total cost of services		4,088	3,889
Income			
<i>Revenue</i>			
User charges and fees	11	86	134
Total income other than income from State Government		86	134
NET COST OF SERVICES		4,002	3,755
Income from State Government			
Service appropriation	12	4,513	4,088
Resources received free of charge		31	31
Total income from State Government		4,544	4,119
SURPLUS/(DEFICIT) FOR THE PERIOD		542	364
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation surplus		9,484	670
Gains/losses recognised directly in equity		-	-
Total other comprehensive income		9,484	670
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		10,026	1,034

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 2010**

	Note	2010 \$000	2009 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	24	178	46
Receivables	14	17	37
Other current assets	16	7	35
Total Current Assets		202	118
Non-Current Assets			
Restricted cash and cash equivalents	13, 24	56	36
Amounts receivable for services	15	2,049	1,600
Property, plant and equipment	17	25,963	16,407
Total Non-Current Assets		28,068	18,043
TOTAL ASSETS		28,270	18,161
LIABILITIES			
Current Liabilities			
Payables	19	101	172
Amounts due to the Treasurer	20	94	-
Provisions	21	460	350
Other current liabilities	22	1	32
Total Current Liabilities		656	554
Non-Current Liabilities			
Provisions	21	95	114
Total Non-Current Liabilities		95	114
TOTAL LIABILITIES		751	668
NET ASSETS		27,519	17,493
EQUITY			
Contributed equity	23	2,635	2,635
Reserves		24,656	15,172
Accumulated surplus/(deficit)		228	(314)
TOTAL EQUITY		27,519	17,493

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 CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
Note	\$000	\$000
CASH FLOWS FROM STATE GOVERNMENT		
Service appropriation	1,012	997
Special Acts	2,877	2,500
Capital appropriations	-	-
Holding account drawdowns	175	-
Net cash provided by State Government	4,064	3,497
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits	(2,911)	(2,519)
Supplies and services	(650)	(901)
Accommodation expenses	(218)	(113)
GST payments on purchases	(108)	(134)
Other payments	(11)	(13)
Receipts		
User charges and fees	78	142
GST Receipts on sales	6	11
GST receipts from taxation authority	99	120
Net cash provided by/(used in) operating activities	24 (3,715)	(3,407)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current physical assets	(291)	(358)
Net cash provided by/(used in) investing activities	(291)	(358)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	94	-
Net cash provided by/(used in) financing activities	94	-
Net increase/(decrease) in cash and cash equivalents	152	(268)
Cash and cash equivalents at the beginning of period	82	350
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	24 234	82

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



**GOVERNOR'S ESTABLISHMENT
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Contributed Equity \$'000	Reserves \$'000	Accumulated Surplus/ (Deficit) \$'000	Total Equity \$'000
Balance at 1 July 2008	23	2,635	14,502	(678)	16,459
Changes in accounting policy or correction of prior period errors		-	-	-	-
Restated balance at 1 July 2008		2,635	14,502	(678)	16,459
Total comprehensive income for the year		-	670	364	1,034
Transactions with owners in their capacity as owners:					
Capital appropriations		-	-	-	-
Other contributions by owners		-	-	-	-
Distributions to owners		-	-	-	-
Total		-	-	-	-
Balance at 30 June 2009		2,635	15,172	(314)	17,493
Balance at 1 July 2009		2,635	15,172	(314)	17,493
Total comprehensive income for the year		-	9,484	542	10,026
Transactions with owners in their capacity as owners:					
Capital appropriations		-	-	-	-
Other contributions by owners		-	-	-	-
Distributions to owners		-	-	-	-
Total		-	-	-	-
Balance at 30 June 2010		2,635	24,656	228	27,519

The Statement of Changes in Equity 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 2010**

	Support to Governor		Management of Governor's Establishment		Total	
	2010	2009	2010	2009	2010	2009
	\$000	\$000	\$000	\$000	\$000	\$000
COST OF SERVICES						
<u>Expenses</u>						
Employee benefits expense	1,639	1,386	1,363	1,196	3,002	2,582
Supplies and services	93	95	616	802	709	897
Depreciation and amortisation expense	-	-	219	193	219	193
Accommodation expenses	-	-	147	204	147	204
Other expenses	-	-	11	13	11	13
Total cost of services	1,732	1,481	2,356	2,408	4,088	3,889
<u>Income</u>						
User charges and fees	-	-	86	134	86	134
Total income other than income from State Government	-	-	86	134	86	134
NET COST OF SERVICES	1,732	1,481	2,270	2,274	4,002	3,755
<u>Income from State Government</u>						
Service appropriation	1,655	1,568	2,858	2,520	4,513	4,088
Resources received free of charge	-	-	31	31	31	31
Total income from State Government	1,655	1,568	2,889	2,551	4,544	4,119
SURPLUS/DEFICIT FOR THE PERIOD	(77)	87	619	277	542	364

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 2010**

	Support to Governor		Management of Governor's Establishment		Total	
	2010	2009	2010	2009	2010	2009
	\$000	\$000	\$000	\$000	\$000	\$000
<u>Assets</u>						
Current assets	29	6	173	112	202	118
Non-current assets	131	119	27,937	17,924	28,068	18,043
Total assets	160	125	28,110	18,036	28,270	18,161
<u>Liabilities</u>						
Current Liabilities	133	63	523	491	656	554
Non-current liabilities	51	9	44	105	95	114
Total Liabilities	184	72	567	596	751	668
NET ASSETS	(24)	53	27,543	17,440	27,519	17,493

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 2010**

	2010 Estimate \$000	2010 Actual \$000	Variance \$000	2010 Actual \$000	2009 Actual \$000	Variance \$000
Delivery of Services						
Item 8 Net amount appropriated to deliver services	1,636	1,636	-	1,636	1,588	48
Amounts Authorised by Other Statutes						
Governor's Establishment Act 1992	2,179	2,475	296	2,475	2,109	366
Salaries and Allowances Act 1975	402	402	-	402	391	11
Total appropriations provided to deliver services	4,217	4,513	296	4,513	4,088	425
Details of Expenses by Service						
Effective support to the Governor	1,187	1,732	545	1,732	1,481	251
Effective management of the Governor's Establishment	3,115	2,356	(759)	2,356	2,408	(52)
Total Cost of Services	4,302	4,088	(214)	4,088	3,889	199
Less total income	(55)	(86)	(31)	(86)	(134)	48
Net Cost of services	4,247	4,002	(245)	4,002	3,755	247
Adjustments ⁽ⁱ⁾	(30)	511	541	511	333	178
Total appropriations provided to deliver services	4,217	4,513	296	4,513	4,088	425
Capital Expenditure						
Purchase of non-current physical assets	175	291	116	291	358	(67)
Drawdowns from holding account	(175)	(175)	-	(175)	-	(175)
Adjustments for other funding sources	-	(116)	(116)	(116)	(358)	242
Capital appropriations	-	-	-	-	-	-

⁽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 2010 and between the actual results for 2009 and 2010.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

Note 1. Australian Accounting Standards

General

The Department's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to 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. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Department for the annual reporting period ended 30 June 2010.

Note 2. Summary of significant accounting policies

(a) General statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with 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 Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

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, 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 3 'Judgements made by management in applying accounting policies'.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

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

(b) Basis of preparation (cont.)

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 4 'Key sources of estimation uncertainty'.

(c) Reporting entity

The reporting entity comprises the Department.

Mission

The Department's mission is 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.

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

Services

Service 1: Effective Support to the Governor

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

Service 2: Management of the Governor's Establishment

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

(d) Contributed equity

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

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

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

(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.

Provision of services

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

Service appropriations

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

Net appropriation determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the determination specified in the 2009-2010 Budget Statements, the Department retained \$86,000 in 2010 (\$134,000 in 2009) 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

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.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

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

(f) Property, plant and equipment

Capitalisation/expensing of assets

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income.

Initial recognition and measurement

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

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

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 determined on the depreciated replacement cost basis, 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 annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

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

Derecognition

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

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

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

Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets as described in note 17 '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.

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	Office Equipment	3 years
Refurbishment	10 years	Computer Equipment	3 years
Furniture and Fittings	5 years	Garden Equipment	5 to 10 years

Works of art controlled by the Department are classified as property, plant and equipment, which 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 \$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.

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.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

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

(g) Intangible assets (cont.)

Computer software

Software that is an integral part of the related hardware is 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.

Website costs

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

(h) Impairment of assets

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

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

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

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

(i) Leases

The Department does not hold any finance lease.

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

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

(j) Financial instruments

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

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

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 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) are comprised of cash on hand.

(l) Accrued salaries

Accrued salaries (refer note 19 '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.

The accrued salaries suspense account (see note 13 'Restricted cash and cash equivalents') consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

(m) Amounts receivable for services (holding account)

The Department receives 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.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

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

(n) Receivables

Receivables are recognised and carried 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 they are generally settled 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

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the reporting period 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 reporting period 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 end of the reporting period.

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 2010 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 end of the reporting period.

Provisions - employee benefits (cont.)

Superannuation

The Government Employees Superannuation Board (GESB) in accordance with legislative requirements administers public sector superannuation arrangements in Western Australia.

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.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

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

(p) Provisions (cont.)

The Department has no liabilities under the Pension or the GSS Schemes. The liabilities for the unfunded Pension Scheme and the unfunded GSS Scheme transfer benefits due to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS Scheme obligations are funded by concurrent contributions made by the Department to the GESB. The concurrently funded part of the GSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS Scheme obligations.

Employees commencing employment prior to 16 April 2007 who were 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 (GESB). 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 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 in the Statement of Comprehensive Income comprises of employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).

The GSS Scheme 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 agency to GESB extinguishes the agency's obligations to the related superannuation liability.

(r) 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.

Where assets or services are received from another State Government agency, these are separately disclosed under Income from State Government in the Statement of Comprehensive Income.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

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

(s) Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures 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.

Operating lease commitment

The Department has entered into a number of leases for buildings for branch office accommodation. Some of these leases relate to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

Note 4. Key sources of estimation uncertainty

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

Long Service Leave

In calculating the Department's long service leave provision, several estimations and assumptions have been made. These include expected future salary rates, salary inflation, discount rates, employee retention rates and expected future payments. Any 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 ENDING 30 JUNE 2010**

Note 5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Department has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Department.

AASB 101 Presentation of Financial Statements (September 2007).

This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.

AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101.

This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.

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 of Regional Development and Lands (formerly Department for Planning and Infrastructure). The Department does not expect any financial impact when the Standard is first applied prospectively.

AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial

This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

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 ENDING 30 JUNE 2010**

Note 5. Disclosure of changes in accounting policy and estimates (cont.)

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 following Australian Accounting Standards that have been issued that may impact the Department. Where applicable, the Department plans to apply these Australian Accounting Standards from their application date.

	Operative for reporting periods beginning on/after
AASB 2009-11	1 January 2013
Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].	
The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Authority does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.	
AASB 1053	1 July 2013
Application of Tiers of Australian Accounting Standards	
This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	
The Standard does not have any financial impact on the Department. However it may affect disclosures in the financial statements of the Department if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies	
AASB 2010-2	1 July 2013
Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	
This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.	
The Standard is not expected to have any financial impact on the Department. However this Standard may reduce some note disclosures in financial statements of the Department. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.	

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 ENDING 30 JUNE 2010**

<i>Note 6. Employee benefits expense</i>	2010	2009
	\$000	\$000
Wages and salaries ^(a)	2,459	2,143
Superannuation - defined contribution plans ^(b)	199	168
Superannuation - defined benefit plans ^(c)	42	36
Long service leave ^(d)	120	77
Annual leave ^(d)	182	158
	3,002	2,582

^(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.

^(b) Defined contribution plans include West State, Gold State and GESBS Super Scheme (contributions paid).

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

^(d) Includes a superannuation contribution component.

Employee on-costs such as workers' compensation insurance are included at note 10 'Other expenses'.
The employee on-costs liability is included at note 21 'Provisions'.

<i>Note 7. Supplies and services</i>	2010	2009
	\$000	\$000
Communications	33	39
Consultants and contractors	230	374
Consumables	285	311
Travel	18	16
Other	143	157
	709	897

<i>Note 8. Depreciation expense</i>	2010	2009
	\$000	\$000
<u>Depreciation</u>		
Plant and equipment	68	48
Buildings	151	145
Total depreciation	219	193

<i>Note 9. Accommodation expenses</i>	2010	2009
	\$000	\$000
Electricity and gas	63	52
Repairs and maintenance	84	152
	147	204



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

<i>Note 10. Other expenses</i>	2010	2009
	\$000	\$000
Employment on-costs ^(a)	-	(1)
Other - audit fee	11	14
	<u>11</u>	<u>13</u>

^(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 21 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

<i>Note 11. User charges and fees</i>	2010	2009
	\$000	\$000
Ballroom Hire	79	46
Other Income	7	88
	<u>86</u>	<u>134</u>

<i>Note 12. Income from State Government</i>	2010	2009
	\$000	\$000
Appropriation received during the year:		
Service appropriations ^(a)	4,513	4,088
	<u>4,513</u>	<u>4,088</u>
Resources received free of charge: ^(b)		
Determined on the basis of the following estimates provided by agencies:		
Parliamentary Services Department	31	31
	<u>31</u>	<u>31</u>
	<u><u>4,544</u></u>	<u><u>4,119</u></u>

^(a) Service appropriations are accrual amounts reflecting the net 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) Where assets or services have been received free of charge or for nominal cost, the Department recognises revenue 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 contributions of assets or services are in the nature of contributions by owners, the Department makes an adjustment direct to equity.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

<i>Note 13. Restricted cash and cash equivalents</i>	2010	2009
	\$000	\$000
<u>Non-current</u>		
Accrued salaries suspense account ^(a)	56	36
	<u>56</u>	<u>36</u>

^(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.

<i>Note 14. Receivables</i>	2010	2009
	\$000	\$000
<u>Current</u>		
Sundry Receivables	2	25
GST Receivables	15	12
	<u>17</u>	<u>37</u>

<i>Note 15. Amounts receivable for services</i>	2010	2009
	\$000	\$000
Non-Current	2,049	1,600
	<u>2,049</u>	<u>1,600</u>

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

<i>Note 16. Other current assets</i>	2010	2009
	\$000	\$000
<u>Current</u>		
Prepayments	7	35
	<u>7</u>	<u>35</u>



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

<i>Note 17. Property, plant and equipment</i>	2010	2009
	\$000	\$000
<u>Land</u>		
At Fair Value ^(a)	185	185
	<u>185</u>	<u>185</u>
<u>Buildings</u>		
At Fair Value ^(a)	24,875	15,196
	<u>24,875</u>	<u>15,196</u>
<u>Furniture and Equipment</u>		
At Cost	231	238
Accumulated depreciation	(145)	(119)
Accumulated impairment loss	-	-
	<u>86</u>	<u>119</u>
<u>Computer Equipment</u>		
At Cost	6	6
Accumulated depreciation	(2)	-
Accumulated impairment loss	-	-
	<u>4</u>	<u>6</u>
<u>Office Equipment</u>		
At Cost	39	39
Accumulated depreciation	(25)	(17)
Accumulated impairment loss	-	-
	<u>14</u>	<u>22</u>
<u>Garden Equipment</u>		
At Cost	199	216
Accumulated depreciation	(146)	(138)
Accumulated impairment loss	-	-
	<u>53</u>	<u>78</u>
<u>Motor Vehicle</u>		
At Valuation	100	100
<u>Works of Art</u>		
At Valuation	646	701
<u>Works In Progress</u>		
At Cost	-	-
Represents projects currently being undertaken but not yet finished and liable to depreciation.		
	<u>25,963</u>	<u>16,407</u>

Land and buildings were revalued as at 1 July 2009 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 2010. 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 ENDING 30 JUNE 2010**

Note 17. 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
2010	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	185	15,196	119	6	22	78	100	701	-	16,407
Additions	-	291	-	-	-	-	-	-	-	291
Transfers	-	-	-	-	-	-	-	-	-	-
Other disposals	-	-	-	-	-	-	-	-	-	-
Revaluation increments	-	9,539	-	-	-	-	-	(55)	-	9,484
Impairment losses	-	-	-	-	-	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(151)	(33)	(2)	(8)	(25)	-	-	-	(219)
Carrying amount at end of year	185	24,875	86	4	14	53	100	646	-	25,963

	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	-	-	-	-	-	-	-	-	-	-
Other disposals	-	-	-	-	-	-	-	-	-	-
Revaluation increments	17	653	-	-	-	-	-	-	-	670
Impairment losses	-	-	-	-	-	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(145)	(21)	-	(3)	(24)	-	-	-	(193)
Carrying amount at end of year	185	15,196	119	6	22	78	100	701	-	16,407



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

Note 18. Impairment of assets

There were no indications of impairment to property, plant and equipment and intangible assets at 30 June 2010.

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 2010.

Note 19. Payables

	2010	2009
	\$000	\$000
<u>Current</u>		
Trade payables	30	60
Accrued expenses	22	84
Accrued salaries	49	28
	101	172

Note 20. Amounts due to the Treasurer

	2010	2009
	\$000	\$000
Outstanding Treasurer's Advance	94	-

Note 21. Provisions

	2010	2009
	\$000	\$000
<u>Current</u>		
<i>Employee benefits provision</i>		
Annual Leave ^(a)	69	77
Long Service Leave ^(b)	389	271
	458	348
<i>Other provisions</i>		
Employment on-costs ^(c)	2	2
	460	350
<u>Non-current</u>		
<i>Employee benefits provision</i>		
Long Service Leave ^(b)	95	113
<i>Other provisions</i>		
Employment on-costs ^(c)	-	1
	95	114

^(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:

	2010	2009
	\$000	\$000
Within 12 months of the end of the reporting period	69	77
More than 12 months after the reporting period	-	-
	69	77



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

Note 21. Provisions (cont.)

^(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 the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of the end of the reporting period	298	220
More than 12 months after the reporting period	186	164
	<u>484</u>	<u>384</u>

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

Movements in other provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

	2010	2009
	\$000	\$000
<u>Employment on-cost provision</u>		
Carrying amount at start of year	3	3
Additional provisions recognised	-	-
Payment/other sacrifices of economic benefits	(1)	-
Carrying amount at end of year	<u>2</u>	<u>3</u>

Note 22. Other current liabilities

	2010	2009
	\$000	\$000
Income received in advance ^(a)	1	32
^(a) Commencing 1 July 2009, Governors establishment resumed management of the ballroom resulting in prepayments for bookings to be held after 1 July 2010.	<u>1</u>	<u>32</u>



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

Note 23. Equity

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

	2010	2009
	\$000	\$000
Contributed Equity		
Balance at start of period	2,635	2,635
Contribution by owners		
Capital Contribution	-	-
Balance at end of year	2,635	2,635
Reserves		
<u>Asset Revaluation Surplus</u>		
Balance at start of year	15,172	14,502
Net revaluation increments/(decrements):		
- Buildings	9,539	653
- Land	-	17
- Artworks	(55)	-
Balance at end of year	24,656	15,172
Accumulated surplus / (deficit)		
Balance at start of year	(314)	(678)
Result for the period	542	364
Balance at end of year	228	(314)



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

Note 24. Notes to the Statement of Cash Flows

2010 **2009**
\$000 **\$000**

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:

Cash and cash equivalents	178	46
Restricted cash and cash equivalents	56	36
	<u>234</u>	<u>82</u>

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

2010 **2009**
\$000 **\$000**

Net cost of services

	(4,002)	(3,755)
--	---------	---------

Non-cash items:

Depreciation and amortisation expense	219	193
Superannuation expense	-	-
Resources received free of charge	31	31

(Increase)/decrease in assets:

Current receivables ^(b)	23	(25)
Prepayments	28	(35)

Increase/(decrease) in liabilities:

Current payables ^(c)	(71)	91
Current provisions	110	51
Other current liabilities	(31)	32
Non-current provisions	(19)	13

Net GST receipts/(payments)^(a)

	(3)	(3)
--	-----	-----

Change in GST in receivables/payables^(b)

	-	-
--	---	---

Net cash provided by/(used in) operating activities

(3,715) **(3,407)**

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

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

^(c) 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
FOR THE YEAR ENDING 30 JUNE 2010**

Note 25. Commitments

	2010	2009
	\$000	\$000
Capital expenditure commitments		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	-	-
Later than 1 year	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	2010	2009
	\$000	\$000
Lease commitments		
Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:		
Within one year	49	50
Later than one year and not later than five years	23	17
Later than five years	-	-
	<u>72</u>	<u>67</u>
	<u>72</u>	<u>67</u>
Representing:		
Cancellable operating leases	-	-
Non-cancellable operating leases	72	67
	<u>72</u>	<u>67</u>
	<u>72</u>	<u>67</u>
	2010	2009
	\$000	\$000
Other expenditure commitments		
Other expenditure commitments contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:		
Within one year	-	-
Later than one year and not Later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Note 26. Contingent liabilities and contingent assets

The Department has no contingent liabilities and no contingent assets.

Note 27. Events occurring after balance sheet date

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 ENDING 30 JUNE 2010**

Note 28. Explanatory statement

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

Total appropriation provided to deliver services

Significant variances between estimate and actual for 2010

	2010 Estimate \$000	2010 Actual \$000	Variance \$000
Total appropriation provided to deliver services	4,217	4,513	296

Additional funding provided under Special Acts to cover an increase in FTE's and payment of Annual Leave Loading.

Significant variances between actual results for 2009 and 2010

	2010 \$000	2009 \$000	Variance \$000
Total appropriation provided to deliver services	4,513	4,088	425

Additional funding was granted under Special Acts prior to the start of financial year 2009-10 to fund wage and salary increases for Governor, Official Secretary and all staff. A movement of \$296,000 under Special Acts was also made during 2009-10.

Service expenditure

Significant variances between estimate and actual for 2010

	2010 Estimate \$000	2010 Actual \$000	Variance \$000
Effective support to the Governor	1,187	1,732	545
Effective management of the Governor's Establishment	3,115	2,356	(759)

The increase in Effective Support to the Governor is due to an increase in FTE's and reallocation of expenses to match 2008-09.

The decrease in Effective Management of the Governor's Establishment is caused by an increase in FTE's and capitalisation of funding spent on improvements to Government House.

A discrepancy in the estimated split of services also contributes to the difference shown.

Significant variances between actual results for 2009 and 2010

	2010 \$000	2009 \$000	Variance \$000
Effective support to the Governor	1,732	1,481	251
Effective management of the Governor's Establishment	2,356	2,408	(52)

An increase in FTE's and wage and salary increases for Governor, Official Secretary and staff contributes to the difference in Effective Support to the Governor.

The difference shown in the Effective Management of the Governor's Establishment is caused by capitalisation of funding spent on major maintenance and improvements to Government House.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

Note 29. Financial instruments

(a) Financial risk management objectives and policies

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

Credit Risk

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

The maximum exposure to credit risk at end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment as shown in the table at note 29(c) 'Financial instruments disclosures' and note 14 'Receivables'.

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

Liquidity Risk

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

The Department 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's exposure to market risk for changes in interest rates relate primarily to the long-term debt obligations.

(b) Categories of financial instruments

In addition to cash and bank overdraft, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2010	2009
	\$000	\$000
<u>Financial assets</u>		
Cash and cash equivalents	178	45
Restricted Cash and cash equivalents	56	36
Loans and Receivables ⁽ⁱ⁾	2,051	1,626
	<u>2,285</u>	<u>1,707</u>



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

Note 29. Financial instruments (cont.)

	2010	2009
	\$000	\$000
<u>Financial liabilities</u>		
Financial liabilities measured at amortised cost	<u>101</u>	<u>172</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 end of the reporting period 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 enhancement 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.

	Non-Interest Bearing	Carrying Amount
	\$000	\$000
2010		
<u>Financial Assets</u>		
Cash and cash equivalents	178	178
Restricted cash and cash equivalents	56	56
Receivables ⁽ⁱ⁾	2	2
Amounts receivable for services	2,049	2,049
	<u>2,285</u>	<u>2,285</u>
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
	<u>1,707</u>	<u>1,707</u>

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

Note 29. Financial instruments (cont.)

Liquidity risk

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the end of the reporting period. The table includes interest and principal cash flows. An adjustment has been made where material.

<u>Financial liabilities</u>	Carrying	Non-
	Amount	Interest
		Bearing
2010		
Payables	101	101
2009		
Payables	172	172

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

Interest rate sensitivity analysis

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

Fair values

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

Note 30. Remuneration of senior officers

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

	2010	2009
	\$000	\$000
\$150,001-\$160,000	-	1
\$180,001-\$190,000	1	-
\$190,001-\$200,000	-	1
\$200,001-\$210,000	1	-
\$220,001-\$230,000	-	-
Total remuneration of senior officers	390	349

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**

Note 31. Remuneration of auditor

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

	2010	2009
	\$000	\$000
Auditing the accounts, financial statements and performance indicators	11	11

Note 32. Related bodies

The Department had no related bodies during the financial year.

Note 33. Affiliated bodies

The Department had no affiliated bodies during the financial year.

Note 34. Supplementary Financial Information

(a) Write-offs

There were no items written off during the financial year.

(b) Losses through thefts, defaults and other causes

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

(c) Gifts of public property

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

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

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2010**

GOVERNOR'S ESTABLISHMENT

KEY PERFORMANCE INDICATORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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 2010.



Kevin Skipworth
Accountable Authority
Date: 10 September 2010

**PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2010**

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)	2010 Actual (\$'000)	2010 Target (\$'000)	Variance to 2010 Target (\$'000) (a)
Total cost of Service 1	894	1,126	1,072	1,481	1,732	1,187	545 45.9%

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)	2010 Actual (\$'000)	2010 Target (\$'000)	Variance to 2010 Target (\$'000) (b)
Total cost of Service 2	2,247	2,367	2,790	2,408	2,356	3,115	(759) 24.4%

(a) Service 1 Variance to Target

The increase in the cost of Effective Support to the Governor is due to an increase in FTEs and reallocation of expenses to match 2008-09.

(c) Service 2 Variance to Target

The decrease in the cost of Effective Management of the Governor's Establishment is caused by an increase in FTEs and capitalisation of funding spent on improvements to Government House.

A discrepancy in the estimated split of services also contributes to the difference shown.