

Governor's Establishment
Annual Report
2010-2011

26 September 2011

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 2011.

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

Contents

GOVERNOR’S ESTABLISHMENT OVERVIEW	2
Enabling Legislation	2
Operational Structure	2
MISSION	3
CORPORATE OBJECTIVES	3
REPORT ON PERFORMANCE	4
Support to the Governor – Service 1	4
Management of the Governor’s Establishment – Service 2	6
COMPLIANCE WITH STATUTORY REQUIREMENTS	8
SIGNIFICANT ISSUES AND TRENDS	9
ACKNOWLEDGEMENTS	10
AUDIT OPINION	11
FINANCIAL STATEMENTS	13
KEY PERFORMANCE INDICATORS	50

GOVERNOR'S ESTABLISHMENT OVERVIEW

Enabling Legislation

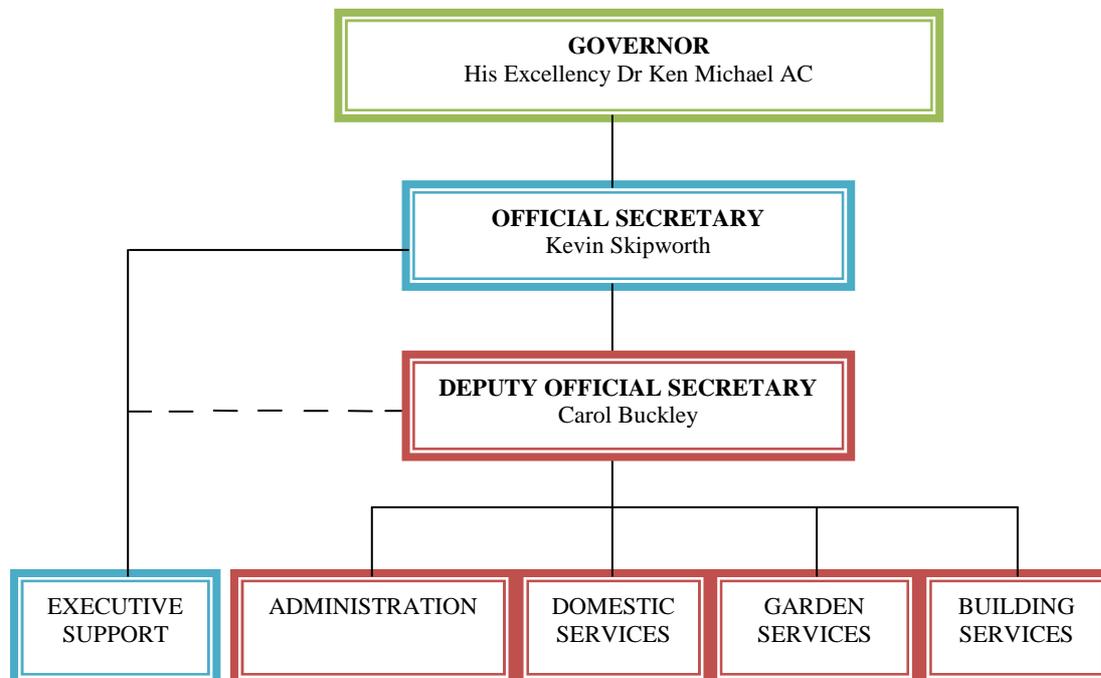
The office of Governor of Western Australia is enshrined in the Constitution Act 1889 (WA) and the Constitution Acts Amendment Act 1899 (WA) which establish the legal and operational framework of the system of Parliamentary democracy.

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

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

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.



MISSION

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

CORPORATE OBJECTIVES

The corporate objectives of the Governor's Establishment encompass the following five goals as set out in the Strategic Plan 2008-12:

1. Constitutional Support of the Governor

Provide policy advice, information and administrative support to the Governor in his roles as President of the Executive Council and arm of the Parliament. Provide advice, in consultation with the Solicitor General, and support to the Governor in accordance with the provisions of the various Acts including the Constitution Act 1889 (WA) and the Letters Patent 1986.

2. Administrative and Operational Support

Develop and facilitate a program of official calls and formal and ceremonial events. Achieve a comprehensive official program of civic involvement to promote community engagement and facilitate the Governor's travel to remote regions as well as overseas to promote Western Australia. Support the Australian Honours and Awards System and other relevant awards programs.

3. Official Hospitality for the Governor and Official Guests

Support the Governor in activities that highlight and promote Western Australian business, culture and trade by offering hospitality. Manage the Government House as an official State residence.

4. Conservation & Management of the Domain

Recognise Government House as a heritage-listed site and continuously review and update Conservation and Strategic Asset Management Plans. Establish and maintain standards and procedures for maintenance, security, housekeeping, presentation, hospitality and horticulture. Utilise and update technologies to produce effective service delivery. Recruit and maintain quality staff.

5. Promotion and Interpretation of the Domain

Enhance the promotion and interpretation of the Domain as a significant heritage place. Create opportunities for the public to visit the Domain and provide further information through educational material, publications and the Government House website.

REPORT ON PERFORMANCE

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.

The reporting period was His Excellency Dr Ken Michael AC's sixth and final year in office.

Support to the Governor – Service 1

Provision of administrative and operational support for the Governor's Constitutional, Civic and Community duties. Provision of residential and hospitality services.

In 2010-2011 the Governor's Establishment provided the following support to Governor:

Constitutional Support

The following people were called upon, during the reporting period, to act as Lieutenant Governor and Deputy of the Governor during the Governor's periods of absence from Perth:

- **Hon Chief Justice Wayne Martin**
Period of acting as deputy of the Governor (inclusive dates)
19/07/10 – 21/07/10 – (Regional Visit)
28/07/10 – 30/07/10 – (Leave)
20/09/10 – 23/09/10 – (Regional Visit)
07/10/10 – 09/10/10 – (Overseas Visit)
30/10/10 – 03/11/10 – (Conference)
29/11/10 – 01/12/10 – (Regional Visit)
23/12/10 – 04/01/11 – (Leave)
03/03/11 – 06/03/11 – (Regional Visit)
Period of acting as Administrator (inclusive dates)
03/05/11 – 11/05/11 – (Interregnum)
30/05/11 – 30/06/11 – (Interregnum)
- **Hon Justice Michael Murray**
Period of acting as deputy of the Governor (inclusive dates)
12/10/10 – 16/10/10 – (Conference)
Period of acting as deputy of the Administrator (inclusive dates)
12/05/11 – 29/05/11 – (Interregnum)
- **Hon Justice Carmel McLure**
Period of acting as deputy of the Governor (inclusive dates)
05/01/11 – 20/01/11 – (Leave)
- **Hon Justice John McKechnie**
Period of acting as deputy of the Governor (inclusive dates)
03/10/10 – 06/10/10 – (Overseas Visit)

The Governor granted Royal Assent to 61 Bills and 29 Messages were submitted to the Parliament.

The Governor presided over Executive Council for 26 scheduled and 7 special meetings all of which were conducted in Government House.

The Governor presided over 2 Reconstitutions of the Ministry held on 22 November 2010 and 14 December 2010.

Administrative and Operational Support

The Governor received 35 members of the Diplomatic, Consular Corps and other dignitaries during their official visits or postings to Western Australia.

In 2010/11 20 Swearing in Ceremonies for Judicial Appointments were conducted comprising of the following appointments:

- 8 Judges of the District Court, Judges of the Supreme Court, Judges of the Family Court & Judges of the Children's Court of Western Australia;
- 4 Commissioners of the Supreme Court of Western Australia;
- 2 Commissioners of the District Court;
- 4 Acting/Auxiliary Judges of the Supreme Court
- 1 Auxiliary District Court Judge;
- 3 Magistrates of the Magistrates Court & Magistrates of the Children's Court of Western Australia;
- 2 Deputy Presidents of the State Administrative Tribunal
- 5 Supplementary Deputy Presidents of the State Administrative Tribunal

The Governor delivered 106 speeches and provided 31 official messages.

The Governor undertook the following regional visits in Western Australia:-

- 19 July 2010 - Goldfields
- 20 September 2010 – Great Southern Region
- 29 November 2010 – Southwest Region

The Governor undertook the following overseas tours:-

- 06 October 2010 – Surabaya, Indonesia

The Governor and Mrs Michael, as Patrons, maintained support for and involvement with 184 organisations including attendance at 175 functions or events.

Management of the Governor's Establishment – Service 2

Provision of official hospitality, office administration, domestic services, maintenance, security and building services to heritage standards. Promotion of the domain as a significant heritage asset of Western Australia.

In 2010-2011 the Governor's Establishment provided the following support to Governor:

Administrative and Operational Support

The Governor and the Governor's Establishment take great pleasure in supporting the Australian Honours and Awards system and, as such, Investiture Ceremonies were conducted to present awards to 124 recipients on The Queen's Birthday 2010 and Australia Day 2011. Private Investitures were also conducted to present awards to 7 recipients. 800 guests attended the ceremonies.

349 messages of congratulations were processed for anniversaries of members of the public for significant Birthdays and Wedding Anniversaries.

Official Services for the Governor and Official Guests

In 2010/11 Government House hosted 102 functions including Investitures, Open Days and awards ceremonies.

Hospitality was provided for 3,901 guests who attended the above dinners, luncheons, breakfasts and receptions at Government House.

The Government House Ballroom was hired out to 53 different organisations who hosted 69 events during 2010/11.

Conservation & Management of the Domain

There were 3 resignations (2.3 FTE's), 2 contracts ended (2 FTE's), 0 retirements, 1 redundancy (1 FTE) and 3 appointments (2.5 FTE's). Total FTE's at 30 June 2011 is 30.

Significant attention will continue to be on strategic maintenance and resourcing to ensure building projects are scheduled in a timely manner and budgeted for out years. The following maintenance issues and capital works programs were addressed in 2010/11:

- Work to the original North Boundary Wall (St Georges Terrace) was completed in 2010/11.
- The installation of disabled access in accordance with the Disability Discrimination Act 1992 for the main residence within the Establishment was started and is ongoing. Building work will finish mid 2011/12.

- The residence within the Establishment was refurbished in line with urgent maintenance requirements. The work is ongoing and should be completed early in 2011/12.
- Work to maintain and repair the Government House driveway started in 2010/11. The driveway should be fully re-laid early 2011/12.
- Ongoing maintenance to the Establishment was carried out throughout 2010/11

In 2011/12 there will be a continuation of the maintenance program for Government House, Ballroom and Grounds. The Conservation Master Plan will also be updated and reviewed for future funding implications under the Capital Works program for 2011/12.

Promotion and Interpretation of the Domain

An estimated 35,500 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.

The history of Government House was commissioned in 2009 and completed in 2010. The book “Government House and Western Australian Society 1829-2010” by Jeremy C Martens is to be published and printed by early 2011/12.

The Government House website was reviewed during 2010/11. The Governor’s Establishment, working with web design consultants, will develop a more comprehensive, user friendly site. The new website will be on line at the beginning of 2011/12. It will provide easily accessible information about the Governor of Western Australia, house, gardens and educational information for students. The address for the website remains as www.govhouse.wa.gov.au.

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 due 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 Establishment's database and electronic records management system) is included in the induction process and additional training is offered as required.

SIGNIFICANT ISSUES AND TRENDS

Building Works & Ballroom Revenue

Building works to upgrade the Supper Room at Government House commenced mid 2010/11. These works resulted in the Ballroom availability being reduced during the year.

Retirement of His Excellency Dr Ken Michael AC

His Excellency Dr Ken Michael AC retired from the office of the Governor of Western Australia on 2 May 2011.

New Governor

Mr Malcolm McCusker AO QC, will be sworn in as the state's thirty-first Governor on 1 July 2011. The Governor's Establishment provides support to the State Administrator during the interregnum period.

Commonwealth Heads of Government Meeting (CHOGM)

CHOGM is being hosted in Perth in October 2011 and Government House is being considered, along with other sites, as a CHOGM venue.

ACKNOWLEDGEMENTS

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 Hon Justice Michael Murray who acted as Administrator of the State and deputy of the Governor and Hon Justice Carmel McLure and Hon Justice John McKechnie 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.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

GOVERNOR'S ESTABLISHMENT

Report on the Financial Statements

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

The financial statements comprise the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Official Secretary's Responsibility for the Financial Statements

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

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Governor's Establishment at 30 June 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Governor's Establishment

Report on Controls

I have audited the controls exercised by the Governor's Establishment. The Official Secretary is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Official Secretary based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

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

Report on the Key Performance Indicators

I have audited the key performance indicators of the Governor's Establishment. The Official Secretary is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions.

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

Opinion

In my opinion, the key performance indicators of the Governor's Establishment are relevant and appropriate to assist users to assess the Governor's Establishment's performance and fairly represent indicated performance for the year ended 30 June 2011.

Independence

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



GLEN CLARKE
ACTING AUDITOR GENERAL
12 September 2011

GOVERNOR'S ESTABLISHMENT

CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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 2011 and the financial position as at 30 June 2011.

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: 29/08/11



Kevin Skipworth
Accountable Authority
Date: 29/08/11



**GOVERNOR'S ESTABLISHMENT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$000	2010 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	3,176	3,002
Supplies and services	7	626	709
Depreciation expense	8	311	219
Accommodation expenses	9	258	147
Other expenses	10	11	11
Total cost of services		4,382	4,088
Income			
<i>Revenue</i>			
User charges and fees	11	53	86
Total income other than income from State Government		53	86
NET COST OF SERVICES			
		4,329	4,002
Income from State Government			
	12		
Service appropriation		4,800	4,513
Resources received free of charge		20	31
Total income from State Government		4,820	4,544
SURPLUS/(DEFICIT) FOR THE PERIOD			
		491	542
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation surplus		(1,390)	9,484
Gains/losses recognised directly in equity		-	-
Total other comprehensive income		(1,390)	9,484
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			
		(899)	10,026

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

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



**GOVERNOR'S ESTABLISHMENT
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$000	2010 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	24	314	178
Receivables	14	149	17
Other current assets		-	7
Total Current Assets		463	202
Non-Current Assets			
Restricted cash and cash equivalents	13, 24	81	56
Amounts receivable for services	15	961	2,049
Property, plant and equipment	17	26,057	25,963
Total Non-Current Assets		27,099	28,068
TOTAL ASSETS		27,562	28,270
LIABILITIES			
Current Liabilities			
Payables	19	175	101
Amounts due to the Treasurer	20	-	94
Provisions	21	508	460
Other current liabilities	22	-	1
Total Current Liabilities		683	656
Non-Current Liabilities			
Provisions	21	59	95
Total Non-Current Liabilities		59	95
TOTAL LIABILITIES		742	751
NET ASSETS		26,820	27,519
EQUITY			
Contributed equity	23	2,835	2,635
Reserves		23,266	24,656
Accumulated surplus/(deficit)		719	228
TOTAL EQUITY		26,820	27,519

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 2011**

	2011	2010
Note	\$000	\$000
CASH FLOWS FROM STATE GOVERNMENT		
Service appropriation	1,036	1,012
Special Acts	3,141	2,877
Capital appropriations	200	-
Holding account drawdowns	1,711	175
Net cash provided by State Government	6,088	4,064
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits	(3,164)	(2,911)
Supplies and services	(599)	(650)
Accommodation expenses	(184)	(218)
GST payments on purchases	(243)	(108)
Other payments	(11)	(11)
Receipts		
User charges and fees	52	78
GST Receipts on sales	6	6
GST receipts from taxation authority	105	99
Net cash provided by/(used in) operating activities	24 (4,038)	(3,715)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current physical assets	(1,795)	(291)
Net cash provided by/(used in) investing activities	(1,795)	(291)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	(94)	94
Net cash provided by/(used in) financing activities	(94)	94
Net increase/(decrease) in cash and cash equivalents	161	152
Cash and cash equivalents at the beginning of period	234	82
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	24 395	234

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 2011**

	Note	Contributed Equity \$'000	Reserves \$'000	Accumulated Surplus/ (Deficit) \$'000	Total Equity \$'000
Balance at 1 July 2009	23	2,635	15,172	(314)	17,493
Changes in accounting policy or correction of prior period errors		-	-	-	-
Restated 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
Balance at 1 July 2010		2,635	24,656	228	27,519
Total comprehensive income for the year		-	(1,390)	491	(899)
Transactions with owners in their capacity as owners:					
Capital appropriations		200	-	-	200
Other contributions by owners		-	-	-	-
Distributions to owners		-	-	-	-
Total		200	-	-	200
Balance at 30 June 2011		2,835	23,266	719	26,820

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 2011**

	Support to Governor		Management of Governor's Establishment		Total	
	2011	2010	2011	2010	2011	2010
	\$000	\$000	\$000	\$000	\$000	\$000
COST OF SERVICES						
<u>Expenses</u>						
Employee benefits expense	1,624	1,639	1,552	1,363	3,176	3,002
Supplies and services	218	93	408	616	626	709
Depreciation and amortisation expense	-	-	311	219	311	219
Accommodation expenses	-	-	258	147	258	147
Other expenses	-	-	11	11	11	11
Total cost of services	1,842	1,732	2,540	2,356	4,382	4,088
<u>Income</u>						
User charges and fees	-	-	53	86	53	86
Total income other than income from State Government	-	-	53	86	53	86
NET COST OF SERVICES	1,842	1,732	2,487	2,270	4,329	4,002
<u>Income from State Government</u>						
Service appropriation	1,750	1,655	3,050	2,858	4,800	4,513
Resources received free of charge	-	-	20	31	20	31
Total income from State Government	1,750	1,655	3,070	2,889	4,820	4,544
SURPLUS/DEFICIT FOR THE PERIOD	(92)	(77)	583	619	491	542

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

**SCHEDULE OF ASSETS AND LIABILITIES BY SERVICE
FOR THE YEAR ENDED 30 JUNE 2011**

	Support to Governor		Management of Governor's Establishment		Total	
	2011	2010	2011	2010	2011	2010
	\$000	\$000	\$000	\$000	\$000	\$000
<u>Assets</u>						
Current assets	21	29	442	173	463	202
Non-current assets	141	131	26,958	27,937	27,099	28,068
Total assets	162	160	27,400	28,110	27,562	28,270
<u>Liabilities</u>						
Current Liabilities	108	133	575	523	683	656
Non-current liabilities	30	51	29	44	59	95
Total Liabilities	138	184	604	567	742	751
NET ASSETS	24	(24)	26,796	27,543	26,820	27,519

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 2011**

	2011 Estimate \$000	2011 Actual \$000	Variance \$000	2011 Actual \$000	2010 Actual \$000	Variance \$000
<u>Delivery of Services</u>						
Item 7 Net amount appropriated to deliver services	1,659	1,659	-	1,659	1,636	23
Amounts Authorised by Other Statutes						
Governor's Establishment Act 1992	2,538	2,728	190	2,728	2,475	253
Salaries and Allowances Act 1975	413	413	-	413	402	11
Total appropriations provided to deliver services	4,610	4,800	190	4,800	4,513	287
<u>Details of Expenses by Service</u>						
Effective support to the Governor	1,500	1,842	342	1,842	1,732	110
Effective management of the Governor's Establishment	3,190	2,540	(650)	2,540	2,356	184
Total Cost of Services	4,690	4,382	(308)	4,382	4,088	294
Less total income	(55)	(53)	2	(53)	(86)	33
Net Cost of services	4,635	4,329	(306)	4,329	4,002	327
Adjustments ⁽ⁱ⁾	(25)	471	496	471	511	(40)
Total appropriations provided to deliver services	4,610	4,800	190	4,800	4,513	287
<u>Capital Expenditure</u>						
Purchase of non-current physical assets	50	1,795	1,745	1,795	291	1,504
Drawdowns from holding account	(50)	(1,711)	(1,661)	(1,711)	(175)	(1,536)
Adjustments for other funding sources	-	116	116	116	(116)	232
Capital appropriations	-	200	200	200	-	200

⁽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 2011 and between the actual results for 2010 and 2011.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 1. Australian Accounting Standards

General

The Department's financial statements for the year ended 30 June 2011 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

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

Early adoption of standards

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. 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 2011.

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, except for land and buildings which have been measured at fair value.

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

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

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

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

(b) Basis of preparation (cont.)

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

(c) Reporting entity

The reporting entity comprises the Department.

Mission

The 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 ENDED 30 JUNE 2011**

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

(e) Income

Revenue recognition

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

Sale of goods

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

Provision of services

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

Net appropriation determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the determination specified in the 2010-2011 Budget Statements, the Department retained \$55,000 in 2011 (\$86,000 in 2010) from user charges and fees for hire of facilities.

Grants, donations, gifts and other non-reciprocal contributions

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

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

Gains

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

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

Property, plant and equipment are initially recognised at cost.

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

Subsequent measurement

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

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

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

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

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

Derecognition

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

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.

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

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

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

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

Land is not depreciated.

(g) Intangible assets

Capitalisation/expensing of assets

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

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 which is reviewed annually) on the straight line basis. The Department has not capitalised any intangible assets at balance sheet date.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

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

(g) Intangible assets (cont.)

Computer software

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

Website costs

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

(h) Impairment of assets

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

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

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

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

(i) Leases

The Department does not hold any finance lease.

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

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

(j) Financial instruments

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

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

Financial instruments have been disaggregated into the following classes:

Financial Assets

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

Financial Liabilities

- Payables

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

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

(k) Cash and cash equivalents

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

(l) Accrued salaries

Accrued salaries (refer note 19 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to its 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 funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

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

(n) Receivables

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

(o) Payables

Payables are recognised at the amounts payable when the Department becomes obliged to make future payments as a result of a purchase of assets or services at fair value, as they are generally settled in 30 days.

(p) Amounts Due to The Treasurer

The amount due to the the Treasurer is in respect of a Treasurer's Advance. Initial recognition and measurement, and subsequent measurement, is at the amount repayable. Although there is no interest charged, the amount repayable is equivalent to fair value as the period of borrowing is less than 12 months with the effect of discounting not being material.

(q) Provisions

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

Provisions - Employee Benefits

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

Annual Leave

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

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

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

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

Long Service Leave

The liability for long service leave 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 liability is settled.

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

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

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 reporting period. Conditional long service leave provisions are classified as non-current liabilities because the Department has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Superannuation

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

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

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

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

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

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS became non contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). 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.

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

Provisions - other

Employment on-costs

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

(r) Superannuation expense

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

(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 at fair value. Where the resource received represents a service that the Department would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

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

(t) Comparative figures

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 3. Judgements made by management in applying accounting policies

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

Note 4. Key sources of estimation uncertainty

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

Long Service Leave

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

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 2010 that impacted on the Department.

AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]*

Under amendments to AASB 117, the classification of land elements of all existing leases has been reassessed to determine whether they are in the nature of operation or finance leases. As leases of land & buildings recognised in the financial statements have not been found to significantly expose the Department to the risks/rewards attributable to control of land, no changes to accounting estimates have been included in the Financial Statements and Notes to the Financial Statements.

Under amendments to AASB 107, only expenditures that result in a recognised asset are eligible for classification as investing activities in the Statement of Cash Flows. All investing cashflows reported in the Department's Statement of Cash Flows relate to increase in recognised assets.

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 2011**

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 <i>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].</i> The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Department does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.	1 January 2013
AASB 2009-12 <i>Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052].</i> This Standard introduces a number of terminology changes. There is no financial impact resulting from the application of this revised Standard	1 January 2011
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i> 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	1 January 2013
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i> 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.	1 July 2013



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

AASB 2011-2	<i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements [AASB 101 & AASB 1054]</i>	1 July 2011
	<p>This Amending Standard removes disclosure requirements from other standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	
AASB 2010-5	<i>Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (October 2010)</i>	1 January 2011
	<p>This Standard introduces a number of terminology changes as well as minor presentation changes to the Notes to the Financial Statements. There is no financial impact resulting from the application of this revised Standard.</p>	
AASB 2010-6	<i>Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]</i>	1 July 2011
	<p>This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets.</p> <p>The Standard is not expected to have any financial impact on the Department. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	
AASB 9	<i>Financial Instruments</i>	1 January 2013
	<p>The Standard supercedes AASB 139 Financial Instruments; Recognition and Measurement, introducing a number of changes to accounting treatments.</p> <p>The Standard was reissued on 6 Dec 2010 and the Department is currently determining the impact of the Standard. DTF has not yet determined the application or the potential impact of the Standard for agencies.</p>	
AASB 2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127])</i>	1 January 2013
	<p>This Amending Standard makes consequential adjustments to other Standards as a result of issuing AASB 9 <i>Financial Instruments</i> in December 2010. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

AASB 1054	<i>Australian Additional Disclosures</i>	1 July 2011
	<p>This Standard, in conjunction with AASB 2011-1 <i>Amendments to Australian Accounting Standards Arising from the Trans-Tasman Convergence Project</i>, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.</p>	
AASB 2011-1	<i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Interpretations 2, 112 & 113]</i>	1 July 2011
	<p>This Amending Standard, in conjunction with AASB 1054 <i>Australian Additional Disclosures</i>, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.</p>	

Changes in accounting estimates

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

<i>Note 6. Employee benefits expense</i>	2011	2010
	\$000	\$000
Wages and salaries ^(a)	2,634	2,459
Superannuation - defined contribution plans ^(b)	210	199
Superannuation - defined benefit plans ^(c)	50	43
Long service leave ^(d)	70	120
Annual leave ^(d)	212	181
	3,176	3,002

^(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 expenses, 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>	2011	2010
	\$000	\$000
Communications	34	33
Consultants and contractors	202	230
Consumables	228	285
Travel	39	18
Other	123	143
	626	709

<i>Note 8. Depreciation expense</i>	2011	2010
	\$000	\$000
<u>Depreciation</u>		
Plant and equipment	62	68
Buildings	249	151
Total depreciation	311	219

<i>Note 9. Accommodation expenses</i>	2011	2010
	\$000	\$000
Electricity and gas	66	62
Repairs and maintenance	192	85
	258	147



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

<i>Note 10. Other expenses</i>	2011	2010
	\$000	\$000
Employment on-costs	-	-
Other - audit fee	11	11
	11	11

<i>Note 11. User charges and fees</i>	2011	2010
	\$000	\$000
Ballroom Hire	51	79
Other Income	2	7
	53	86

<i>Note 12. Income from State Government</i>	2011	2010
	\$000	\$000
Appropriation received during the year:		
Service appropriations ^(a)	4,800	4,513
	4,800	4,513
Resources received free of charge: ^(b)		
Determined on the basis of the following estimates provided by agencies:		
Parliamentary Services Department	20	31
	20	31
	4,820	4,544

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

^(b) Assets or services received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services are in the nature of contributions by owners are recognised direct to equity.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

<i>Note 13. Restricted cash and cash equivalents</i>	2011	2010
	\$000	\$000
<u>Non-current</u>		
Accrued salaries suspense account ^(a)	81	56
	81	56

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

<i>Note 14. Receivables</i>	2011	2010
	\$000	\$000
<u>Current</u>		
Sundry Receivables	2	2
GST Receivables	147	15
	149	17

<i>Note 15. Amounts receivable for services</i>	2011	2010
	\$000	\$000
Non-Current	961	2,049
	961	2,049

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>	2011	2010
	\$000	\$000
<u>Current</u>		
Prepayments	-	7
	-	7



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

<i>Note 17. Property, plant and equipment</i>	2011	2010
	\$000	\$000
<u>Land</u>		
At Fair Value ^(a)	185	185
	<u>185</u>	<u>185</u>
<u>Buildings</u>		
At Fair Value ^(a)	23,493	24,876
	<u>23,493</u>	<u>24,876</u>
<u>Furniture and Equipment</u>		
At Cost	230	230
Accumulated depreciation	(178)	(145)
Accumulated impairment loss	-	-
	<u>52</u>	<u>85</u>
<u>Computer Equipment</u>		
At Cost	6	6
Accumulated depreciation	(4)	(2)
Accumulated impairment loss	-	-
	<u>2</u>	<u>4</u>
<u>Office Equipment</u>		
At Cost	39	39
Accumulated depreciation	(33)	(25)
Accumulated impairment loss	-	-
	<u>6</u>	<u>14</u>
<u>Garden Equipment</u>		
At Cost	199	199
Accumulated depreciation	(165)	(146)
Accumulated impairment loss	-	-
	<u>34</u>	<u>53</u>
<u>Motor Vehicle</u>		
At Valuation	100	100
<u>Works of Art</u>		
At Valuation	646	646
<u>Works In Progress</u>		
At Cost	1,539	-
Represents projects currently being undertaken but not yet finished and liable to depreciation.		
	<u>26,057</u>	<u>25,963</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 ENDED 30 JUNE 2011**

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.

		Buildings	Furniture & Equipment	Computer Equipment	Office Equipment	Garden Equipment	Motor Vehicle	Works of Art	Work in Progress	Total
2011	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	185	24,875	86	4	14	53	100	646	-	25,963
Additions	-	256	-	-	-	-	-	-	1,539	1,795
Transfers	-	-	-	-	-	-	-	-	-	-
Other disposals	-	-	-	-	-	-	-	-	-	-
Revaluation increments	-	(1,390)	-	-	-	-	-	-	-	(1,390)
Impairment losses	-	-	-	-	-	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(249)	(33)	(2)	(8)	(19)	-	-	-	(311)
Carrying amount at end of year	185	23,493	52	2	6	34	100	646	1,539	26,057

		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	\$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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 18. Impairment of assets

There were no indications of impairment to property, plant and equipment and intangible assets at 30 June 2011.

The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use. The Department held no surplus assets at 30 June 2011.

Note 19. Payables

	2011	2010
	\$000	\$000
<u>Current</u>		
Trade payables	-	30
Accrued expenses	133	22
Accrued salaries	42	49
	175	101
	175	101

Note 20. Amounts due to the Treasurer

	2011	2010
	\$000	\$000
Outstanding Treasurer's Advance	-	94
	-	94
	-	94

Note 21. Provisions

	2011	2010
	\$000	\$000
<u>Current</u>		
<i>Employee benefits provision</i>		
Annual Leave ^(a)	57	69
Long Service Leave ^(b)	449	389
	506	458
<i>Other provisions</i>		
Employment on-costs ^(c)	2	2
	508	460
	508	460
<u>Non-current</u>		
<i>Employee benefits provision</i>		
Long Service Leave ^(b)	59	95
<i>Other provisions</i>		
Employment on-costs ^(c)	-	-
	59	95
	59	95

^(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:

	2011	2010
	\$000	\$000
Within 12 months of the end of the reporting period	57	69
More than 12 months after the reporting period	-	-
	57	69
	57	69



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

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	184	298
More than 12 months after the reporting period	326	186
	510	484

(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.

	2011	2010
	\$000	\$000
<u>Employment on-cost provision</u>		
Carrying amount at start of year	2	3
Additional provisions recognised	-	-
Payment/other sacrifices of economic benefits	-	(1)
Carrying amount at end of year	2	2

Note 22. Other current liabilities

	2011	2010
	\$000	\$000
Income received in advance ^(a)	-	1
(a) Commencing 1 July 2009, Governors establishment resumed management of the ballroom resulting in prepayments for bookings to be held after 1 July 2010.	-	1



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 23. Equity

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

	2011	2010
	\$000	\$000
Contributed Equity		
Balance at start of period	2,635	2,635
Contribution by owners		
Capital Contribution	200	-
Balance at end of year	2,835	2,635
Reserves		
<u>Asset Revaluation Surplus</u>		
Balance at start of year	24,656	15,172
Net revaluation increments/(decrements):		
- Buildings	(1,390)	9,539
- Land	-	(55)
- Artworks	-	-
Balance at end of year	23,266	24,656
Accumulated surplus / (deficit)		
Balance at start of year	228	(314)
Result for the period	491	542
Balance at end of year	719	228



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 24. Notes to the Statement of Cash Flows

2011 **2010**
\$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	314	178
Restricted cash and cash equivalents	81	56
	<u>395</u>	<u>234</u>

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

2011 **2010**
\$000 **\$000**

Net cost of services

	(4,329)	(4,002)
--	---------	---------

Non-cash items:

Depreciation and amortisation expense	311	219
Superannuation expense	-	-
Resources received free of charge	20	31

(Increase)/decrease in assets:

Current receivables ^(b)	-	23
Prepayments	7	28

Increase/(decrease) in liabilities:

Current payables ^(c)	74	(71)
Current provisions	48	110
Other current liabilities	(1)	(31)
Non-current provisions	(36)	(19)

Net GST receipts/(payments)^(a)

	(132)	(3)
--	-------	-----

Change in GST in receivables/payables^(b)

	-	-
--	---	---

Net cash provided by/(used in) operating activities

	<u>(4,038)</u>	<u>(3,715)</u>
--	-----------------------	-----------------------

^(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 ENDED 30 JUNE 2011**

Note 25. Commitments

The commitments below are inclusive of GST where relevant

	2011	2010
	\$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	109	-
Later than 1 year	-	-
	<u>109</u>	<u>-</u>

	2011	2010
	\$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	26	49
Later than one year and not later than five years	-	23
Later than five years	-	-
	<u>26</u>	<u>72</u>

Representing:

Cancellable operating leases	-	-
Non-cancellable operating leases	26	72
	<u>26</u>	<u>72</u>

	2011	2010
	\$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>

Note 26. Contingent liabilities and contingent assets

The Department has no contingent liabilities and no contingent assets.

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

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

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 2011

	2011 Estimate \$000	2011 Actual \$000	Variance \$000
Total appropriation provided to deliver services	4,610	4,800	190

Additional funding was provided under Special Acts to cover salary increases, annual leave loading and salary expenses previously paid out of appropriation to deliver services.

Significant variances between actual results for 2010 and 2011

	2011 \$000	2010 \$000	Variance \$000
Total appropriation provided to deliver services	4,800	4,513	287

Additional funding was granted under all appropriations prior to the start of the Financial year 2010-11 to fund Salary increases for the Governor and staff as well as inflation increases in Service costs. A movement of \$190,000 under Special Acts was also made during 2010-11.

Service expenditure

Significant variances between estimate and actual for 2011

	2011 Estimate \$000	2011 Actual \$000	Variance \$000
Effective support to the Governor	1,500	1,842	342
Effective management of the Governor's Establishment	3,190	2,540	(650)

The increase in Effective Support to the Governor is due to the reallocation of expenses after a review of the split of services.

The decrease in Effective Management of the Governor's Establishment is due to the reallocation of expenses to Effective Support to the Governor, a decrease in resources received free of charge and a decrease in expected depreciation expense.

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

Significant variances between actual results for 2010 and 2011

	2011 \$000	2010 \$000	Variance \$000
Effective support to the Governor	1,842	1,732	110
Effective management of the Governor's Establishment	2,540	2,356	184

The difference in Effective Support to the Governor is due to the reallocation of expenses from Effective Management of the Governor's Establishment and a small decrease in Salary expense due to the reduction of FTE's.

The difference in Effective Management of the Governor's Establishment consists mainly of a movement under Special Acts to accommodate annual pay increases.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

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 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 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:

	2011	2010
	\$000	\$000
<u>Financial assets</u>		
Cash and cash equivalents	314	178
Restricted Cash and cash equivalents	81	56
Loans and Receivables ⁽ⁱ⁾	962	2,051
	1,357	2,285



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 29. Financial instruments (cont.)

	2011	2010
	\$000	\$000
<u>Financial liabilities</u>		
Financial liabilities measured at amortised cost	175	101

(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 discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Department.

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

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	Past Due < 3 Months
	\$000	\$000	\$000
2011			
<u>Financial Assets</u>			
Cash and cash equivalents	314	314	
Restricted cash and cash equivalents	81	81	
Receivables ⁽ⁱ⁾	1	1	1
Amounts receivable for services	961	961	
	1,357	1,357	1
2010			
<u>Financial Assets</u>			
Cash and cash equivalents	178	178	
Restricted cash and cash equivalents	56	56	
Receivables ⁽ⁱ⁾	2	2	2
Amounts receivable for services	2,049	2,049	
	2,285	2,285	2

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 29. Financial instruments (cont.)

Liquidity risk

The following table details the contractual maturity analysis for financial liabilities. The table includes interest and principal cash flows. An adjustment has been made where material.

<u>Financial liabilities</u>	Carrying	Non- Interest	Maturity
	Amount	Bearing	Date
			< 3 mths
2011			
Payables	175	175	175
2010			
Payables	101	101	101

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:

	2011	2010
	\$000	\$000
\$150,001-\$160,000	-	-
\$180,001-\$190,000	1	1
\$190,001-\$200,000	-	-
\$200,001-\$210,000	-	1
\$220,001-\$230,000	1	-
Total remuneration of senior officers	417	390

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 ENDED 30 JUNE 2011**

Note 31. Remuneration of auditor

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

	2011	2010
	\$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 2011**

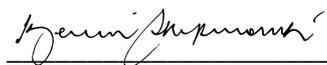
GOVERNOR'S ESTABLISHMENT

KEY PERFORMANCE INDICATORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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 2011.



Kevin Skipworth
Accountable Authority
Date: 29 August 2011

**PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2011**

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.

	2007 Actual (\$'000)	2008 Actual (\$'000)	2009 Actual (\$'000)	2010 Actual (\$'000)	2011 Actual (\$'000)	2011 Target (\$000)	Variance to 2011 Target (\$000) (a)
Total cost of Service 1	1,126	1,072	1,481	1,732	1,842	1,500	342 22.8%

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.

	2007 Actual (\$'000)	2008 Actual (\$'000)	2009 Actual (\$'000)	2010 Actual (\$'000)	2011 Actual (\$'000)	2011 Target (\$'000)	Variance to 2011 Target (\$000) (b)
Total cost of Service 2	2,367	2,790	2,408	2,356	2,540	3,190	(650) (20.4%)

(a) Service 1 Variance to Target

A reallocation of expenses from Service 2 to Service 1 was made after a review of the split of services; this has caused the increase in expected services expenditure in Service 1

(b) Service 2 Variance to Target

The decrease in expenditure in Service 2 is due to the reallocation of some expenses to Service 1 and a decrease in the expected depreciation expense.