

Annual Report *2003-2004*

This Report is available on the Governor's Establishment Website: www.govhouse.wa.gov.au

2 November 2004

The Hon. Dr Geoff Gallop, MLA
Premier of Western Australia
Office of the Premier
197 St George's Terrace
PERTH WA 6000

Dear Premier

In accordance with Section 62 of the Financial Administration and Audit Act 1985, I hereby submit for your information and presentation to Parliament the Report of the Governor's Establishment for the reporting period 1 July 2003 to 30 June 2004.

The Report has been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985.

Yours sincerely

Kevin Skipworth
OFFICIAL SECRETARY & ACCOUNTABLE OFFICER

TABLE OF CONTENTS

	<i>Page No.</i>
ESTABLISHMENT OVERVIEW.....	1
Outlook For 2004-05.....	1
REPORT ON OPERATIONS.....	2
Support to the Governor – Output 1.....	2
Manage the Governor’s Establishment – Output 2.....	3
COMPLIANCE WITH STATUTORY REQUIREMENTS.....	5
ACKNOWLEDGMENTS.....	6

APPENDICES

- Organisational Chart
 - Certification of Financial Statements
 - Statement of Financial Performance for the year ended 30 June 2004
 - Statement of Financial Position as at 30 June 2004
 - Statement of Cash flows for the year ended 30 June 2004
 - Output Schedule of Expenses and Revenues for the year ended 30 June 2004
 - Summary of Consolidated Fund Appropriations and Revenue Estimates for the year ended 30 June 2004
 - Notes to the Financial Statements
 - Performance Indicators for the year ended 30 June 2004
 - Certification of Performance Indicators
 - Opinion of the Auditor General – Financial Statements for the year ended 30 June 2004
 - Opinion of the Auditor General – Performance Indicators for the year ended 30 June 2004
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ESTABLISHMENT OVERVIEW

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

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

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

The Establishment is structured into three main areas which report ultimately to the Official Secretary in the capacity of the Chief Executive Officer. An organisational chart is at Appendix 1.

Outlook for 2004-05

The Governor’s Establishment will continue to provide effective, direct and personal support to the Governor in relation to his constitutional, ceremonial and representational roles.

The House will provide a high level of official hospitality for visits by overseas dignitaries, Diplomatic and Consular representatives.

The Governor is currently Australia’s senior State Governor and as a consequence he will be invited to Administer the Commonwealth when the Governor General is absent from Australia during 2005.

The Governor, accompanied by Mrs Sanderson, will undertake tours or visits to each of the regions of the Western Australia during 2004/05.

REPORT ON OPERATIONS

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 daily in the Vice Regal notices in the newspaper and at www.govhouse.wa.gov.au. It is, however, relevant to note some key events that had a significant bearing on the level of support provided by the staff of the Governor's Establishment throughout the year.

Support to the Governor – Output 1

- Appointments of the Hon. David K Malcolm, AC, Lieutenant Governor and Chief Justice of Western Australia, as Administrator or as deputy of the Governor; the Hon. Justice Michael Murray and the Hon. Justice Neville Owen, as deputy of the Governor during the Governor's periods of absence from Perth: -

<u>Period of Acting as Administrator (inclusive dates)</u>	<u>Person Acting</u>
29 February 2004 – 11 March 2004	Malcolm
5 May 2004 – 17 May 2004	Malcolm
10 June 2004 – 16 June 2004	Malcolm
24 June 2004 – 8 July 2004	Malcolm

<u>Period of Acting as deputy of the Governor (inclusive dates)</u>	<u>Person Acting</u>
10-17 July 2003	Murray
9-18 August 2003	Malcolm
28-30 August 2003	Malcolm
8-10 September 2003	Malcolm
1-5 November 2003	Malcolm
29 December 2003 – 4 January 2004	Malcolm
30 January 2004 – 10 February 2004	Malcolm
24 March 2004 – 31 March 2004	Malcolm
8 April 2004 – 17 April 2004	Owen
15 June 2004 – 19 June 2004	Malcolm

- Granting Royal Assent – 45 Bills were processed for Royal Assent by the Governor and 39 Messages were submitted to the Parliament.
- Presiding over Executive Council – 26 scheduled and 16 special meetings of the Executive Council were conducted in Government House.
- Receiving 30 members of the Diplomatic, Consular Corps and other dignitaries during their official visits or postings to Western Australia.

- Conducting Swearing In Ceremonies for Judicial appointments: -
4 judges of the Supreme Court;
1 acting judge of the Supreme Court;
1 acting judge of the Family Court
1 commissioner of the District Court;
1 commissioner of the Supreme Court;
5 Judges of the District Court;
3 stipendiary magistrates & magistrates of the Children's Court.
- The Governor delivered or provided 116 speeches and 29 official messages.
- The Governor, accompanied by Mrs Sanderson undertook the following official regional tours of Western Australia:-
Kimberley Region: 10 – 17 July 2003
South-East Wheatbelt: 27 August – 30 August 2003
Great Southern Region: 24 – 31 March 2004
- The Governor, accompanied by Mrs Sanderson, undertook an official visit to the People's Republic of China: 24 June – 8 July 2004
- Supporting and assisting patronage organisations – the Governor and Mrs Sanderson, as patrons, maintained support for and involvement with 171 organisations including attendance at 358 functions or events.

Manage the Governor's Establishment – Output 2

- Hospitality for 3,351 guests who attended dinners, luncheons, breakfasts and receptions at Government House, including presentations of awards for the Trust for Young Australians (formerly the Queen's Trust) and the Winston Churchill Awards.
- An estimated 10,000 people were welcomed to Government House on school tours, community group tours, education program visits, garden functions including Oz Concert, the official opening of the Perth International Arts Festival, and regular garden openings.

Due to the refurbishment of the Government House Ballroom, the scheduled public open days for October 2003 and March 2004 were not held.

- Government House Ballroom was hired to community, charity groups and other approved organisations for functions. The Ballroom was closed for refurbishment from September 2003 until 10 June 2004.

- Investiture Ceremonies were conducted to present awards to 129 recipients in The Queen's Birthday 2003 and Australia Day 2004 Honours and Awards including Bravery. A special Investiture was held in December 2003 for 19 Recipients of the Bali Honours Awards.
- 512 messages of congratulations were processed for anniversaries of members of the public for significant Birthdays and Wedding Anniversaries. Notification was forwarded as appropriate to The Queen, Governor-General, Prime Minister, Premier and the Leader of the Opposition.
- Human Resources Management
 - Appointments made – Nil appointments
 - Workers Compensation – 3 Claims were made with a 99.999% Rehabilitation Success Rate;
- All employment Agreements are current and due for review 1 January 2005.

COMPLIANCE WITH STATUTORY REQUIREMENTS

- Advertising - \$7405 was expended for newspaper advertising for Open Days and employment vacancies. This figure includes payment for the exhibition stand at WA on Show.
- EEO programs and initiatives are implemented within the scope of the Governor's Establishment Act 1992.
- Disability Services – in view of the level of public access to the Government House Ballroom and Gardens on a regular basis, there is full commitment, with constant review, for ensuring access to services for people with disabilities. Improvements were made to Ballroom access for people with disabilities.
- Recycling practices have been implemented to ensure all recyclable materials are collected and processed accordingly.
- Risk Management (nil incidents)
There is an ongoing commitment to risk identification and training in the workplace for the health and safety of staff and the public. Training undertaken by staff included first aid courses conducted by St John Ambulance.

ACKNOWLEDGMENTS

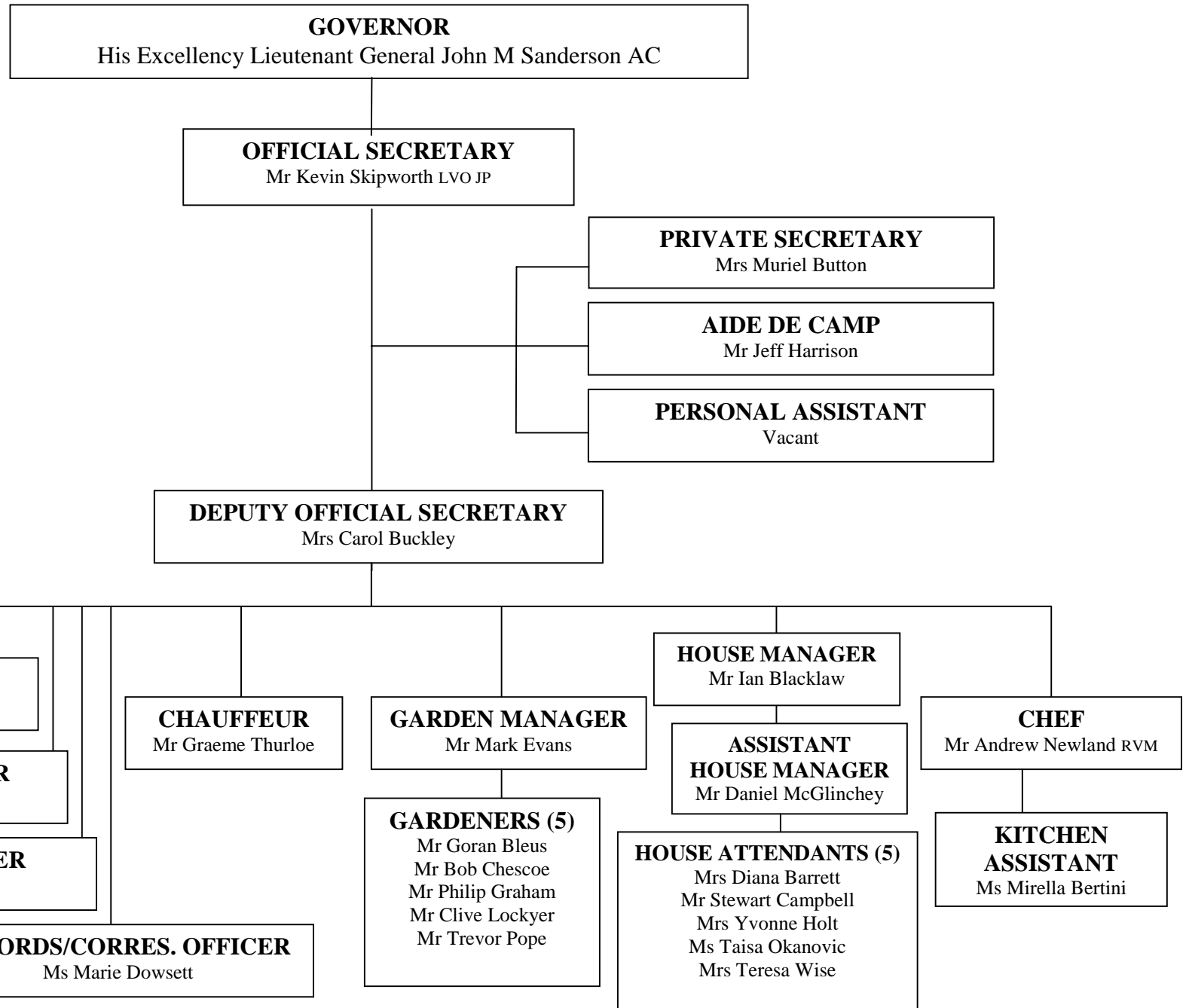
The staff of the Governor's Establishment are the most valuable and important resource in providing effective support to the Governor and effective management of the State's number one heritage asset.

I take this opportunity to thank Mrs Carol Buckley, Deputy Official Secretary, and all staff, including the Honorary Aides de Camp, for their outstanding contribution and support.

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

Particular thanks to the Chief Justice of Western Australia and the Senior Puisne Judge, the Solicitor General, Officers of the Parliament, Auditor General and to the Director General and staff of the Department of the Premier and Cabinet.

Governor's Establishment Organisational Chart



CERTIFICATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

The accompanying financial statements of the Governor's Establishment have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the year ending 30 June 2004 and the financial position as at 30 June 2004.

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.



C Buckley
Principal Accounting Officer
13 August 2004



K Skipworth
Accountable Officer
13 August 2004

Governor's Establishment
Summary of Consolidated Fund Appropriations and Revenue Estimates
for the year ended 30 June 2004

	2003/04 Estimate \$	2003/04 Actual \$	Variation \$	2003/04 Actual \$	2002/03 Actual \$	Variation \$
PURCHASE OF OUTPUTS						
Item 9 Net amount appropriated to deliver outputs	1,953,000	1,878,000	(75,000)	1,878,000	2,026,000	148,000
Amount Authorised by Other Statutes						
Governor's Establishment Act 1992	1,163,000	1,163,000	0	1,163,000	1,119,000	(44,000)
Salaries and Allowances Act 1975	150,000	161,000	11,000	161,000	150,000	(11,000)
Total appropriation provided to deliver outputs	<u>3,266,000</u>	<u>3,202,000</u>	<u>64,000</u>	<u>3,202,000</u>	<u>3,295,000</u>	<u>93,000</u>
CAPITAL						
Item 120 Capital Contributions	1,040,000	1,040,000	0	1,040,000	1,325,000	(285,000)
GRAND TOTAL OF APPROPRIATIONS	<u>4,306,000</u>	<u>4,242,000</u>	<u>64,000</u>	<u>4,242,000</u>	<u>4,620,000</u>	<u>(192,000)</u>
Details of Expenditure by Outputs						
Output 1 - Effective support to the Governor	850,000	625,761	(224,239)	625,761	556,641	(69,120)
Output 2 - Effective management of the Governor's Establishment	2,420,000	2,699,234	279,234	2,699,234	2,716,927	17,693
Total Cost of Outputs	3,270,000	3,324,995	54,995	3,324,995	3,273,568	(51,427)
Less total revenues from ordinary activities	(60,000)	(6,960)	53,040	(6,960)	(18,097)	(11,137)
Net Cost of Outputs	3,210,000	3,318,035	108,035	3,318,035	3,255,471	(62,564)
Adjustments (l)	56,000	(116,035)	(172,035)	(116,035)	39,529	155,564
Total appropriations provided to deliver outputs	<u>3,266,000</u>	<u>3,202,000</u>	<u>(64,000)</u>	<u>3,202,000</u>	<u>3,215,942</u>	<u>93,000</u>
Capital Expenditure						
Purchase of non-current physical assets	1,235,000	2,418,698	1,183,698	2,418,698	210,285	(2,208,413)
Adjustment for other funding sources	(195,000)	(1,378,698)	(1,183,698)	(1,378,698)	1,114,715	2,493,413
Capital Contribution (appropriation)	<u>1,040,000</u>	<u>1,040,000</u>	<u>0</u>	<u>1,040,000</u>	<u>1,325,000</u>	<u>(285,000)</u>

DETAILS OF REVENUE ESTIMATES

(l) Adjustments are related to movements in cash balances and other accrual items such as receivables, payables and superannuation.

The Summary of Consolidated Fund Appropriations, Variance to Budget and Actual should be read in conjunction with the accompanying notes.

This Summary provides the basis for the Explanatory Statement Information requirements of TI 945, set out in Note 22.

GOVERNOR'S ESTABLISHMENT
Notes to the Financial Statements
For the Year Ended 30 June 2004

1. Departmental mission and funding

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

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

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

2. Significant accounting policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views 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 Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, Statements of Accounting Concepts other authoritative pronouncements of the Australian Accounting Standards Board and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect is disclosed in individual notes to these financial statements.

Basis of Accounting

The financial statements have been prepared in accordance with Accounting Standard AAS 29.

The statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities, which as noted are measured at fair value.

GOVERNOR'S ESTABLISHMENT
Notes to the Financial Statements
For the Year Ended 30 June 2004

(a) Output Appropriations

Output Appropriations are recognised as revenues in the period in which the Establishment gains control of the appropriated funds. The Establishment gains control of appropriated funds at the time those funds are deposited into the Establishment's bank account or credited to the holding account held at the Department of Treasury and Finance.

(b) Contributed Equity

Under UIG 38 "Contributions by Owners Made to Wholly-Owned public Sector Entities" transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position.

(c) Net Appropriation Determination

Pursuant to section 23A of the Financial Administration and Audit Act, the net appropriation determination by the Treasurer provides for retention of the following moneys received by the Establishment:

- proceeds from fees and charges;
- Commonwealth specific purpose grants and contributions;
- revenues derived from the sale of real property;
- one-off revenues with a value of less than \$10,000 derived from the sale of property other than real property; and
- other departmental revenue.

In accordance with the determination, the Establishment retained \$6,960 in 2003-04 (\$18,097 in 2002-03). Retained revenues may only be applied to the outputs specified in the 2003-2004 Budget Statements.

(d) Revenue Recognition

Revenue from the rendering of services and disposal of other assets is recognised when the Establishment has passed control of the goods or other assets or delivery of the service to the customer.

(e) Acquisitions of Assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Assets costing less than \$1,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

GOVERNOR'S ESTABLISHMENT
Notes to the Financial Statements
For the Year Ended 30 June 2004

(f) Depreciation of non-current assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their future economic benefits. Depreciation is calculated for on a straight-line basis using rates which are reviewed annually.

Expected useful lives for each class of depreciable asset are:

Furniture and Fittings	5 years
Office Equipment	3 years
Computer Equipment	3 years
Garden Equipment	5 to 10 years
Buildings	100 years
Refurbishment	10 years
Motor vehicles	Nil
Antiques and Artwork	Nil

Works of art controlled by the Department are classified as heritage assets. They are anticipated to have very long and indeterminate useful lives. Their service potential has not, in any material sense, been consumed during the reporting period. As such, no amount of depreciation has been recognised in respect of them.

The motor vehicle is a Rolls-Royce Phantom 6 built in 1975. Only a few of these cars designed for vice-regal use were built and as such it is expected to appreciate. As a result, no depreciation has been recognised for this asset.

The Rolls-Royce is stated at fair value in accordance with a valuation provided by Chellingworth Motors as at 6 August 2002.

(g) Revaluation of Land Buildings and Infrastructure

The Establishment has a policy of valuing land and buildings at fair value. The three yearly revaluation of the Establishment's land and buildings undertaken by the Valuer General's Office are recognised in the financial statements.

The valuation of land and buildings are stated at fair value (current use) accordance with a valuation conducted by the Valuer General as at 1 July 2003.

Antiques and artwork are stated at valuation as provided by Sotheby Australia Pty Ltd in August 2003.

(h) Leases

The Establishment has entered into an operational lease arrangement for motor vehicles where the lessors effectively retain all the risks and benefits incidental to ownership of the items held under the operating lease. Equal instalments of the lease payments are charged to the operating statement over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

GOVERNOR'S ESTABLISHMENT
Notes to the Financial Statements
For the Year Ended 30 June 2004

(i) Cash

For the purposes of the Statement of Cash Flows, cash includes cash assets and restricted cash assets.

(j) Accrued Salaries

The accrued salaries suspense account (refer to note 11) consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries (refer note 18) represent the amount due to staff but unpaid at the end of the financial year, as at the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Establishment considers the carrying amount of accrued salaries to be equivalent to the fair net value.

(k) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to collection exists and in any event where the debt is more than 60 days overdue.

(l) Payables

Payables, including accruals not yet billed, are recognised when the Establishment becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

(m) Employee Benefits

Annual leave

This benefit is recognised at the reporting date in respect to employees' service up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

Long service leave

Leave benefits are calculated at remuneration rates expected to be paid when the liabilities are settled. A liability for long service leave is recognised after an employee has completed four years of service. An actuarial assessment of long service leave undertaken by PricewaterhouseCoopers in 2002 determined that the liability measured using the short hand method was not material different from the liability measured using the present value method of expected future payments.

GOVERNOR'S ESTABLISHMENT
Notes to the Financial Statements
For the Year Ended 30 June 2004

This method of measurement of the liability is consistent with the requirements of Accounting Standard AASB 1028 "Employee Benefits".

Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit and lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The superannuation expense comprises the following elements:

- (i) change in the unfunded employer's liability in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme; and
- (ii) employer contributions paid to the Gold State Superannuation Scheme and West State Superannuation Scheme.

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

A revenue "Liabilities assumed by the Treasurer" equivalent to (i) is recognised under Revenues from State Government in the Statement of Financial Performance as the unfunded liability is assumed by the Treasurer. The GESB makes the benefit payments and is recouped by the Treasurer.

The Establishment is funded for employer contributions in respect of the Gold State Superannuation Scheme and the West State Superannuation Scheme. These contributions were paid to the GESB during the year. The GESB subsequently paid the employer contributions in respect of the Gold State Superannuation Scheme to the Consolidated Fund.

Employee Benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses. (See notes 4 and 17.)

(n) Resources Received Free of Charge or For Nominal Value

Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

(o) Comparative Figures

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

GOVERNOR'S ESTABLISHMENT
Notes to the Financial Statements
For the Year Ended 30 June 2004

3. Outputs of the Establishment

Information about the Establishment's outputs, and the expenses and revenues which are reliably attributable to those outputs is set out in the Output Schedule.

The two key outputs of the Establishment :

Output 1: Effective Support to The Governor

Support the Head of State in performing the Constitutional, Statutory, Official, Ceremonial, Community and Civic duties associated with the Vice Regal role.

Output 2: Management of the Governor's Establishment

Effectively manage the financial and administrative requirements of the Establishment including capital works programs, heritage building management, planning and co-ordinating official visits and provision of hospitality on behalf of the State.

Corporate services to support the Establishment's functions are being provided in part by the Department of the Premier and Cabinet.

Governor's Establishment
Notes to the Financial Statements
for the year ended 30 June 2004

	<u>2003/04</u>	<u>2002/03</u>
	\$	\$
4 Employee expenses		
Salaries	1,225,357	1,156,857
Superannuation	109,099	103,339
Long service leave	(11,908)	3,500
Annual leave	(4,757)	9,979
Other related expenses (l)	136,756	125,116
	<u>1,454,547</u>	<u>1,398,790</u>
(l) These employee expenses include Superannuation, RiskCover premiums and other employment on-costs associated with the recognition of annual and long service leave liability. The related on-costs liability is included in employee benefits liabilities at Note 17.		
5 Depreciation expense		
Buildings	96,990	62,961
Refurbishment	117,033	94,540
Furniture and fittings	10,676	16,021
Office equipment	3,762	4,074
Garden equipment	18,493	8,002
Computer equipment	11,192	9,164
	<u>258,146</u>	<u>194,761</u>
6 Administration expenses		
Communication	28,469	39,316
Consumables	191,515	209,432
Services and Contracts	478,787	439,849
	<u>698,771</u>	<u>688,596</u>
7 Capital User Charge	<u>848,000</u>	<u>882,402</u>
A capital user charge rate of 8% has been set by the Government and represents the opportunity cost of capital invested in the net assets of the Department used in the provision of outputs. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis.		
8 Net gain/(loss) on disposal of non-current assets		
<u>Gain on disposal of Non-Current Assets</u>		
Garden Equipment	<u>2,091</u>	<u>0</u>
9 Other revenues from ordinary activities		
Ballroom Hire	1,634	18,010
Miscellaneous trade ins	1,091	0
Other - Recoups	2,144	87
	<u>4,869</u>	<u>18,097</u>

Governor's Establishment
Notes to the Financial Statements
for the year ended 30 June 2004

	2003/04	2002/03
	\$	\$
10 Revenues from State Government		
Appropriation Revenue received during the year:		
Output appropriation (I)		
Recurrent	1,878,000	2,026,000
Special Acts	1,324,000	1,269,000
	3,202,000	3,295,000
The following liabilities have been assumed by the Treasurer during the financial year:		
- Superannuation (II)	4,691	4,444
Total liabilities assumed by the Treasurer	4,691	4,444
Resources received free of charge (III)		
Determined on the basis of the following estimates provided by agencies:		
Office of the Auditor General - Audit Services (IV)	0	7,000
Crown Solicitor's Office	0	0
Department of Premier and Cabinet		
- Corporate and Business Services	57,700	72,447
Department of Land Administration (VGO)	0	110
	57,700	79,557

(I) Output appropriations are accrual amounts reflecting the full price paid for outputs delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(II) The assumption of the superannuation liability by the Treasurer is only a notional revenue to offset the notional superannuation expense reported in respect of current employees who are members of the pension scheme and current employees who have a transfer benefit entitlement under the Gold State Scheme.

(III) Where assets or services have been received free of charge or for nominal consideration, the department recognises revenues (except where the contributions of assets or services are in the nature of contributions by owners in which case the Department shall make a direct adjustment to equity) equivalent to the fair value to the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

(IV) Commencing with the 2003-04 audit, the Office of the Auditor General will be charging a fee for auditing the accounts, financial statements and performance indicators. The fee for the 2003-04 audit (\$8,800) will be due and payable in the 2004-05 financial year.

11 Restricted cash assets

Current		
Accrued salaries and cash in suspense account (I)	47,105	
Departmental Operating Trust Account - Capital contributions (II)	47,105	1,601,988
		1,601,988
Non-current		
Accrued salaries and cash in suspense account (I)	0	39,740

(I) Amount held in suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

(II) Balance of capital contributions appropriated for the purpose of capital works.

12 Prepayments

Current	0	1,301
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Governor's Establishment
Notes to the Financial Statements
for the year ended 30 June 2004

	2003/04	2002/03
	\$	\$
13 Receivables		
Current	0	0
GST Receivable	47,595	7,675
Debtors	0	0
	<u>47,595</u>	<u>7,675</u>
14 Amounts receivable for outputs		
Current	0	195,000
Non-current	336,000	141,000
	<u>336,000</u>	<u>336,000</u>
<p>This asset represents the non-cash component of output appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.</p>		
15 Property, furniture, fittings, equipment and software		
Land		
At fair value (I)	<u>136,000</u>	<u>115,000</u>
Buildings		
At fair value (I)	9,699,000	6,296,100
Accumulated depreciation	(96,990)	(62,961)
	<u>9,602,010</u>	<u>6,233,139</u>
Refurbishment		
At cost	3,440,817	1,104,186
Accumulated depreciation	(534,262)	(417,229)
	<u>2,906,555</u>	<u>686,957</u>
Furniture and equipment		
At cost	130,980	125,596
Accumulated depreciation	(110,379)	(99,703)
	<u>20,601</u>	<u>25,893</u>
Computer equipment		
At cost	51,026	97,079
Accumulated depreciation	(24,929)	(71,561)
	<u>26,097</u>	<u>25,518</u>
Office equipment		
At cost	58,975	58,975
Accumulated amortisation	(55,681)	(51,919)
	<u>3,294</u>	<u>7,056</u>
Garden equipment		
At cost	149,217	97,028
Accumulated depreciation	(46,647)	(40,879)
	<u>102,570</u>	<u>56,148</u>
Motor vehicle		
At valuation	<u>100,000</u>	<u>100,000</u>
Antiques and artwork		
At valuation	701,000	624,050
At cost		42,100
	<u>701,000</u>	<u>666,150</u>
Total		
At cost and valuation	14,467,015	8,660,113
Accumulated depreciation	(868,888)	(744,251)
	<u>13,598,127</u>	<u>7,915,862</u>

Governor's Establishment
Notes to the Financial Statements
for the year ended 30 June 2004

	2003/04	2002/03
	\$	\$
16 Payables		
Current		
Administration expenses	105,076	35,451
Capital expenses	37,525	26,307
	142,602	61,758
17 Provisions		
Current		
Annual leave	56,634	61,390
Long service leave	116,808	128,070
Other - On-costs (I)	19,740	21,371
	193,182	210,832
Non-current		
Long service leave	84,605	85,251
Other - On-costs (I)	8,761	8,621
	93,366	93,872

(1) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and RiskCover premiums. The liability for such on-costs is included here. The associated expense is included under other related expenses (under Employee expenses) at Note 4.

The Department considers the carrying amount of employee benefits to approximate the net fair value.

Employee Benefit Liabilities

The aggregate employee entitlement liability recognised and included in the financial statements is as follows:

Provision for employee benefits		
Current	193,182	210,832
Non-current	93,366	93,872
	286,548	304,704

18 Other liabilities

Accrued salaries

Amounts owing for the working days between the end of the last pay period for the financial year and 30 June.

2004 - 9 working days	44,697	
2003 - 7 working days		33,602

Accrued salaries are settled within a few days of the financial year end. The carrying amount is equivalent to the net fair value.

	2003/04	2002/03
	\$	\$
19 Equity		
Equity represents the residual interest in the net assets of the Department. The Government holds the equity interest in the Department on behalf of the community. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets.		
Contributed equity		
Opening balance	1,595,000	270,000
Capital Contributions (I)	1,040,000	1,325,000
Closing balance	2,635,000	1,595,000

(I) Capital contributions have been designated a contributions by owners and are credited directly to equity in the Statement of Financial Position.

Governor's Establishment
Notes to the Financial Statements
for the year ended 30 June 2004

	2003/04	2002/03
	\$	\$
Reserves		
Asset Revaluation Reserve (I)		
Opening balance	7,929,721	7,929,721
Net revaluations increments/(decrements)		
Land	21,000	
Buildings	3,465,861	
Motor vehicles		
Antiques and Artworks	34,850	
Closing balance	<u>11,451,432</u>	<u>7,929,721</u>

(I) The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 2(g).

Accumulated surplus		
Opening balance	384,739	261,209
Change in net assets resulting from operations	<u>(53,644)</u>	<u>123,530</u>
Closing balance	<u>331,095</u>	<u>384,739</u>

20 Notes to the Statement of Cash Flows

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:

(a) Reconciliation of Cash

Cash assets	862,547	406,957
Restricted cash assets (refer to note 11)	<u>47,105</u>	<u>1,641,728</u>
	<u>909,652</u>	<u>2,048,685</u>

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

Net cost of services (operating statement)	(3,318,035)	(3,255,471)
Non-cash items:		
Depreciation expense	258,146	194,761
Liabilities assumed by the Treasurer	4,691	4,444
Resources received free of charge	57,700	79,557
(Profit)/loss on sale of property, plant and equipment	(3,182)	0
(Increase)/decrease in assets:		
Prepayments	1,301	(1,301)
Current receivables (III)	0	10,402
Increase/(decrease) in liabilities:		
Accrued salaries	11,095	3,370
Employee entitlements	(17,650)	21,601
Current payables	69,625	(10,516)
Non current employee entitlements	(506)	(4,590)
Net GST receivables/payables (I)	<u>(39,921)</u>	<u>9,550</u>
Net cash provided by/(used in) operating activities	<u>(2,976,735)</u>	<u>(2,948,191)</u>

(I) This is net GST received

(II) This reverses out the GST in receivables and payables

(III) Note that ATO receivable/payable in respect of GST and receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they are not reconciling items.

Governor's Establishment
Notes to the Financial Statements
for the year ended 30 June 2004

	2003/04	2002/03
	\$	\$
21 Commitments for Expenditure		
a) Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements are payable as follows:		
Within 1 year	464,343	0
b) These commitments relate to motor vehicle leases which are due for payment:		
Within 1 year	19,481	18,079
later than one year and not later than 5 years	4,706	5,153
	24,187	23,232

22 Explanatory Statement

The Summary of Consolidated Fund Appropriations and Revenue Estimates discloses appropriations and other statutes expenditure estimates, the actual expenditures are made and revenue estimates and payments into the Consolidated Fund, all on an accrual basis.

The following explanations are provided in accordance with Treasurer's Instruction 945:

Significant variations are considered to be those greater 10%.

(i) Significant variances between estimates and actual - Total appropriation to deliver outputs:

Although there was no significant variance in the total appropriation, there were significant offsetting variations in the following output expenditures.

	Estimate 2003/04	Actual 2003/04	Variance
	\$	\$	\$
Support to the Governor	850,000	625,761	(224,239)
Expensed against second output			
Management of Governor's Establishment	2,420,000	2,699,234	279,234
Variance not significant.			

(ii) Significant variances between actual and prior year - Total appropriation to deliver outputs:

	Actual 2003/04	Actual 2002/03	Variance
	\$	\$	\$
Total appropriation provided to deliver outputs for the year.	3,202,000	3,295,000	93,000
Variance not significant.			

	Actual 2003/04	Actual 2002/03	Variance
	\$	\$	\$
Other Revenue	6,960	18,097	11,137
Ballroom unable to be hired out during refurbishments			
Output Expenditure			
Support to the Governor	625,761	556,641	(69,120)
Management of Governor's Establishment	2,699,234	2,716,927	17,693
Variations not significant.			

Governor's Establishment
Notes to the Financial Statements
for the year ended 30 June 2004

(iii) Significant variances between estimate and actual - Capital Contribution:
Capital

	Estimate 2003/04 \$	Actual 2003/04 \$	Variance \$
Capital Expenditure	1,235,000	2,418,698	1,183,698

Ballroom refurbishment work commenced in a later financial year.

(iv) Significant variances between actual and prior year actual - Capital Contribution:

	Actual 2003/04 \$	Actual 2002/03 \$	Variance \$
Capital Expenditure	2,418,698	210,285	(2,208,413)

Ballroom refurbishment work completed in current financial year.

23 Additional Financial Instruments Disclosures

(a) Interest Rate Risk Exposure

The following table details the Establishment's exposure to interest rate risk as at the reporting date:

	Non Interest Bearing \$	Total \$
2004		
Financial Assets		
Cash Resources	862,547	862,547
Restricted cash assets	47,105	47,105
Receivables - GST	47,595	47,595
Holding account	336,000	336,000
	1,293,247	1,293,247
Financial Liabilities		
Accounts Payable	142,602	142,602
Accrued Salaries	44,697	44,697
	187,299	187,299
2003		
Financial Assets	2,352,621	2,352,621
Financial Liabilities	95,360	95,360
	2,447,981	2,447,981

(b) Credit risk exposure

The Department's exposure to credit risk is nil as there are no amounts receivable.

Governor's Establishment
Notes to the Financial Statements
for the year ended 30 June 2004

	2003/04	2002/03
	\$	\$
24 Remuneration and Retirement Benefits of Senior Officers		
<i>Remuneration</i>		
The number of Senior Officers whose total of fees, salaries superannuation and other benefits received, or due and receivable, for the financial year, who fall within the following bands is:		
\$		
80,001 - 90,000	1	1
90,001 - 100,000		
100,001 - 110,000	1	1
110,001 - 120,000		
 The total remuneration of senior officers is:	 197,095	 190,423
 The superannuation included here represents the superannuation expense incurred by the Department in respect of senior officers.		
 No senior officers are members of the Pension Scheme.		
 25 Gifts of Public Property		
Gifts of public property provided by the Department	0	909

26 The Impact of Adopting International Accounting Standards

The Establishment is adopting international accounting standards in compliance with AASB 1 First-time Adoption of Australian Equivalents to International financial Reporting Standards (IFRS).

AASB 1 requires an opening balance sheet as at 1 July 2004 and the restatement of the financial statements for the reporting period to 30 June 2005 on an IFRS basis. These financial statements will be presented as comparatives in the first annual financial report prepared on an IFRS basis for the period ending 30 June 2006.

AASB 1047 "Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards" requires financial reports for periods ending on or after 30 June 2004 to disclose as follows:

(i) How the transition to Australian equivalents to IFRS is being managed:

The Establishment will implement any necessary changes to accounting policy due to the adoption of Australian equivalents to IFRS, as recommended by its accounting service provider, the Department of the Premier and Cabinet.

In this regard, the Department has established the International Financial Reporting Standards (IFRS) working group to review all Australian equivalents to the IFRS with a view to assessing the impact on reporting requirements under the Financial Administration and Audit Act 1985.

(ii) Key differences in accounting policies that are expected to arise from adopting Australian

Currently, there are no key differences in the accounting policies that are expected to arise from adopting Australian equivalents to IFRS.



GOVERNOR'S ESTABLISHMENT

PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2004

Outcome

The outcome of the Governor's Establishment is supported by 2 outputs. The outcome of these outputs is to support the Governor and manage the Governor's Establishment.

Effectiveness Indicator

The effectiveness of the Establishment in ensuring the outcome is met can only be determined by the Governor. Therefore, the accompanying certification of the satisfactory delivery of this outcome by the Governor represents the most appropriate key effectiveness indicator.

Efficiency Indicator

The accompanying certifications detail the most appropriate efficiency indicators.

Certification

I hereby certify the Performance Indicators are based on proper records and are relevant and appropriate for assisting users to assess the performance of the Governor's Establishment and fairly represent the indicated performance for the twelve months ending 30 June 2004.

A handwritten signature in black ink, appearing to read 'Kevin Skipworth'.

Kevin Skipworth
OFFICIAL SECRETARY & ACCOUNTABLE OFFICER

13 August 2004



GOVERNOR'S ESTABLISHMENT

CERTIFICATION OF PERFORMANCE INDICATORS

The Outcome of the Governor's Establishment is to support the Office of Governor and manage the Governor's Establishment.

The Establishment has provided effective administrative support to enable the Office of Governor to undertake the Constitutional, Ceremonial and Community responsibilities and duties of the Vice Regal role. These have included:-

- Timely and effective meetings and briefings;*
- Balanced program of functions;*
- Effective planning of tours and visit itineraries;*
- Maintenance of high standards of functions/events for visiting dignitaries and callers.*

Effectiveness Indicator – Output 1

I certify the Governor's Establishment has effectively supported the Office of Governor and has effectively managed Government House.

A handwritten signature in cursive script, reading "John Sanderson".

GOVERNOR

13 August 2004



GOVERNOR'S ESTABLISHMENT

CERTIFICATION OF PERFORMANCE INDICATORS

Efficiency Indicator – Output 1

The total cost per year to support the Governor.

	99/00	00/01	01/02	02/03	03/04
Total cost of Output 1 (\$'000)	490	471	534	557	626

Efficiency Indicator – Output 2

The total cost per year to manage the Governor's Establishment.

	99/00	00/01	01/02	02/03	03/04
Total cost of Output 2 (\$'000)	2,098	1,951	2,500	2,717	2,700

Variations in the costs between years are largely attributable to variations in the extent of capital works completed during the year. Slight fluctuations also occur with variation in demand for services by the Governor. The increase in costs for 01-02 and 02-03 is due to the Capital User Charge.

Kevin Skipworth
OFFICIAL SECRETARY & ACCOUNTABLE OFFICER

13 August 2004



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

GOVERNOR'S ESTABLISHMENT FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

Audit Opinion

In my opinion,

- (i) the controls exercised by the Governor's Establishment provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Governor's Establishment at June 30, 2004 and its financial performance and cash flows for the year ended on that date.

Scope

The Official Secretary's Role

The Official Secretary is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Output Schedule of Expenses and Revenues, Summary of Consolidated Fund Appropriations and Revenue Estimates, and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

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

D D R PEARSON
AUDITOR GENERAL
October 13, 2004



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

GOVERNOR'S ESTABLISHMENT PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2004

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Governor's Establishment are relevant and appropriate to help users assess the Governor's Establishment's performance and fairly represent the indicated performance for the year ended June 30, 2004.

Scope

The Official Secretary's Role

The Official Secretary is responsible for developing and maintaining proper records and systems for preparing performance indicators.

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

Summary of my Role

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
October 13, 2004