

Governor's Establishment
Annual Report
2011-2012

HON BARRY HOUSE, MLC
President of the
Legislative Council

HON GRANT WOODHAMS, MLA
Speaker of the
Legislative Assembly

In accordance with Section 61 of the Financial Management Act 2006, I hereby submit to you for tabling in each house the Annual Report of the Governor's Establishment for the year ended 30 June 2012.

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

Yours sincerely



Carol Buckley MVO
OFFICIAL SECRETARY
Accountable Officer
Governor's Establishment

PREFACE

I was sworn in as the 31st Governor of Western Australia on 1 July 2011, so the period under review covers my first 12 months in office.

It was my intention, when I accepted the appointment, to encourage philanthropic support of those less fortunate in the community, and of the arts, medical research, agriculture, the environment and other charitable causes; and to travel through the regions of WA to recognise and encourage those who are contributing to their communities.

To fulfil that intention, a significant part of my time (and that of my wife Tonya) has been spent engaging with and supporting the not for profit sector, and working with corporates, individuals and young people to raise awareness of the importance of giving back to the community. As Patrons of more than 160 organisations, we have attended more than 400 official functions away from Government House; delivered more than 150 speeches; hosted more than 3,000 guests at receptions; and more than 53,500 people have visited Government House during open days, on school tours, the OZ Concert, Passion of Christ and other such events. So it has been a very busy but fulfilling year.

Our regional visits to the southwest, mid-west and Pilbara have been particularly rewarding and interesting. We visited 16 towns, and were met with great warmth and appreciation. We are very grateful for the assistance given by Mr Paul Rosair and the Department of Regional Development and Lands in organising and coordinating these visits with such efficiency.

In October 2011, the visit to this state by Her Majesty Queen Elizabeth II and HRH Prince Phillip, for the Commonwealth Heads of Government Meeting hosted by the Prime Minister of Australia was, of course, a significant and important occasion. The royal party were guests at Government House for the duration of their stay in WA, and expressed to us their appreciation of the warmth shown towards them by the Western Australian people.

In November 2011, I initiated an independent review of the operation and effectiveness of the Governor's Establishment, for the purpose of ensuring that the public's expectations of the Office and the accountability requirements of Parliament were being met. Recommendations made in the Review will be implemented in the 2012-17 Strategic Plan to ensure the Establishment's processes are efficient and employ best practice.

Even with the additional expenses occasioned by a royal visit, and significant maintenance to Government House (which began before I commenced my term), I am delighted that operating costs were reduced in the year under review, and hopefully this downward trend will be maintained in the coming year. Although recorded as an expense in the budget, my entire salary was paid by Treasury, on my direction, to four charities, the Lions Eye Institute, Fairbridge Indigenous Training Program, The Salvation Army and the McCusker Foundation for Alzheimer's Disease Research. I also waived my entitlements to a vehicle allowance and

mobile phone. Both Tonya and I prefer to work with minimal personal support, and our decision to dispense with other personal administrative support has achieved additional economies.

I would like to congratulate the Official Secretary, Carol Buckley, and her staff for all their work, efficiency and willingness to oblige in every way. They have ensured that our duties as Governor and wife are carried out smoothly and to the highest standards. I would also like to acknowledge Ms Buckley's predecessor, Mr Kevin Skipworth, who has taken up the position of Agent General in London. His skills are admirably suited to this position and we wish him ongoing success in his duties.

Over the coming year Tonya and I will continue our support of worthy charitable causes, visit those regional areas of WA that we have not yet had the privilege to visit, and hope to introduce some exciting new youth giving programs to this great state of Western Australia, of which I am privileged to be Governor.

A handwritten signature in black ink, appearing to read "Jackson Lusk". The signature is fluid and cursive, with a large initial 'J' and 'L'.

GOVERNOR

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OFFICIAL SECRETARY'S REVIEW

Year in Review 2011 – 12

2011-12 has been a dynamic year at the Governor's Establishment. The Office managed the busy transition period between governors and the swearing-in of Mr Malcolm McCusker as Western Australia's thirty first Governor on 1 July 2011.

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

An external review completed in November 2011 highlighted some operational areas which could be effectively restructured to enhance efficiency in both processes and structures. Over the past year, the Office has devoted significant time and effort to a program of change management aimed at improving efficiency across all services. The Office has restructured various work areas to better reflect priorities, particularly in the executive support area, and refining community relations and invitations processes. The Official Secretary has devolved budgets and resource allocation, through the Chief Finance Officer, from the centre enabling section managers to be more accountable for their priorities and outcomes.

A highlight during the year was the Commonwealth Heads of Government Meeting (CHOGM) in Perth and the State Visit by Her Majesty Queen Elizabeth II and HRH The Prince Phillip to coincide with CHOGM. The Royal Visit involved the Establishment and staff in a very busy and rewarding period, in particular enabling a new Governor, his wife and their young family, to settle into Government House and, within a busy first four months, the challenge of providing accommodation for the Royal party with their support staff.

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

The extraordinary expenses outlined above were covered within the allocated budget approved by Parliament.

Outlook for 2012 – 2013

In the year ahead, the Governor's Establishment will seek to consolidate gains in its administration restructure, and to continue to maximise the effective and efficient delivery of services.

The Office will continue to focus on the delivery of the extensive and diverse Governor's program and activities in 2012-2013 which are largely community based, and particularly in regional communities throughout Western Australia.

Acknowledgements

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

A special thank you to our Honorary Aides de Camp who all give their time voluntarily to support the Governor on the ceremonial and protocol occasions.

The Governor's Establishment shares a strong working relationship with the Parliament of Western Australia, the Department of the Premier and Cabinet, the Supreme Court of Western Australia, and the Department of Regional Development and Lands. Particular thanks to the Lieutenant Governor Chief Justice Wayne Martin and the Honourable Justice John McKechnie who acted as deputy of the Governor during the year.

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

Special thanks to the Director General and staff in the Department of Regional Development and Lands for their effective and efficient support with all of the Governor's regional visits.

OFFICE OF THE GOVERNOR

ROLE OF THE GOVERNOR

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

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

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

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

WHAT WE DO

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

OUR VISION, MISSION AND VALUES

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

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

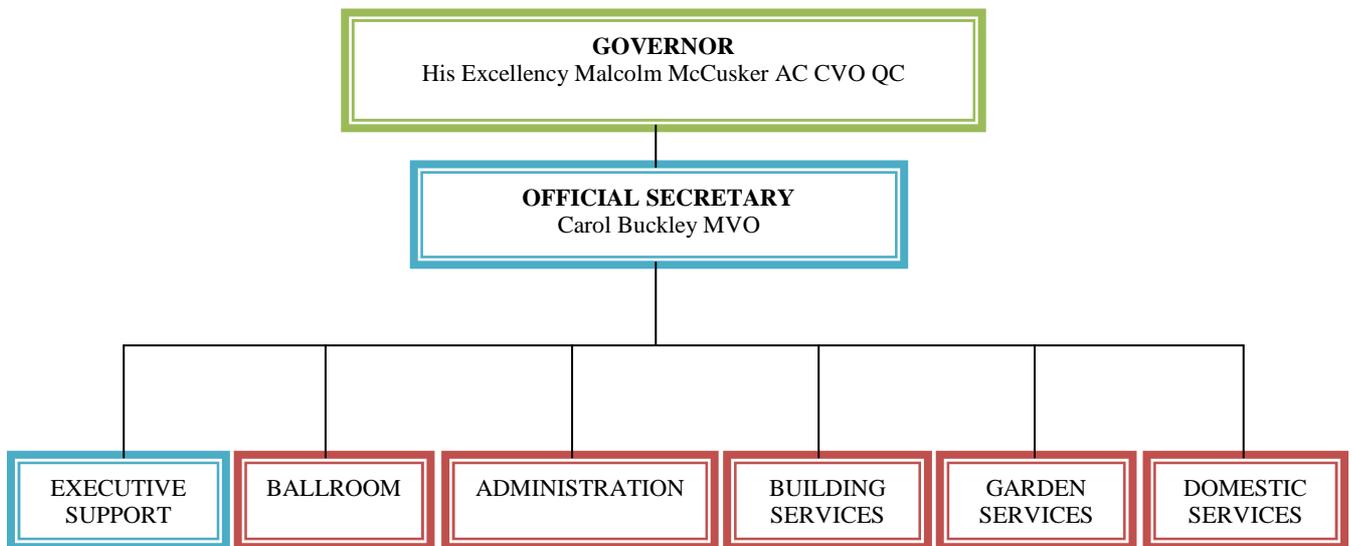
- Supporting the Constitutional duties of the Governor as identifiable Seat of the State.
- Administrative and operational support to the Governor.
- Provision of appropriate official residential services for the Governor and official guests.
- Conservation and management of the Domain as a significant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

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

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

ORGANISATIONAL CHART

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



SENIOR OFFICERS & MANAGEMENT

Official Secretary CEO

Carol Buckley MVO

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

Chief Financial Officer

Roselyn Hamilton

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

Chef

Andrew Newland RVM

Manages all catering offered at Government House, including menu design. Responsible for the production of menu designs which, where possible, promote Western Australian products.

House Manager**Brett Cole**

Ensures the domestic operations of Government House, including presentation of the House, and all catered functions are maintained at the appropriate standard at all times.

Building Services Manager**Allan Barrett**

Implements strategic asset and maintenance plans for Government House and the Ballroom in line with strategic and conservation plans. In charge of the day to day security of the Domain.

Garden Manager**Mark Evans**

Responsible for managing the operation of the Gardens including development, design and planning for landscaping in line with the Grounds Conservation and Management plan. Coordinates all functions held in the Government House Gardens

Ballroom Manager**Irek Kucy**

Provides effective management of the Government House Ballroom including public access to and hire of the Ballroom in accordance with hiring criteria.

ENABLING LEGISLATION

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

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

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

COMPLIANCE WITH STATUTORY REQUIREMENTS

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

REPORT ON PERFORMANCE

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

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

CONSTITUTIONAL SUPPORT OF THE GOVERNOR

His Excellency Malcolm McCusker AC CVO QC became the 31st Governor of Western Australia on July 1, 2011.

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

During the reporting period at Government House the Governor presided over 26 scheduled Executive Councils and 9 special meetings at which a total of 741 agenda items were considered. Royal Assent was granted for 54 Bills passed by parliament and 16 messages were submitted to Parliament. The Governor also carried out 3 reconstitutions of the Ministry during the year and conducted 11 Swearing in ceremonies for Judicial Appointments.

The Governor's Establishment manages an active program of official calls for the Governor and Mrs McCusker. During 2011/12, 37 members of the Diplomatic, Consular Corps and other dignitaries were welcomed during their official visits to Perth including His Excellency Mr Toshizo Ido, Governor of Hyogo Prefecture; Justice Kawabata, Criminal Judge of the Tokyo High Court; His Excellency Mr Ali Bongo Ondimba, President of the Republic of Gabon and His Excellency Mr Matthew Festing, Grand Master of the Order of Malta.

ADMINISTRATIVE AND OPERATIONAL SUPPORT

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

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

- Attendance at 356 functions
- Delivered 142 speeches and 34 official messages
- Acknowledged 407 significant Birthdays and Anniversaries

The Governor and Mrs McCusker are patrons of a diverse range of community organisations which contribute to society in many areas. At 30 June 2012, the Governor and Mrs McCusker were patrons to 169 organisations.

In 2011/12 the Governor embarked upon the beginning of an extensive program of travel throughout Regional Western Australia. This year's itinerary included:

- South West (inc. Peel) 9-12 February 2012
 - *Keysbrook*
 - *Pinjarra*
 - *Bunbury*
 - *Busselton*
 - *Dunsborough*
 - *Margaret River*
 - *Harvey*
- Mid-West 19-21 April 2012
 - *Jurien Bay*
 - *Dongara*
 - *Geraldton*
- Pilbara 26-30 June 2012
 - *Karratha*
 - *Dampier*
 - *Burrup Peninsula*
 - *Roebourne*
 - *Port Hedland*
 - *South Hedland*

The Governor and Mrs McCusker also visited Denmark during September 2011 for Centenary Celebrations.

OFFICIAL HOSPITALITY FOR THE GOVERNOR AND OFFICIAL GUESTS

October 2011 saw Perth host the biennial summit meeting of the Commonwealth Heads of Government (CHOGM). During this period Her Majesty The Queen and The Duke of Edinburgh visited Perth and stayed at Government House. During CHOGM and the State Visit period, the Governor's Establishment provided both venues and official hospitality for a number of related events.

The Governor regularly hosts many events at Government House for community organisations and official guests. In 2011/12 the Governor hosted 55 functions at Government House including Investitures, Open Days and Awards Ceremonies. During the year the House offered hospitality to a total of 3,010 guests who attended dinners, luncheons and receptions.

The Governor and Governor's Establishment take great pleasure in supporting the Australian Honours and Awards System as well as other relevant awards programs. In 2011/12 The Governor hosted and officiated 3 Investiture Ceremonies. Two Investitures were held at Government House in September 2011 and May 2012 for 80 Western Australian Recipients

of Honours and Awards within the Order of Australia. A private Investiture was also held at Government House to present awards to 5 recipients of the SAS Regiment.

On 2 June 2012, Her Majesty Queen Elizabeth II celebrated her Diamond Jubilee, marking 60 years on the Throne. To honour the occasion, on 6 June 2012, the Governor and Mrs McCusker hosted a Musical Soiree in the Ballroom attended by the Premier, Mrs Barnett and representatives of all the Vice Regal patronage organisations.

CONSERVATION & MANAGEMENT OF THE DOMAIN

Government House is recognised as a heritage-listed site and the office continuously reviews and updates Conservation and Strategic Asset Management Plans. Significant attention will continue to be on strategic maintenance and resourcing to ensure building projects are scheduled in a timely manner and budgeted for out years. The following maintenance issues and capital works programs were addressed in 2011/12:

Updating some of the Government House accommodation was completed in 2011/12. To maintain compliance with Health and Safety guidelines, disabled access was installed for the main residence in accordance with the Disability Discrimination Act 1992.

Building works to upgrade the Supper Room at Government House Ballroom commenced mid 2010/11 and continued into 2011/12. These works resulted in the Ballroom availability being reduced during the year. The Ballroom was hired out to 38 organisations which held a total of 55 events. The Governor's Establishment is looking forward to opening the Ballroom and the newly refurbished Supper Room at a higher volume in the next financial year.

The Governor's Establishment is committed to recruiting and maintaining quality staff. As at 30 June 2012, the Governor's Establishment employed 29 full-time equivalent employees across all divisions. During the year there were 3 resignations (3 FTE's), 1 retirement and 3 appointments (3FTE's).

After an external review of operations in November 2011, the office has devoted significant time and effort to improve its effectiveness and efficiency through organisational change. The Governor's Establishment introduced an ongoing plan to review work practices to better achieve priorities and outcomes.

PROMOTION AND INTERPRETATION OF THE DOMAIN

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

In the latter half of 2011/12, the Constitutional Centre of Western Australia and Governor's Establishment staff have provided tours and educational visits for 650 Western Australian schoolchildren from 18 different schools. This very successful program is scheduled to continue in 2012/13. Special thanks to Betty O'Rourke and her team at the Constitutional Centre for their professional advice and support.

In 2011/12 an estimated 53,500 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 gardens of Government House will continue to be open to the public at lunchtime every Tuesday, Wednesday and Thursday.

During the last year the office has been involved in the production of publications and the Government House website upgrade. On the Open Day of 15 April 2012, the Governor's Establishment hosted the launch of the book "Government House and Western Australian Society 1829-2010" by Jeremy C Martens. The book was commissioned by the State Government to provide the first definitive history of Government House in Western Australia. The book is currently available from the Government House Foundation.

The office also launched a new Government House website dedicated to providing easily accessible information about the Governor of Western Australia, House, Gardens and educational information for students. Visit the new website at www.govhouse.wa.gov.au.

OUTLOOK 2012/13 & BEYOND

Management of the Government Domain

In 2012/13 the Governor's Establishment will implement a new 5 year strategic plan. The ongoing maintenance and conservation program for Government House, Ballroom and Grounds will be reviewed in line with this plan.

Government House Community Engagement Plan

In conjunction with a new 5 year strategic plan, the office will continue to research and target hospitality and visit programs which continue to support the Governor's priorities during 2012/13.

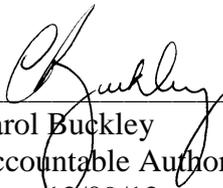
150th Birthday Celebrations for Government House

In September 2013, the present Government House celebrates a milestone 150th anniversary since Governor John Stephen Hampton Esq officially took up residence in the newly completed building in 1863. Celebrations are planned, assisted by the Friends of Government House, for public events in the Ballroom and tours of the House.

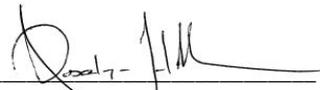
GOVERNOR'S ESTABLISHMENT
CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 2012 and the financial position as at 30 June 2012.

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



Carol Buckley
Accountable Authority
Date: 12/09/12



Roselyn Hamilton
Chief Financial Officer
Date: 12/09/12



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 2012, 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 2012 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Report on Controls

I have audited the controls exercised by the Governor's Establishment during the year ended 30 June 2012.

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

Official Secretary's Responsibility for Controls

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the controls exercised by the Governor's Establishment are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2012.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Governor's Establishment for the year ended 30 June 2012.

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

Official Secretary's Responsibility for the Key Performance Indicators

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the key performance indicators of the Governor's Establishment are relevant and appropriate to assist users to assess the Governor's Establishment's performance and fairly represent indicated performance for the year ended 30 June 2012.

Independence

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

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

This auditor's report relates to the financial statements and key performance indicators of the Governor's Establishment for the year ended 30 June 2012 included on the Governor's Establishment's website. The Governor's Establishment's management is responsible for the integrity of the Governor's Establishment's website. This audit does not provide assurance on the integrity of the Governor's Establishment's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
17 September 2012



**GOVERNOR'S ESTABLISHMENT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 \$000	2011 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	2,925	3,176
Supplies and services	7	720	626
Depreciation expense	8	309	311
Accommodation expenses	9	247	258
Other expenses	10	12	11
Total cost of services		4,213	4,382
Income			
<i>Revenue</i>			
User charges and fees	11	66	53
Total income other than income from State Government		66	53
NET COST OF SERVICES		4,147	4,329
Income from State Government			
Service appropriation	12	4,457	4,800
Resources received free of charge		12	20
Total income from State Government		4,469	4,820
SURPLUS/(DEFICIT) FOR THE PERIOD		322	491
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation surplus		(1,999)	(1,390)
Gains/losses recognised directly in equity		-	-
Total other comprehensive income		(1,999)	(1,390)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(1,677)	(899)

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 2012**

	Note	2012 \$000	2011 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	21	308	314
Receivables	14	14	149
Total Current Assets		322	463
Non-Current Assets			
Restricted cash and cash equivalents	13, 21	82	81
Amounts receivable for services	15	424	961
Property, plant and equipment	16	25,658	26,057
Total Non-Current Assets		26,164	27,099
TOTAL ASSETS		26,486	27,562
LIABILITIES			
Current Liabilities			
Payables	18	123	175
Provisions	19	350	508
Total Current Liabilities		473	683
Non-Current Liabilities			
Provisions	19	70	59
Total Non-Current Liabilities		70	59
TOTAL LIABILITIES		543	742
NET ASSETS		25,943	26,820
EQUITY			
Contributed equity	20	3,635	2,835
Reserves		21,267	23,266
Accumulated surplus/(deficit)		1,041	719
TOTAL EQUITY		25,943	26,820

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 2012**

	2012	2011
Note	\$000	\$000
CASH FLOWS FROM STATE GOVERNMENT		
Service appropriation	1,115	1,036
Special Acts	3,092	3,141
Capital appropriations	800	200
Holding account drawdowns	787	1,711
Net cash provided by State Government	5,794	6,088
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits	(3,071)	(3,164)
Supplies and services	(708)	(599)
Accommodation expenses	(299)	(184)
GST payments on purchases	(303)	(243)
Other payments	(12)	(11)
Receipts		
User charges and fees	57	52
GST Receipts on sales	21	6
GST receipts from taxation authority	425	105
Net cash provided by/(used in) operating activities	21 (3,890)	(4,038)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current physical assets	(1,909)	(1,795)
Net cash provided by/(used in) investing activities	(1,909)	(1,795)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	(94)
Net cash provided by/(used in) financing activities	-	(94)
Net increase/(decrease) in cash and cash equivalents	(5)	161
Cash and cash equivalents at the beginning of period	395	234
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	21 390	395



**GOVERNOR'S ESTABLISHMENT
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	Contributed Equity \$'000	Reserves \$'000	Accumulated Surplus/ (Deficit) \$'000	Total Equity \$'000
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
Balance at 1 July 2011		2,835	23,266	719	26,820
Total comprehensive income for the year		-	(1,999)	322	(1,677)
Transactions with owners in their capacity as owners:					
Capital appropriations		800	-	-	800
Other contributions by owners		-	-	-	-
Distributions to owners		-	-	-	-
Total		800	-	-	800
Balance at 30 June 2012		3,635	21,267	1,041	25,943

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 2012**

	Support to Governor		Management of Governor's Establishment		Total	
	2012	2011	2012	2011	2012	2011
	\$000	\$000	\$000	\$000	\$000	\$000
COST OF SERVICES						
<u>Expenses</u>						
Employee benefits expense	814	1,624	2,111	1,552	2,925	3,176
Supplies and services	138	218	582	408	720	626
Depreciation and amortisation expense	-	-	309	311	309	311
Accommodation expenses	-	-	247	258	247	258
Other expenses	-	-	12	11	12	11
Total cost of services	952	1,842	3,261	2,540	4,213	4,382
<u>Income</u>						
User charges and fees	-	-	66	53	66	53
Total income other than income from State Government	-	-	66	53	66	53
NET COST OF SERVICES	952	1,842	3,195	2,487	4,147	4,329
<u>Income from State Government</u>						
Service appropriation	1,750	1,750	2,707	3,050	4,457	4,800
Resources received free of charge	-	-	12	20	12	20
Total income from State Government	1,750	1,750	2,719	3,070	4,469	4,820
SURPLUS/DEFICIT FOR THE PERIOD	798	(92)	(476)	583	322	491

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 2012**

	Support to Governor		Management of Governor's Establishment		Total	
	2012	2011	2012	2011	2012	2011
	\$000	\$000	\$000	\$000	\$000	\$000
<u>Assets</u>						
Current assets	19	21	302	442	321	463
Non-current assets	123	141	26,041	26,958	26,164	27,099
Total assets	142	162	26,343	27,400	26,485	27,562
<u>Liabilities</u>						
Current Liabilities	107	108	366	575	473	683
Non-current liabilities	-	30	70	29	70	59
Total Liabilities	107	138	436	604	543	742
NET ASSETS	35	24	25,907	26,796	25,942	26,820

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 2012**

	2012 Estimate \$000	2012 Actual \$000	Variance \$000	2012 Actual \$000	2011 Actual \$000	Variance \$000
<u>Delivery of Services</u>						
Item 7 Net amount appropriated to deliver services	1,368	1,365	(3)	1,365	1,659	(294)
Amounts Authorised by Other Statutes						
Governor's Establishment Act 1992	2,667	2,622	(45)	2,622	2,728	(106)
Salaries and Allowances Act 1975	425	470	45	470	413	57
Total appropriations provided to deliver services	4,460	4,457	(3)	4,457	4,800	(343)
<u>Details of Expenses by Service</u>						
Effective support to the Governor	1,750	952	(798)	952	1,842	(890)
Effective management of the Governor's Establishment	2,867	3,261	394	3,261	2,540	721
Total Cost of Services	4,617	4,213	(404)	4,213	4,382	(169)
Less total income	(115)	(66)	49	(66)	(53)	(13)
Net Cost of services	4,502	4,147	(355)	4,147	4,329	
Adjustments ⁽ⁱ⁾	(42)	310	352	310	471	(161)
Total appropriations provided to deliver services	4,460	4,457	(3)	4,457	4,800	(161)
<u>Capital Expenditure</u>						
Purchase of non-current physical assets	787	1,909	1,122	1,909	1,795	114
Drawdowns from holding account	(787)	(787)	-	(787)	(1,711)	924
Adjustments for other funding sources	-	(322)	(322)	(322)	116	(438)
Capital appropriations	-	800	800	800	200	600

⁽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 2012 and between the actual results for 2011 and 2012.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 1. Australian Accounting Standards

General

The Department's financial statements for the year ended 30 June 2012 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

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

Early adoption of standards

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Department for the annual reporting period ended 30 June 2012.

Note 2. Summary of significant accounting policies

(a) General statement

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

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

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

(b) Basis of preparation

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

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

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

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

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 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 2012**

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

(e) Income

Revenue recognition

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

Sale of goods

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

Provision of services

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

Service appropriations

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

Net appropriation determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the determination specified in the 2011-2012 Budget Statements, the Department retained \$66,000 in 2012 (\$53,000 in 2011) 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 2012**

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

(f) Property, plant and equipment

Capitalisation/expensing of assets

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

Initial recognition and measurement

Property, plant and equipment are initially recognised at cost.

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

Subsequent measurement

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

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

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

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 2012**

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.

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 2012**

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 2012**

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

(j) Financial instruments

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

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

Financial instruments have been disaggregated into the following classes:

Financial Assets

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

Financial Liabilities

- Payables

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

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

(k) Cash and cash equivalents

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

(l) Accrued salaries

Accrued salaries [see note 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 2012**

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

(n) Receivables

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

(o) Payables

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

(p) Amounts Due to The Treasurer

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

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

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

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

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

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

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

Superannuation

The Government Employees Superannuation Board (GESB) 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 2012**

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 obligations are funded by concurrent contributions made by the Department to the GESB.

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

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

Provisions - other

Employment on-costs

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

(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 2012**

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 TO 30 APRIL 2012**

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 2011 that impacted on the Department.

AASB 1054 *Australian Additional Disclosures*

This Standard in conjunction with AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.

AASB 2009-12 *Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Int 2, 4, 16, 1039 & 1052]*

This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.

AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101 & 134 and Int 13]*

The amendments to AASB 7 clarify financial instrument disclosures in relation to credit risk. The carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated is no longer required to be disclosed. There is no financial impact.

The amendments to AASB 101 clarify the presentation of the statement of changes in equity. The disaggregation of other comprehensive income reconciling the carrying amount at the beginning and the end of the period for each component of equity is no longer required. There is no financial impact.

AASB 2010-5 *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 Int 112, 115, 127, 132 & 1042]*

This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.

AASB 2010-6 *Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]*

This Standard introduces additional disclosure relating to transfers of financial assets in AASB 7. An entity shall disclose all transferred financial assets that are not derecognised and any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. There is no financial impact.

AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Int 2, 112 & 113]*

This Standard in conjunction with AASB1054, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.



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AASB 2011-5 *Amendments to Australian Accounting Standards - Extending relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, 128 & 131]*

This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity are not-for-profit non-reporting entities that comply with Australian Accounting Standards. There is no financial impact.

Voluntary changes in Accounting Policy

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



**GOVERNOR'S ESTABLISHMENT
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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
	<i>Financial Instruments</i>	1 January 2013
	The Standard supersedes AASB 139 <i>Financial Instruments; Recognition and Measurement</i> , introducing a number of changes to accounting treatments.	
	The Standard was reissued in December 2010. The Department has not yet determined the application or the potential impact of the Standard.	
AASB 10	<i>Consolidated Financial Statements</i>	1 January 2013
	The Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> and Int 112 <i>Consolidation - Special Purpose Entities</i> , introducing a number of changes to accounting treatments.	
	The Standard was issued in August 2011. The Department has not yet determined the application or the potential impact of the Standard.	
AASB 11	<i>Joint Arrangements</i>	1 January 2013
	The Standard supersedes AASB 131 <i>Interests in Joint Ventures</i> , introducing a number of changes to accounting treatments.	
	The Standard was issued in August 2011. The Department has not yet determined the application or the potential impact of the Standard.	
AASB 12	<i>Disclosure of Interests in Other Entities</i>	1 January 2013
	The Standard supersedes disclosure requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> and AASB 131 <i>Interests in Joint Ventures</i> .	
	The Standard was issued in August 2011. The Department has not yet determined the application or the potential impact of the Standard.	
AASB 13	<i>Fair Value Measurement</i>	1 January 2013
	This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. There is no financial impact.	
AASB 119	<i>Employee Benefits</i>	1 January 2013



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The Standard supersedes AASB 119 *Employee Benefits*, introducing a number of changes to accounting treatments.

The Standard was issued in September 2011. The Department has not yet determined the application or the potential impact of the Standard.

AASB 127 *Separate Financial Statements* 1 January 2013

The Standard supersedes requirements under AASB 127 *Consolidated and Separate Financial Statements*, introducing a number of changes to accounting treatments.

The Standard was issued in August 2011. The Department has not yet determined the application or the potential impact of the Standard.

AASB 128 *Investments in Associates and Joint Ventures* 1 January 2013

The Standard supersedes AASB 128 *Investments in Associates*, introducing a number of changes to accounting treatments.

The Standard was issued in August 2011. The Department has not yet determined the application or the potential impact of the Standard.

AASB 1053 *Application of Tiers of Australian Accounting Standards* 1 July 2013

This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is no financial impact.

AASB 2009-11 *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].* 1 July 2013

[Modified by AASB 2010-7]

AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Int 2, 4, 5, 15, 17, 127, 129 & 1052]* 1 July 2013

This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.



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- AASB 2010-7 *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])* 1 January 2013
- This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The Department has not yet determined the application or the potential impact of the Standard.
- AASB 2011-2 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements [AASB 101 & AASB 1054]* 1 July 2013
- 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. There is no financial
- AASB 2011-6 *Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 & 131]* 1 July 2013
- This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards - Reduced Disclosure Requirements. There is no financial impact.
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]* 1 January 2013
- This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures. The Department has not yet determined the application or the potential impact of the Standard.



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AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132]* 1 January 2013

This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial

AASB 2011-9 *Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]* 1 July 2012

This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The Department has not yet determined the application or the potential impact of the Standard.

AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]* 1 January 2013

This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 Employee Benefits in September 2011. The Department has not yet determined the application or the potential impact of the Standard.

AASB 2011-11 *Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements* 1 January 2013

This Standard gives effect to Australian Accounting Standards - Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.

AASB 2012-1 *Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements [AASB 3, 7, 13, 140 & 141]* 1 July 2013

This Standard establishes and amends reduced disclosure requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. There is no financial impact.

Changes in accounting estimates

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



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<i>Note 6. Employee benefits expense</i>	2012	2011
	\$000	\$000
Wages and salaries ^(a)	2,602	2,634
Superannuation - defined contribution plans ^(b)	208	210
Superannuation - defined benefit plans ^(c)	40	50
Long service leave ^(d)	(90)	70
Annual leave ^(d)	165	212
	2,925	3,176

^(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>	2012	2011
	\$000	\$000
Communications	28	34
Consultants and contractors	221	202
Consumables	320	228
Travel	14	39
Other	137	123
	720	626

<i>Note 8. Depreciation expense</i>	2012	2011
	\$000	\$000
<u>Depreciation</u>		
Plant and equipment	60	62
Buildings	249	249
	309	311

<i>Note 9. Accommodation expenses</i>	2012	2011
	\$000	\$000
Electricity and gas	88	66
Repairs and maintenance	159	192
	247	258



**GOVERNOR'S ESTABLISHMENT
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<i>Note 10. Other expenses</i>	2012	2011
	\$000	\$000
Employment on-costs	-	-
Other - audit fee	12	11
	12	11

<i>Note 11. User charges and fees</i>	2012	2011
	\$000	\$000
Ballroom Hire	62	51
Other Income	4	2
	66	53

<i>Note 12. Income from State Government</i>	2012	2011
	\$000	\$000
Appropriation received during the year:		
Service appropriations ^(a)	4,457	4,800
	4,457	4,800
Resources received free of charge: ^(b)		
Determined on the basis of the following estimates provided by agencies:		
Parliamentary Services Department	12	20
	12	20
	4,469	4,820

^(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.



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<i>Note 13. Restricted cash and cash equivalents</i>	2012	2011
	\$000	\$000
<u>Non-current</u>		
Accrued salaries suspense account ^(a)	82	81
	82	81

^(a) Funds 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>	2012	2011
	\$000	\$000
<u>Current</u>		
Sundry Receivables	10	2
GST Receivables	4	147
	14	149

<i>Note 15. Amounts receivable for services</i>	2012	2011
	\$000	\$000
Non-Current	424	961
	424	961

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.



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NOTES TO THE FINANCIAL STATEMENTS
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<i>Note 16. Property, plant and equipment</i>	2012	2011
	\$000	\$000
<u>Land</u>		
At Fair Value ^(a)	185	185
	<u>185</u>	<u>185</u>
<u>Buildings</u>		
At Fair Value ^(a)	21,692	23,493
	<u>21,692</u>	<u>23,493</u>
<u>Furniture and Equipment</u>		
At Cost	349	230
Accumulated depreciation	(225)	(178)
Accumulated impairment loss	-	-
	<u>124</u>	<u>52</u>
<u>Computer Equipment</u>		
At Cost	6	6
Accumulated depreciation	(6)	(4)
Accumulated impairment loss	-	-
	<u>-</u>	<u>2</u>
<u>Office Equipment</u>		
At Cost	55	39
Accumulated depreciation	(43)	(33)
Accumulated impairment loss	-	-
	<u>12</u>	<u>6</u>
<u>Garden Equipment</u>		
At Cost	199	199
Accumulated depreciation	(180)	(165)
Accumulated impairment loss	-	-
	<u>19</u>	<u>34</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	2,880	1,539
Represents projects currently being undertaken but not yet finished and liable to depreciation.	<u>25,658</u>	<u>26,057</u>

Land and buildings were revalued as at 1 July 2011 by the Western Australian land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2012 and recognised at 30 June 2012. In undertaking the revaluation, fair value was determined by reference to depreciated replacement cost for buildings and current use for land.



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Note 16. Property, plant and equipment (Cont.)

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

	Land	Buildings	Furniture & Equipment	Computer Equipment	Office Equipment	Garden Equipment	Motor Vehicle	Works of Art	Work in Progress	Total
2012	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	185	23,492	53	2	6	34	100	646	1,539	26,057
Additions	-	434	118	-	16	-	-	-	1,341	1,909
Transfers	-	-	-	-	-	-	-	-	-	-
Other disposals	-	-	-	-	-	-	-	-	-	-
Revaluation increments	-	(1,999)	-	-	-	-	-	-	-	(1,999)
Impairment losses	-	-	-	-	-	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-	-	-	-	-	-
	-	(235)	(47)	(2)	(10)	(15)	-	-	-	(309)
Carrying amount at end of year	185	21,692	124	-	12	19	-	646	2,880	CHECK

	Land	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	23,492	53	2	6	34	100	646	1,539	26,057



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
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Note 17. Impairment of assets

There were no indications of impairment to property, plant and equipment and intangible assets at 30 June 2012.

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 2012.

Note 18. Payables

	2012	2011
	\$000	\$000
<u>Current</u>		
Trade payables	(4)	-
Accrued expenses	62	133
Accrued salaries	65	42
	123	175
	123	175

Note 19. Provisions

	2012	2011
	\$000	\$000
<u>Current</u>		
<i>Employee benefits provision</i>		
Annual Leave ^(a)	58	57
Long Service Leave ^(b)	290	449
	348	506
<i>Other provisions</i>		
Employment on-costs ^(c)	2	2
	350	508
	350	508
<u>Non-current</u>		
<i>Employee benefits provision</i>		
Long Service Leave ^(b)	70	59
<i>Other provisions</i>		
Employment on-costs ^(c)	-	-
	70	59
	70	59

^(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:

	2012	2011
	\$000	\$000
Within 12 months of the end of the reporting period	58	57
More than 12 months after the reporting period	-	-
	58	57
	58	57



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
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Note 19. 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:

	2012	2011
	\$000	\$000
Within 12 months of the end of the reporting period	68	184
More than 12 months after the reporting period	293	326
	361	510

(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.

	2012	2011
	\$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



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Note 20. 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.

	2012	2011
	\$000	\$000
Contributed Equity		
Balance at start of period	2,835	2,635
Contribution by owners		
Capital Contribution	800	200
Balance at end of year	3,635	2,835
Reserves		
<u>Asset Revaluation Surplus</u>		
Balance at start of year	23,266	24,656
Net revaluation increments/(decrements):		
- Buildings	(1,999)	(1,390)
- Land	-	-
- Artworks	-	-
Balance at end of year	21,267	23,266
Accumulated surplus / (deficit)		
Balance at start of year	719	228
Result for the period	322	491
Balance at end of year	1,041	719



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 21. Notes to the Statement of Cash Flows

2012 **2011**
\$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	308	314
Restricted cash and cash equivalents	82	81
	390	395

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

2012 **2011**
\$000 **\$000**

Net cost of services

	(4,147)	(4,329)
--	---------	---------

Non-cash items:

Depreciation and amortisation expense	309	311
Superannuation expense	-	-
Resources received free of charge	12	20

(Increase)/decrease in assets:

Current receivables ^(c)	(8)	-
Prepayments	-	7

Increase/(decrease) in liabilities:

Current payables ^(c)	(52)	74
Current provisions	(158)	48
Other current liabilities	-	(1)
Non-current provisions	11	(36)

Net GST receipts/(payments) ^(a)	143	(132)
Change in GST in receivables/payables ^(b)	-	-
Net cash provided by/(used in) operating activities	(3,890)	(4,038)

^(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



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NOTES TO THE FINANCIAL STATEMENTS
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Note 22. Commitments

The commitments below are inclusive of GST where relevant

	2012	2011
	\$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	74	109
Later than 1 year	-	-
	<u>74</u>	<u>109</u>
	2012	2011
	\$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	17	26
Later than one year and not later than five years	6	-
Later than five years	-	-
	<u>23</u>	<u>26</u>
Representing:		
Cancellable operating leases	-	-
Non-cancellable operating leases	23	26
	<u>23</u>	<u>26</u>
	2012	2011
	\$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 23. Contingent liabilities and contingent assets

The Department has no contingent liabilities and no contingent assets.

Note 24. 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
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Note 25. 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 2012

	2012	2012	Variance
	Estimate	Actual	\$000
	\$000	\$000	\$000
Total appropriation provided to deliver services	4,460	4,457	(3)

Significant variances between actual results for 2011 and 2012

	2012	2011	Variance
	\$000	\$000	\$000
Total appropriation provided to deliver services	4,457	4,800	(343)

A decrease in funding for depreciation was enacted for 2011/12 due to the revaluation method being used for buildings.

Service expenditure

Significant variances between estimate and actual for 2012

	2012	2012	Variance
	Estimate	Actual	\$000
	\$000	\$000	\$000
Effective support to the Governor	1,750	952	(798)
Effective management of the Governor's Establishment	2,867	3,261	394

A restructure of salaries to better reflect the Governor's Establishment's work has resulted in a decrease in Effective support to the Governor and the salaries for Effective Management of the Governor's Establishment have increased. Some surplus service appropriation was also utilised to fund capital works.

Significant variances between actual results for 2011 and 2012

	2012	2011	Variance
	\$000	\$000	\$000
Effective support to the Governor	952	1,842	(890)
Effective management of the Governor's Establishment	3,261	2,540	721

The difference in the split of services is mainly due to the restructure of salaries discussed above. Some surplus service appropriation was also used to fund capital works.



**GOVERNOR'S ESTABLISHMENT
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Note 26. 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, WATC/Bank borrowings, finance leases, and Treasurer's advances. 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 27(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 is exposed to liquidity risk through its trading in the normal course of business.

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

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Department's income or the value of its holdings of financial instruments. The Department does not trade in foreign currency and is not materially exposed to other price risks [for example, equity securities or commodity price changes]. The Department's exposure to market risk for changes in interest rates relates primarily to the long-term debt obligations.

All borrowings are due to the Western Australian Treasury Corporation (WATC) and are repayable at fixed rates with varying maturities. Other than as detailed in the interest rate sensitivity analysis table at note 42(c), the Department is not exposed to interest rate risk because the majority of cash and cash equivalents and restricted cash are non-interest bearing and it has no borrowings other than the Treasurer's advance (non-interest bearing), WATC borrowings and finance leases (fixed interest rate).



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 26. Financial instruments (cont.)

(b) Categories of financial instruments

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

	2012	2011
	\$000	\$000
<u>Financial assets</u>		
Cash and cash equivalents	307	314
Restricted Cash and cash equivalents	82	81
Loans and Receivables ⁽ⁱ⁾	434	962
	<u>823</u>	<u>1,357</u>
	2012	2011
	\$000	\$000
<u>Financial liabilities</u>		
Financial liabilities measured at amortised cost	<u>123</u>	<u>175</u>

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 26. Financial instruments (cont.)

(c) Financial instrument disclosures

Credit Risk

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

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

	Carrying Amount	Not past due and not impaired	Past due but not impaired					Impaired financial assets
			Up to 1 month	1-3 months	3months to 1 year	1-5 years	More than 5 years	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012								
Cash and cash equivalents	307	307						
Restricted cash and cash equivalents	82	82						
Receivables ⁽ⁱ⁾	10	10						
Amounts receivable for services	424	424						
	823	823	0	0	0	0	0	0
2011								
Cash and cash equivalents	314	314						
Restricted cash and cash equivalents	81	81						
Receivables ⁽ⁱ⁾	1	0		1				
Amounts receivable for services	961	961						
	1,357	1,356	0	1	0	0	0	0

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 26. Financial instruments (cont.)

Liquidity risk and interest rate exposure

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

	Weighted Average Effective Interest Rate %	Carrying Amount \$000	Past due but not impaired								
			Fixed Interest Rate \$000	Variable Interest Rate \$000	Non-interest Bearing \$000	Nominal Amount \$000	Up to 1 month \$000	1-3 months \$000	3months to 1 year \$000	1-5 years \$000	More than 5 years \$000
2012											
<u>Financial Assets</u>											
Cash and cash equivalents	-	307			307	307	307				
Restricted cash and cash equivalents	-	82			82	82			82		
Receivables ⁽ⁱ⁾	-	10			10	10					
Amounts receivable for services	-	424			424	424	176		248		
		823	0	0	823	823	493	0	0	330	
<u>Financial Liabilities</u>											
Payables	-	123			123	123	123				
		123	0	0	123	123	123	0	0	0	
2011											
<u>Financial Assets</u>											
Cash and cash equivalents	-	314			314	314	314				
Restricted cash and cash equivalents	-	81			81	81			81		
Receivables ⁽ⁱ⁾	-	1			1	1	1				
Amounts receivable for services	-	961			961	961	787		174		
		1,357	0	0	1,357	1,357	1,102	0	0	255	
<u>Financial Liabilities</u>											
Payables	-	175			175	175	175				
		175	0	0	175	175	175	0	0	0	

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 26. Financial instruments (cont.)

Interest rate sensitivity analysis

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

Fair values

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

Note 27. 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:

	2012	2011
	\$000	\$000
\$150,001-\$160,000	1	-
\$180,001-\$190,000	-	1
\$190,001-\$200,000	-	-
\$200,001-\$210,000	1	-
\$220,001-\$230,000	-	1
	<u>199</u>	<u>417</u>

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

Note 28. Remuneration of auditor

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

	2012	2011
	\$000	\$000
Auditing the accounts, financial statements and performance indicators	<u>12</u>	<u>11</u>

Note 29. Related bodies

The Department had no related bodies during the financial year.

Note 30. Affiliated bodies

The Department had no affiliated bodies during the financial year.

Note 31. 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 2012**

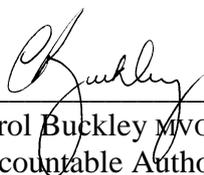
GOVERNOR'S ESTABLISHMENT

KEY PERFORMANCE INDICATORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 2012.



Carol Buckley MVO
Accountable Authority
Date: 12 September 2012

**PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2012**

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.

	2008 Actual (\$'000)	2009 Actual (\$'000)	2010 Actual (\$'000)	2011 Actual (\$'000)	2012 Actual (\$'000)	2012 Target (\$000)	Variance to 2012 Target (\$000) (a)
Total cost of Service 1	1,072	1,481	1,732	1,842	952	1,750	(798) (45.6%)

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.

	2008 Actual (\$'000)	2009 Actual (\$'000)	2010 Actual (\$'000)	2011 Actual (\$'000)	2012 Actual (\$'000)	2012 Target (\$'000)	Variance to 2012 Target (\$000) (b)
Total cost of Service 2	2,790	2,408	2,356	2,540	3,261	2,867	394 13.8%

(a) Service 1 Variance to Target

A restructure of salaries to better reflect the Governor's Establishment's structure has resulted in a decrease in Effective Support to the Governor.

(b) Service 2 Variance to Target

A restructure of salaries to better reflect the Governor's Establishment's structure has resulted in an increase in Management of the Governor's Establishment. Some surplus service appropriation was also utilised to fund capital works.