

Governor's Establishment
Annual Report
2012-2013

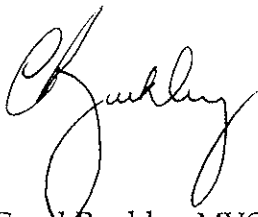
HON BARRY HOUSE, MLC
President of the
Legislative Council

HON MICHAEL SUTHERLAND, 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 2013.

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

This is the second Annual Report for the Governor's Establishment, during my 3 year term as Governor, which began on 1 July 2011.

Shortly after my appointment, I commissioned an extensive independent review of the operations of the Governor's Establishment, the report of which was provided to me in December 2011.

Pursuant to that Report there has been some restructuring, the effect of which only partly impacted on the year end 30 June 2012, but which has, in the year under review, achieved a significant reduction in expenses without in any way prejudicing the efficiency and effectiveness of service delivery. This has been due, chiefly, to a 15% reduction in staff numbers since January 2012, and a significant reduction in the cost of services.

As in the preceding year, I have assigned the whole of my remuneration to 4 deserving charities, and have declined my entitlement to a car and expenses for private use.

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

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.

At the beginning of 2013, we got together a group of 17 fine young Western Australians, from ages 18 to 35, who had demonstrated their commitment to giving back to the community. Arising from that meeting, we started a program called "Kids Who Give WA", aimed at promoting and celebrating an ethos of "giving back" amongst primary school

children. In the following 6 months, we visited over 80 primary schools and have spoken to more than 15,000 children, from as far north as Kununurra to as far south as Esperance, and have had many schools visit Government House. We have been most gratified by the range of giving projects undertaken by these young children; and heart warmed by their clear enthusiasm for helping others. This bodes well for the future.

As Patrons (either sole or joint) of 177 organisations, we have attended more than 400 official functions away from Government House; as well as 54 at Government House; delivered more than 180 speeches and messages; and hosted over 3,000 guests at receptions. More than 33,000 people have visited Government House during open days, on school tours, the OZ Concert, and other such events. So it has been a very busy but fulfilling year.

Our regional visits to the Great Southern, Wheatbelt and Goldfields/Esperance have been particularly rewarding and interesting. We visited 17 towns, and were met with great warmth and appreciation. We were accompanied on each of these visits by Akram Azimi, 2013 Young Australian of the Year, who added value to our visits to schools throughout the regions, by his inspirational story. Over the coming year Tonya and I will continue our support and encouragement of worthy charitable and community causes, and visit those regional areas of WA that we have not yet had the privilege to visit.

In December 2012, at the request of the Premier, Tonya and I visited the People's Republic of China to mark the 25th anniversary of the Sister State relationship between Western Australia and the Zhejiang Province, and to return the visit to Western Australia made by the Governor of the Province, Dr Xia, and his delegation, a few months earlier. I took the opportunity to visit a number of dignitaries and institutions with a view to furthering the cordial relations between the Province and our State.

As one of the important statutory duties of Governor, in April 2013 I had the honour of officially opening the 39th Parliament of Western Australia.

Government House is one of Western Australia's oldest and finest heritage buildings, the 150th anniversary of which will be celebrated in November 2013. We have ensured that the building and its magnificent grounds are made accessible to the people of this State. On "Open Days", tours through the building are conducted by volunteer members of the

Government House Foundation, whose willing support is gratefully acknowledged. On 3 days each week, the grounds are open for the public to enjoy, between noon and 2.00pm. The Ballroom has been made available for functions, such as Investitures, presentation of awards, musical performances and events for community and charitable bodies.

There are many to whom I owe a debt of gratitude for facilitating the performance of my duties as Governor: the Official Secretary, Carol Buckley, and the staff at Government House; the Honorary Aides who so willingly have given up their time to attend functions when the occasion called for it; Mr Paul Rosair, Director General of the Department of Regional Development and Lands, Ms Tegan Jenkins and other Departmental staff, who so ably assisted in organising regional tours; Ms Ngor Tan of the Department of State Development, who arranged our visit to Zhejiang Province; and Mr Nathan Backhouse, WA Regional Director, China, who accompanied us for most of that visit, and gave us valued support and advice. Last, but certainly not least, my thanks to Chief Justice Wayne Martin, AC, for acting as Lieutenant Governor when I was absent from Perth on regional tours, if required.

A handwritten signature in black ink, appearing to read 'Governor Michael Cook', written in a cursive style.

GOVERNOR

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OFFICIAL SECRETARY'S REVIEW

Year in Review 2012 – 13

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.

Following an extensive review in 2011, the Office has successfully adapted the organisational restructure to maximise the effective and efficient delivery of services. Budgets and resource allocation have been well managed and have met all priority and outcome targets.

The budget for our Office is largely comprised of salaries and building maintenance expenses. At June 2013, our overall service expenditure was reduced by 4.9% from 2011/12. Since July 2011, staff numbers have been decreased by 15%.

Although the number of hospitality functions hosted at Government House has remained constant (55 functions in 2011/12 and 54 functions in 2012/13), the total food and beverage expenses were reduced by 17% for the 2012/13 year without a reduction in the quality or service provided.

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.

During the 2012/13 year, the Office facilitated visits by the Governor and Mrs McCusker to the Great Southern, Wheatbelt and Goldfields/Esperance Regions.

In December 2012, in conjunction with the Department of State Development, this Office assisted with arrangements for the Governor and Mrs McCusker to represent the State in China to mark the 25th Anniversary year of the Sister State relationship between Western Australia and the Zhejiang Province of the People's Republic of China.

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 Solicitor General's office

and the Supreme Court of Western Australia. Particular thanks to the Lieutenant Governor Chief Justice Wayne Martin 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 Directors General and staff in the Department of Regional Development and Lands and the Department of State Development for their effective and efficient support with the Governor's regional visits and the visit to China.

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:

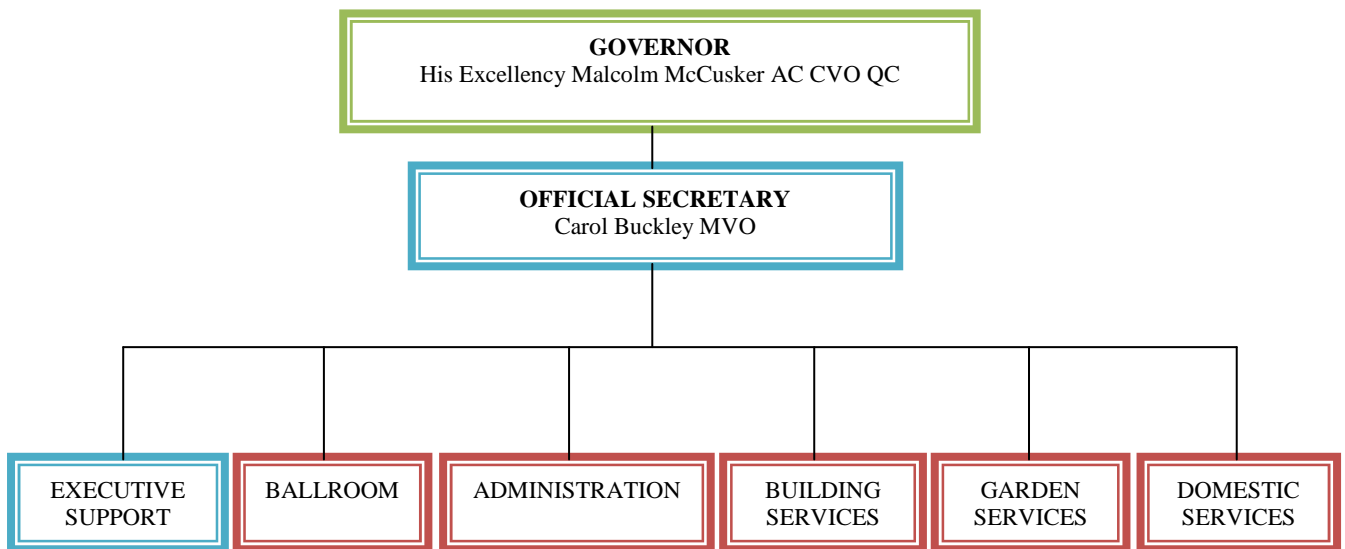
- Supporting the Constitutional duties of the Governor as identifiable Seat of the State.
- Administrative and operational support to the office of the Governor.
- Provision of appropriate official residential services for the Governor and official guests.
- Conservation and management of the Domain 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

Responsible for all catering offered at Government House, including 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. Manages 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**

Responsible for the management of the Government House Ballroom including public access to and hire of the Ballroom in accordance with established 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 2012-17:

CONSTITUTIONAL SUPPORT OF THE GOVERNOR

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

In April 2013, following a state election in March, the Governor officially opened the 39th Parliament of Western Australia.

The Governor presided over the swearing-in of the re-elected Government Ministry under Premier Hon Colin Barnett MLA. The Governor also carried out 2 reconstitutions of the Ministry during the year and conducted 11 Swearing in ceremonies for Judicial Appointments.

During the reporting period at Government House the Governor presided over 26 scheduled Executive Councils and 11 special Executive Councils. Royal Assent was granted for 55 Bills passed by Parliament and 8 messages were submitted to Parliament.

The Governor's Establishment manages an active program of official calls for the Governor and Mrs McCusker. During 2012/13, 11 members of the Diplomatic, Consular Corps and other dignitaries were welcomed during their official visits to Perth including His Grace Mor Irenious Paulous, Bishop for Australia and New Zealand of the Universal Syrian Orthodox Church of Antioch and all of the East; His Excellency Dr Xia Baolong, Governor of the People's Republic of China Zhejiang Province and Rt. Hon. William Hague MP, British Secretary of State for Foreign & Commonwealth Affairs. There were a further 82 official callers during the year to 30 June 2013.

ADMINISTRATIVE AND OPERATIONAL SUPPORT

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

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

- Attendance at 381 functions (an increase of 7%)

- Delivered 143 speeches and 43 official messages (an increase of 6%)
- Acknowledged 607 significant Birthdays and Anniversaries (an increase of 49%)

The Governor and Mrs McCusker are patrons of a diverse range of community organisations which contribute to society in many areas. At 30 June 2013, the Governor and Mrs McCusker were patrons to 177 organisations.

In 2012/13 the Governor continued an extensive program of travel throughout Regional Western Australia and abroad. This year's itinerary included:

- Great Southern 11-14 February 2013
 - *Albany*
 - *Mt Barker*
 - *Tambellup*
 - *Broomehill*
 - *Katanning*
- Wheatbelt & Goldfields/Esperance 24-29 June 2013
 - *Cunderdin*
 - *Tammin*
 - *Kellerberrin*
 - *Merredin*
 - *Moorine Rock*
 - *Southern Cross*
 - *Coolgardie*
 - *Kalgoorlie*
 - *Boulder*
 - *Kambalda*
 - *Norseman*
 - *Esperance*

In December 2012, the Governor, accompanied by Mrs McCusker, undertook an official visit to the People's Republic of China to represent the State in acknowledging the 25th Anniversary year of the Sister State relationship between Western Australia and the Zhejiang Province of China.

OFFICIAL HOSPITALITY FOR THE GOVERNOR AND OFFICIAL GUESTS

The Governor regularly hosts many events at Government House for community organisations and official guests. In 2012/13 the Governor hosted 54 functions at Government House including Receptions and Awards Ceremonies. During the year hospitality was provided to a total of 2,694 guests.

The Governor and Governor's Establishment take great pleasure in supporting the Australian Honours and Awards System as well as other relevant awards programs. In 2012/13, the Governor hosted and officiated at 3 Investiture Ceremonies. Two Investitures were held at Government House Ballroom in September 2012 and April 2013 for 109 Recipients of Honours and Awards within the Order of Australia. A private Investiture was also held at Government House to present awards to 8 recipients from the SAS Regiment.

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 2012/13:

Building works to upgrade the Supper Room at Government House Ballroom were completed in 2012/13. These works had resulted in reduced Ballroom availability in previous years. The Ballroom has resumed normal operations and is showing a steady return to pre-upgrade hiring numbers.

The Governor's Establishment is committed to recruiting and maintaining quality staff. As at 30 June 2013, the Governor's Establishment employed 28 full-time equivalent employees across all divisions. During the year there was 1 resignation (1 FTE).

The office devotes significant time and effort to improve its effectiveness and efficiency through organisational change. The Governor's Establishment continues an ongoing plan to review work practices to better achieve priorities and outcomes.

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.

Working together, the Constitutional Centre of Western Australia and Governor's Establishment have provided tours and educational visits for 922 Western Australian schoolchildren from 40 different schools. This program is scheduled to continue in 2013/14. Special thanks to the team at the Constitutional Centre for their professional advice and support.

In 2012/13 an estimated 33,000 people were welcomed to Government House on Open Days, house tours, community group tours, garden functions including regular garden openings. The gardens of Government House will continue to be open to the public at lunchtime every Tuesday, Wednesday and Thursday. Future Open Days will be promoted on the Government House website.

OUTLOOK 2013/14 & BEYOND

Management of the Government Domain

The Governor's Establishment will continue to implement programs listed in its 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 the strategic plan, the Office will continue to research and target hospitality and visit programs which continue to support the Governor's priorities.

150th Birthday Celebrations for Government House

In September 2013, the present Government House celebrates a milestone 150th anniversary when Governor John Stephen Hampton Esq officially moved into the newly completed House in 1863. Celebrations are planned, in collaboration with the Friends of Government House, during November 2013.

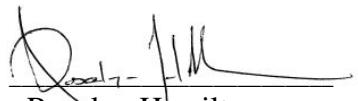
GOVERNOR'S ESTABLISHMENT
CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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 2013 and the financial position as at 30 June 2013.

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: 26/08/2013



Roselyn Hamilton
Chief Financial Officer
Date: 26/08/2013



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 2013, 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 2013 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 2013.

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 2013.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Governor's Establishment for the year ended 30 June 2013.

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 2013.

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 2013 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
4 September 2013



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

		2013	2012
	Note	\$000	\$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	3,076	2,925
Supplies and services	7	423	720
Depreciation expense	8	287	309
Accommodation expenses	9	212	247
Other expenses	10	12	12
Total cost of services		4,010	4,213
Income			
<i>Revenue</i>			
User charges and fees	11	105	66
Total Revenue		105	66
<i>Gains</i>			
Gain on disposal of non-current assets	12	3	-
Total Gains		3	-
Total income other than income from State Government		108	66
NET COST OF SERVICES		3,902	4,147
Income from State Government			
Service appropriation	13	4,562	4,457
Services received free of charge		15	12
Total income from State Government		4,577	4,469
SURPLUS/(DEFICIT) FOR THE PERIOD		675	322
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation surplus		353	(1,999)
Gains/losses recognised directly in equity		-	-
Total other comprehensive income		353	(1,999)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,028	(1,677)

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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
Note	\$000	\$000
ASSETS		
Current Assets		
Cash and cash equivalents	23 793	308
Receivables	15 19	14
Other Current Assets	17 57	-
Total Current Assets	869	322
Non-Current Assets		
Restricted cash and cash equivalents	14, 23 89	82
Amounts receivable for services	16 520	424
Property, plant and equipment	18 26,064	25,658
Total Non-Current Assets	26,673	26,164
TOTAL ASSETS	27,542	26,486
LIABILITIES		
Current Liabilities		
Payables	20 112	123
Provisions	21 336	350
Total Current Liabilities	448	473
Non-Current Liabilities		
Provisions	21 123	70
Total Non-Current Liabilities	123	70
TOTAL LIABILITIES	571	543
NET ASSETS	26,971	25,943
EQUITY		
Contributed equity	22 3,635	3,635
Reserves	21,620	21,267
Accumulated surplus/(deficit)	1,716	1,041
TOTAL EQUITY	26,971	25,943

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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

	Contributed	Reserves	Accumulated Surplus/ (Deficit)	Total Equity
Note	Equity	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000
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
Balance at 1 July 2012	3,635	21,267	1,041	25,943
Total comprehensive income for the year	-	353	675	1,028
Transactions with owners in their capacity as owners:				
Capital appropriations	-	-	-	-
Other contributions by owners	-	-	-	-
Distributions to owners	-	-	-	-
Total	-	-	-	-
Balance at 30 June 2013	3,635	21,620	1,716	26,971

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
Note	\$000	\$000
CASH FLOWS FROM STATE GOVERNMENT		
Service appropriation	1,095	1,115
Special Acts	3,195	3,092
Capital appropriations	-	800
Holding account drawdowns	176	787
Net cash provided by State Government	<u>4,466</u>	<u>5,794</u>
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits	(2,959)	(3,071)
Supplies and services	(431)	(708)
Accommodation expenses	(335)	(299)
GST payments on purchases	(98)	(303)
Other payments	(12)	(12)
Receipts		
User charges and fees	109	57
GST Receipts on sales	11	21
GST receipts from taxation authority	78	425
Net cash provided by/(used in) operating activities	23 <u>(3,637)</u>	<u>(3,890)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current physical assets	(340)	(1,909)
Gain on disposal of assets	3	-
Net cash provided by/(used in) investing activities	<u>(337)</u>	<u>(1,909)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	-
Net cash provided by/(used in) financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	492	(5)
Cash and cash equivalents at the beginning of period	390	395
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	23 <u><u>882</u></u>	<u><u>390</u></u>

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

	Support to Governor		Management of Governor's Establishment		Total	
	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000
COST OF SERVICES						
<u>Expenses</u>						
Employee benefits expense	805	814	2,271	2,111	3,076	2,925
Supplies and services	97	138	326	582	423	720
Depreciation and amortisation expense	-	-	287	309	287	309
Accommodation expenses	-	-	212	247	212	247
Other expenses	-	-	12	12	12	12
Total cost of services	902	952	3,108	3,261	4,010	4,213
<u>Income</u>						
User charges and fees	-	-	105	66	105	66
Gain on disposal of assets	-	-	3	-	3	-
Total income other than income from State Government	-	-	108	66	108	66
NET COST OF SERVICES	902	952	3,000	3,195	3,902	4,147
<u>Income from State Government</u>						
Service appropriation	1,050	1,750	3,512	2,707	4,562	4,457
Services received free of charge	-	-	15	12	15	12
Total income from State Government	1,050	1,750	3,527	2,719	4,577	4,469
SURPLUS/DEFICIT FOR THE PERIOD	148	798	527	(476)	675	322

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 2013**

	Support to Governor		Management of Governor's Establishment		Total	
	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000
<u>Assets</u>						
Current assets	21	19	848	302	869	321
Non-current assets	123	123	26,550	26,041	26,673	26,164
Total assets	144	142	27,398	26,343	27,542	26,485
<u>Liabilities</u>						
Current Liabilities	91	107	357	366	448	473
Non-current liabilities	-	-	123	70	123	70
Total Liabilities	91	107	480	436	571	543
NET ASSETS	53	35	26,918	25,907	26,971	25,942

The Schedule of Assets and Liabilities by Service should be read in conjunction with the accompanying notes.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2013		2013	2012	
	Estimate	Actual	Variance	Actual	Actual	Variance
	\$000	\$000	\$000	\$000	\$000	\$000
<u>Delivery of Services</u>						
Item 7 Net amount appropriated to deliver services	1,367	1,367	-	1,367	1,365	2
Amounts Authorised by Other Statutes						
Governor's Establishment Act 1992	2,712	2,712	-	2,712	2,622	90
Salaries and Allowances Act 1975	483	483	-	483	470	13
Total appropriations provided to deliver services	4,562	4,562	-	4,562	4,457	105
<u>Details of Expenses by Service</u>						
Effective support to the Governor	950	902	(48)	902	952	(50)
Effective management of the Governor's	3,750	3,108	(642)	3,108	3,261	(153)
Total Cost of Services	4,700	4,010	(690)	4,010	4,213	(203)
Less total income	(115)	(105)	10	(105)	(66)	(39)
Net Cost of services	4,585	3,905	(680)	3,905	4,147	(242)
Adjustments ⁽ⁱ⁾		660	660	660	310	350
Total appropriations provided to deliver services	4,585	4,565	(20)	4,565	4,457	108
<u>Capital Expenditure</u>						
Purchase of non-current physical assets	176	340	164	340	1,909	(1,569)
Drawdowns from holding account	(176)	(176)	-	(176)	(787)	611
Adjustments for other funding sources	-	(164)	(164)	(164)	(322)	158
Capital appropriations	-	-	-	-	800	(800)

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

Note 27. 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2013 and between the actual results for 2012 and 2013.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Note 1. Australian Accounting Standards

General

The Department's financial statements for the year ended 30 June 2013 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 2013.

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 2013**

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

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

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

Services

Service 1: Effective Support to the Governor

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

Service 2: Management of the Governor's Establishment

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

(d) Contributed equity

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

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 2013**

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 2012-2013 Budget Statements, the Department retained \$178,000 in 2013 (\$66,000 in 2012) 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 2013**

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 accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

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

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

Derecognition

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

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 18 '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 2013**

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. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the Department is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

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

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

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 2013**

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 20 '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 fair value.

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

(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 2013**

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) 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.

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.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

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

(p) Provisions (cont.)

Long Service Leave

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

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

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

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

Superannuation

The Government Employees Superannuation Board (GESB) and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

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

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

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

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

(p) Provisions (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.

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

Provisions - other

Employment on-costs

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

(q) Superannuation expense

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

(r) Assets and Services received free of charge or for nominal cost

Assets or services received free of charge or for nominal cost that can be reliably measured are recognised as income at the fair value of the assets and/or the fair value of those services that the Department would otherwise pay for. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

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

(s) Comparative figures

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Note 3. Judgements made by management in applying accounting policies

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

Note 4. Key sources of estimation uncertainty

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

Long Service Leave

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

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 2012 that impacted on the Department.

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]*

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). There is no financial impact.

Voluntary changes in Accounting Policy

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



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

		Operative for reporting periods beginning on/after
AASB9	<i>Financial Instruments</i> This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , introducing a number of changes to accounting treatments. AASB 2012-6 <i>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures</i> amended the mandatory application date of this Standard to 1 January 2015. The Department has not yet determined the application or the potential impact of the Standard.	1 January 2015
AASB 10	<i>Consolidated Financial Statements</i> This Standard supersedes 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. AASB 2012-10 <i>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments</i> amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. The Department has not yet determined the application or the potential impact of the Standard.	1 January 2014
AASB 11	<i>Joint Arrangements</i> The Standard supersedes AASB 131 <i>Interests in Joint Ventures</i> , introducing a number of changes to accounting treatments. AASB 2012-10 amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. The Department has not yet determined the application or the potential impact of the Standard.	1 January 2014
AASB 12	<i>Disclosure of Interests in Other Entities</i> The Standard supersedes disclosure requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> and AASB 131 <i>Interests in Joint Ventures</i> . AASB 2012-10 amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. The Department has not yet determined the application or the potential impact of the Standard.	1 January 2014



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AASB 13	<i>Fair Value Measurement</i>	1 January 2013
	<p>This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. The Department has liaised with the Western Australian Land Information Authority (Valuation Services) to ensure that sufficient information will be provided to meet the disclosure requirements of this Standard. There is no financial impact.</p>	
AASB 119	<i>Employee Benefits</i>	1 January 2013
	<p>This Standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements.</p> <p>The Department does not have any defined benefit plans, and therefore the financial impact will be limited to the effect of discounting annual leave and long service leave liabilities that were previously measured at the undiscounted amounts.</p>	
AASB 127	<i>Separate Financial Statements</i>	1 January 2014
	<p>The Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i>, introducing a number of changes to accounting treatments.</p> <p>AASB 2012-10 amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. The Department has not yet determined the application or the potential impact of the Standard.</p>	
AASB 128	<i>Investments in Associates and Joint Ventures</i>	1 January 2014
	<p>The Standard supersedes AASB 128 <i>Investments in Associates</i>, introducing a number of changes to accounting treatments.</p> <p>AASB 2012-10 amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. The Department has not yet determined the application or the potential impact of the Standard.</p>	
AASB 1053	<i>Application of Tiers of Australian Accounting Standards</i>	1 July 2013
	<p>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.</p>	
AASB 1055	<i>Budgetary Reporting</i>	1 July 2014
	<p>This Standard specifies the nature of budgetary disclosures, the circumstances in which they are to be included in the general purpose financial statements of not-for-profit entities within the GGS. The Department will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.</p>	



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AASB 2010-2	<i>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]</i>	1 July 2013
	<p>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.</p>	
AASB 2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127])</i>	1 January 2015
	<p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>AASB 2012-6 amended the mandatory application date of this Standard to 1 January 2015. The Department has not yet determined the application or the potential impact of the Standard.</p>	
AASB 2011-2	<i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements [AASB 101 & AASB 1054]</i>	1 July 2013
	<p>This Amending Standard removes disclosure requirements from other standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial</p>	
AASB 2011-6	<i>Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 & 131]</i>	1 July 2013
	<p>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.</p>	



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AASB 2011-7	<i>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]</i>	1 January 2013
	<p>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. For not-for-profit entities it applies to annual reporting periods beginning on or after 1 January 2014. The Department has not yet determined the application or the potential impact of the Standard.</p>	
AASB 2011-8	<i>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 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]</i>	1 January 2013
	<p>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 impact.</p>	
AASB 2011-10	<i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]</i>	1 January 2013
	<p>This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 Employee Benefits in September 2011. There is limited financial</p>	
AASB 2011-11	<i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i>	1 July 2013
	<p>This Standard gives effect to Australian Accounting Standards - Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.</p>	
AASB 2012-1	<i>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements [AASB 3, 7, 13, 140 & 141]</i>	1 July 2013
	<p>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.</p>	



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AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 132]* 1 January 2013

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There is no financial impact.

AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]* 1 January 2014

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact.

AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle [AASB 1, 101, 116, 132 & 134 and Int 2]* 1 January 2013

This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There is no financial impact.

AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]* 1 January 2013

This Standard amends the mandatory effective date of AASB 9 *Financial Instruments* to 1 January 2015. Further amendments are also made to consequential amendments arising from AASB 9 that will now apply from 1 January 2015 and to consequential amendments arising out of the Standards that will still apply from 1 January 2013. There is no financial impact.

AASB 2012-7 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, 12, 101 & 127]* 1 July 2013

This Standard adds to or amends the Australian Accounting Standards to provide further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general financial statement. There is no financial impact.



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AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049, & 2011-7 and Int 12]* 1 January 2013

This Standard makes amendments to AASB 10 and related Standards to revise the transition guidance relevant to the initial application of those Standards, and to clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

The Standard was issued in December 2012. The Department has not yet determined the application or the potential impact of the Standard.

AASB 2012-11 *Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments [AASB 1, 2, 8, 10, 107, 128, 133, 134 & 2011-4]* 1 July 2013

This Standard makes various editorial corrections to Australian Accounting Standards – Reduced Disclosure Requirements (Tier 2). These corrections ensure that the Standards reflect decisions of the AASB regarding the Tier 2 requirements.

This Standard also extends the relief from consolidation and the equity method (in the new Consolidation and Joint Arrangements Standards) to entities complying with Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.

Changes in accounting estimates

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



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Note 6. Employee benefits expense	2013	2012
	\$000	\$000
Wages and salaries ^(a)	2,509	2,602
Superannuation - defined contribution plans ^(b)	225	208
Superannuation - defined benefits plans ^(c)	29	40
Long Service leave ^(d)	100	(90)
Annual leave ^(d)	213	165
	3,076	2,925

^(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.

^(b) Defined contribution plans include West State, Gold State, GESB and other eligible funds.

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

^(d) Includes a superannuation contribution component.

Employee on-costs expenses, such as workers' compensation insurance are included at note 10 'Other expenses'.

The employee on-costs liability is included at note 21 'Provisions'.

Note 7. Supplies and services	2013	2012
	\$000	\$000
Communications	24	28
Consultants and contractors	80	221
Consumables	202	320
Travel	3	14
Other	114	137
	423	720

Note 8. Depreciation expense	2013	2012
	\$000	\$000
<u>Depreciation</u>		
Plant and equipment	70	60
Buildings	217	249
	287	309

Note 9. Accommodation expenses	2013	2012
	\$000	\$000
Electricity and gas	81	88
Repairs and maintenance	131	159
	212	247



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<i>Note 10. Other expenses</i>	2013	2012
	\$000	\$000
Employment on-costs	-	-
Other - audit fee	12	12
	12	12

<i>Note 11. User charges and fees</i>	2013	2012
	\$000	\$000
Ballroom Hire	105	62
Other Income	-	4
	105	66

<i>Note 12. Net gain/(Loss) on disposal of non-current assets</i>	3076	2925
	\$000	\$000
<u>Proceeds from disposal of non current assets</u>		
Garden Equipment	5	-
<u>Costs of disposal of non-current assets</u>		
Garden Equipment	(2)	-
Net gain/(Loss)	3	-

<i>Note 13. Income from State Government</i>	2013	2012
	\$000	\$000
Appropriation received during the period:		
Service appropriations ^(a)	4,562	4,457
	4,562	4,457
Services received free of charge from other State government agencies during the period:		
Parliamentary Services Department	15	12
	15	12
	4,577	4,469

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



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<i>Note 14. Restricted cash and cash equivalents</i>	2013	2012
	\$000	\$000
<u>Non-current</u>		
Accrued salaries suspense account ^(a)	89	82
	<u>89</u>	<u>82</u>

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

<i>Note 15. Receivables</i>	2013	2012
	\$000	\$000
<u>Current</u>		
Sundry Receivables	5	10
GST Receivables	14	4
Total Current	<u>19</u>	<u>14</u>

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

<i>Note 16. Amounts receivable for services (Holding Account)</i>	2013	2012
	\$000	\$000
Current	-	-
Non-Current	520	424
	<u>520</u>	<u>424</u>

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

<i>Note 17. Other Assets</i>	2013	2012
	\$000	\$000
<u>Current</u>		
Prepayments	57	-
	<u>57</u>	<u>-</u>



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<i>Note 18. Property, plant and equipment</i>	2013	2012
	\$000	\$000
<u>Land</u>		
At Fair Value ^(a)	185	185
	<u>185</u>	<u>185</u>
<u>Buildings</u>		
At Fair Value ^(a)	24,875	21,692
	<u>24,875</u>	<u>21,692</u>
<u>Furniture and Equipment</u>		
At Cost	395	349
Accumulated depreciation	(269)	(225)
Accumulated impairment loss	-	-
	<u>126</u>	<u>124</u>
<u>Computer Equipment</u>		
At Cost	6	6
Accumulated depreciation	(6)	(6)
Accumulated impairment loss	-	-
	<u>-</u>	<u>-</u>
<u>Office Equipment</u>		
At Cost	55	55
Accumulated depreciation	(49)	(43)
Accumulated impairment loss	-	-
	<u>6</u>	<u>12</u>
<u>Garden Equipment</u>		
At Cost	201	199
Accumulated depreciation	(75)	(180)
Accumulated impairment loss	-	-
	<u>126</u>	<u>19</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
Represents projects currently being undertaken but not yet finished and liable to depreciation.		
	<u>26,064</u>	<u>25,658</u>

Land and buildings were revalued as at 1 July 2013 by the Western Australian land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2013 and recognised at 30 June 2013. 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 18. Property, plant and equipment (Cont.)

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

	Land	Buildings	Furniture & Equipment	Computer Equipment	Office Equipment	Garden Equipment	Motor Vehicle	Works of Art	Work in Progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2013										
Carrying amount at start of year	185	21,692	124	-	12	19	100	646	2,880	25,658
Additions	-	3,047	46	-	-	127	-	-	(2,880)	340
Transfers	-	-	-	-	-	-	-	-	-	-
Other disposals	-	-	-	-	-	-	-	-	-	-
Revaluation increments	-	353	-	-	-	-	-	-	-	353
Impairment losses	-	-	-	-	-	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(217)	(44)	-	(6)	(20)	-	-	-	(287)
Carrying amount at end of year	185	24,875	126	-	6	126	100	646	-	26,064

	Land	Buildings	Furniture & Equipment	Computer Equipment	Office Equipment	Garden Equipment	Motor Vehicle	Works of Art	Work in Progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012										
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	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(235)	(47)	(2)	(10)	(15)	-	-	-	(309)
Carrying amount at end of year	185	21,692	124	-	12	19	100	646	2,880	25,658



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Note 19. Impairment of assets

There were no indications of impairment to property, plant and equipment and intangible assets at 30 June 2013.

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 2013.

Note 20. Payables

	2013	2012
	\$000	\$000
<u>Current</u>		
Trade payables	-	(4)
Accrued expenses	34	62
Accrued salaries	78	65
	<u>112</u>	<u>123</u>

Note 21. Provisions

	2013	2012
	\$000	\$000
<u>Current</u>		
<i>Employee benefits provision</i>		
Annual Leave ^(a)	21	58
Long Service Leave ^(b)	313	290
	<u>334</u>	<u>348</u>
<i>Other provisions</i>		
Employment on-costs ^(c)	2	2
	<u>336</u>	<u>350</u>
<u>Non-current</u>		
<i>Employee benefits provision</i>		
Long Service Leave ^(b)	123	70
<i>Other provisions</i>		
Employment on-costs ^(c)	-	-
	<u>123</u>	<u>70</u>

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

	2013	2012
	\$000	\$000
Within 12 months of the end of the reporting period	21	58
More than 12 months after the reporting period	-	-
	<u>21</u>	<u>58</u>



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Note 21. Provisions (cont.)

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

	2013	2012
	\$000	\$000
Within 12 months of the end of the reporting period	72	68
More than 12 months after the reporting period	365	293
	<u>437</u>	<u>361</u>

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

Movements in other provisions

	2013	2012
	\$000	\$000
Movement in each class of provisions during the period, other than employee benefits, are set out below.		
<u>Employment on-cost provision</u>		
Carrying amount at start of year	2	2
Additional provisions recognised	-	-
Payment/other sacrifices of economic benefits	-	-
Carrying amount at end of year	<u>2</u>	<u>2</u>



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Note 22. 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.

	2013	2012
	\$000	\$000
Contributed Equity		
Balance at start of period	3,635	2,835
Contribution by owners		
Capital Contribution	-	800
Balance at end of year	3,635	3,635
Reserves		
<u>Asset Revaluation Surplus</u>		
Balance at start of year	21,267	23,266
Net revaluation increments/(decrements):		
- Buildings	353	(1,999)
- Land	-	-
- Artworks	-	-
Balance at end of year	21,620	21,267
Accumulated surplus / (deficit)		
Balance at start of year	1,041	719
Result for the period	675	322
Balance at end of year	1,716	1,041



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Note 23. Notes to the Statement of Cash Flows

Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2013	2012
	\$000	\$000
Cash and cash equivalents	793	308
Restricted cash and cash equivalents (<i>note 14 'Restricted cash and cash equivalents'</i>)	89	82
	882	390

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

	2013	2012
	\$000	\$000
Net cost of services	(3,902)	(4,147)
<u>Non-cash items:</u>		
Depreciation and amortisation expense (<i>note 8 'Depreciation and amortisation expense'</i>)	287	309
Superannuation expense	-	-
Services received free of charge (<i>note 13 'Income from State Government'</i>)	15	12
Net gain/(loss) on disposal of property, plant and equipment (<i>note 12 'Net gain/(loss) on disposal of non-current assets'</i>)	(3)	-
<u>(Increase)/decrease in assets:</u>		
Current receivables ^(a)	5	(8)
Prepayments	(57)	-
<u>Increase/(decrease) in liabilities:</u>		
Current payables ^(a)	(11)	(52)
Current provisions	(14)	(158)
Other current liabilities	-	-
Non-current provisions	53	11
Net GST receipts/(payments) ^(b)	(10)	143
Change in GST in receivables/payables ^(c)	-	-
Net cash provided by/(used in) operating activities	(3,637)	(3,890)

^(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items

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

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



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Note 24. Commitments

Non-cancellable Operating Lease Commitments

	2013	2012
	\$000	\$000
Commitments in relation to leases contracted for at the end of the reporting period but not		
Within 1 year	25	17
Later than 1 year and not later than 5 years	12	6
Later than 5 years	-	-
	<u>37</u>	<u>23</u>

The Department has entered into numerous vehicle lease which are non-cancellable with terms of 2 to 3 years, with rent payable monthly in advance.

The commitments above are inclusive of GST.

	2013	2012
	\$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
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>-</u>	<u>74</u>

	2013	2012
	\$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 25. Contingent liabilities and contingent assets

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

Note 26. 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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Note 27. 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 \$50,000.

Total appropriation provided to deliver services

Significant variances between actual results for 2012 and 2013

	2013	2012	Variance
	\$000	\$000	\$000
Total appropriation provided to deliver services	4,565	4,457	108

Building work on the Ballroom finished in 2012/13. The resultant increase in availability has caused total income to rise. Savings measures also allowed the department to lower expenses.

Service expenditure

Significant variances between estimate and actual for 2013

	2013	2013	Variance
	Estimate	Actual	\$000
	\$000	\$000	\$000
Effective support to the Governor	1,050	902	(148)
Effective management of the Governor's Establishment	3,650	3,108	(542)

Significant variances between actual results for 2012 and 2013

	2013	2012	Variance
	\$000	\$000	\$000
Effective support to the Governor	902	952	(50)
Effective management of the Governor's Establishment	3,108	3,261	(153)

A decrease in travel expenditure in 2012/13 resulted in a decrease in the cost of Support to the Governor.

The completion of several large projects in 2011/12 brought down the cost of management of the Establishment in 2012/13.

The introduction of several savings measures within the department in 2012/13 also significantly decreased the expected expenditure for both services within the period.



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Note 28. 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, loans and receivables, 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 allowance for impairment as shown in the table at note 28(c) 'Financial instruments disclosures' and note 15 '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 28(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 2013**

Note 28. 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:

	2013	2012
	\$000	\$000
<u>Financial assets</u>		
Cash and cash equivalents	793	308
Restricted Cash and cash equivalents	89	82
Loans and Receivables ⁽ⁱ⁾	525	434
	<u>1,407</u>	<u>824</u>
	2013	2012
	\$000	\$000
<u>Financial liabilities</u>		
Financial liabilities measured at amortised cost	<u>112</u>	<u>123</u>

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Note 28. 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	Ageing analysis of financial assets					Impaired financial assets
			Past due but not impaired					
			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	
2013								
Cash and cash equivalents	793	793						
Restricted cash and cash equivalents	89	89						
Receivables ⁽ⁱ⁾	5	5						
Amounts receivable for services	520	520						
	1,407	1,407	0	0	0	0	0	0
2012								
Cash and cash equivalents	308	308						
Restricted cash and cash equivalents	82	82						
Receivables ⁽ⁱ⁾	10	10						
Amounts receivable for services	424	424						
	824	824	0	0		0	0	0

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



**GOVERNOR'S ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Note 28. 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.

		Interest rate exposure and maturity analysis of financial assets and financial liabilities									
		Interest rate exposure					Maturity dates				
	Weighted Average Effective Interest Rate	Carrying Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest Bearing	Nominal Amount	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	\$000	\$000
2013											
<u>Financial Assets</u>											
Cash and cash equivalents	-	793			793	793	793				
Restricted cash and cash equivalents	-	89			89	89				89	
Receivables ⁽ⁱ⁾	-	5			5	5	5				
Amounts receivable for services	-	520			520	520	64			456	
		1,407	0	0	1,407	1,407	862	0	0	545	0
<u>Financial Liabilities</u>											
Payables	-	112			112	112	112				
		112	0	0	112	112	112	0	0	0	0
2012											
<u>Financial Assets</u>											
Cash and cash equivalents	-	308			308	308	308				
Restricted cash and cash equivalents	-	82			82	82				82	
Receivables ⁽ⁱ⁾	-	10			10	10	10				
Amounts receivable for services	-	424			424	424	176			174	
		824	0	0	824	824	494	0	0	256	0
<u>Financial Liabilities</u>											
Payables	-	123			123	123	123				
		123	0	0	123	123	123	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 2013**

Note 28. 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 29. 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:

	2013	2012
	\$000	\$000
\$140,001-\$160,000	-	-
\$160,001-\$180,000	-	1
\$180,001-\$200,000	-	-
\$200,001-\$220,000	1	1
\$220,001-\$240,000	-	-
\$240,001-\$260,000	-	-
\$260,001-\$280,000	-	-
	\$000	\$000
Total remuneration of senior officers	206	366

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

Note 30. Remuneration of auditor

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

	2013	2012
	\$000	\$000
Auditing the accounts, financial statements and key performance indicators	12	12

Note 31. Related bodies

The Department had no related bodies during the financial year.

Note 32. Affiliated bodies

The Department had no affiliated bodies during the financial year.

Note 33. 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 2013**

GOVERNOR'S ESTABLISHMENT

KEY PERFORMANCE INDICATORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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 2013.



Carol Buckley MVO
Accountable Authority
Date: 26/08/2013

**PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2013**

Outcome

The Governor's Establishment is not part of the State public service or an agency of Government.

The Governor's Establishment's objectives are to ensure the office of the Governor, as representative of the Crown, receives appropriate support and the Domain is managed to a high standard as a significant heritage asset.

Outcome	Services
1. Office of the Governor receives appropriate support.	1. Administration of the Office of the Governor.
2. Management of the Establishment to a high standard and applying heritage principles.	2. Management of the Establishment.

Key Effectiveness Indicators

This indicator is derived from a survey instrument provided to the Governor seeking feedback on the extent to which expectations are met by services provided by the department.

The survey indicates that resources have been applied, but are not limited to:

- Administrative support to the Office of the Governor
- Representational activities throughout Western Australia
- Management of official events and hospitality
- Provision of a secure, well maintained and presented Domain
- Promotion of sound heritage principles and practices.

The Governor is satisfied as to the achievement of outcomes 1 and 2.

Key Efficiency Indicators

Two services directly support delivery of agency-level outcomes and the strategic goals.

Service 1 – Administration of the Office of the Governor

- Administrative support to the Office of the Governor
- Representational activities throughout Western Australia
- Management of official events and hospitality

	2009 Actual (\$'000)	2010 Actual (\$'000)	2011 Actual (\$'000)	2012 Actual (\$'000)	2013 Actual (\$'000)	2013 Target (\$000)	Variance to 2013 Target (\$000) (a)
Total cost of Service 1	1,481	1,732	1,842	952	902	1,050	(14%) (148)

Service 2 - Management of the Establishment

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

	2009 Actual (\$'000)	2010 Actual (\$'000)	2011 Actual (\$'000)	2012 Actual (\$'000)	2013 Actual (\$'000)	2013 Target (\$'000)	Variance to 2013 Target (\$000) (b)
Total cost of Service 2	2,408	2,356	2,540	3,261	3,108	3,650	(15%) (542)

(a) Service 1 Variance to Target

A decrease in travel expenditure in 2012/13 lowered the cost of service 1. The introduction of several savings measures within the department in 2012/13 also significantly decreased the expected expenditure within the period.

(b) Service 2 Variance to Target

Several large projects were completed in 2011/12. The introduction of several savings measures within the department in 2012/13 also significantly decreased the expected expenditure within the period.