



---

35<sup>th</sup> Annual Report of the  
Parliamentary Commissioner for  
Administrative Investigations

# Annual Report 2006

# Our mission

---

To assist the Parliament of Western Australia to be confident that the public sector of the State is accountable for, and is improving the standard of, administrative decision-making, practices and conduct.

## Ombudsman's office location

12th Floor  
44 St Georges Terrace  
Perth  
Western Australia

## Postal address

PO Box Z5386  
St Georges Terrace  
PERTH WA 6831

## Telephone

(08) 9220 7555  
1800 117 000 (free call)

## Facsimile

(08) 9325 1107

## Email

[mail@ombudsman.wa.gov.au](mailto:mail@ombudsman.wa.gov.au)

## Website

[www.ombudsman.wa.gov.au](http://www.ombudsman.wa.gov.au)

ISSN 1832-245X



Mr President, Mr Speaker

**Annual Report of the Parliamentary Commissioner for Administrative Investigations for the year ended 30 June 2006**

In accordance with section 64(1) of the *Financial Administration and Audit Act 1985* (as modified by Part 1 of Schedule 1A), I submit this report for the year ended 30 June 2006, together with copies of the opinions of the Auditor General.

To the extent that the report contains subject matter not required by the *Financial Administration and Audit Act* or by the Treasurer's Instructions made under that Act, it is submitted pursuant to section 27 of the *Parliamentary Commissioner Act 1971*.

Deirdre O'Donnell  
Parliamentary Commissioner  
for Administrative Investigations

9 November 2006



# Contents

---

		Page
Chapter 1	The year's work	6
Chapter 2	Our performance	23
Chapter 3	Public sector organisations	27
Chapter 4	Administration and staffing	41
Chapter 5	Financial statements	51

---

## The year's work

This is my office's thirty-fifth annual report to Parliament, and my final report in the role of State Ombudsman.

In the reporting period, our office continued to improve its service delivery to members of the public who bring a complaint about government administration to the Ombudsman's attention. The office also strengthened its focus on systemic issues through the provision of advice to government agencies about how to improve their systems and processes. Our commitment to strengthening integrity across the public sector was evident in our participation in the Integrity Coordinating Group. And finally, through our hosting of the annual conference of the Australasian and Pacific Ombudsman Region, we were able to reflect, with our national and Pacific colleagues, on how an ombudsman's office achieves the objectives of demonstrating integrity, transparency and accountability.

In our business planning process, we are guided by benchmarks of accessibility, accountability, efficiency, effectiveness, fairness and independence, and these are translated into our office objectives for each year.

Our first objective is to undertake timely, thorough, objective and impartial investigations. This remains a significant challenge for us but progress has been made in terms of reducing older cases on hand and lowering the cost per finalised allegation. This remains a key priority for us. Chapters 2 and 3 provide more information about our performance in this area.

Our second objective is to contribute to improving the quality of administrative practice in Western Australian State and local government agencies. This can be gauged by the outcomes we achieve for complainants as well as by the assistance we provide to agencies. Chapter 3 provides details about the nature of complaints investigated and the outcomes achieved. We have also developed guidelines and information sheets to assist agencies with administrative processes and complaint handling practices, and to help members of the public understand our own processes. Our website contains these publications.

Our third objective is to ensure a high level of awareness of the role of the Ombudsman's office and to provide a service that is readily accessible to all members of the community. Chapter 1 includes details of how we are working to improve our accessibility. Our business plan also sets targets to improve our internal governance, and our progress in this area is set out in chapter 4.

Finally, in terms of our own professionalism and the performance of our functions, we aim to be respected, valued and recognised by acting according to our stated values. Providing complainants with a fair process by which their concerns are considered and investigated is fundamental to their confidence in the Ombudsman's office. Equally, conducting a fair investigation into an agency's administrative processes, and according that agency procedural fairness, is vital to ensuring that recommendations made at the end of an investigation are appropriately implemented. Further, assisting agencies improve their own procedural fairness can in turn lead to greater public confidence in their operations. All these benefits can flow from fair processes, which is why we have invested much time and effort in this important area.

It has been a great privilege to have occupied the position of Parliamentary Commissioner for Administrative Investigations of Western Australia since February 2002. The achievements of the Ombudsman are the achievements of my staff, and I would like to thank them all for their professionalism and dedication, and their demonstrated commitment to the values of integrity and independence.

## What does the Ombudsman do?

The *Parliamentary Commissioner Act 1971* (the Act) determines that the main role of the Ombudsman is to investigate administrative acts or omissions in State Government agencies and local governments and to make recommendations to redress the effect of defective administration and to prevent its recurrence.

We fulfil this role in the following ways:

- by providing an efficient and effective complaint-handling system
- by assisting in improving the quality of, and public confidence in, public administration by identifying and investigating areas of defective administration—whether or not complaints have been received
- by developing community awareness of the Ombudsman and services provided by the Ombudsman
- by developing the understanding of the role of the Ombudsman in State Government agencies and local governments
- by assisting State Government agencies and local governments to maximise the efficiency and effectiveness of their own internal complaint handling systems.

## How is the Ombudsman regulated?

The Act contains various provisions which regulate the Ombudsman, as follows:

- the Ombudsman is an independent office responsible to Parliament—not to a minister of the Crown
- the Ombudsman may, at any time, lay before each House of Parliament a report on any matter arising in connection with the exercise of her functions
- the Act gives the Ombudsman wide investigative powers, including those of a royal commission—subject to the Rules of Parliament, the Ombudsman's procedures on investigation may be regulated in such a manner as she thinks fit
- the Ombudsman cannot investigate a decision of a minister of the Crown, but may investigate a recommendation made to a minister
- investigations may be commenced by the Ombudsman in response to the following:
  - a written complaint from any person or organisation affected in his or its personal capacity by an administrative act or omission of a department or authority under the Ombudsman's jurisdiction
  - on reference by either House of Parliament, a committee of either House, or a joint committee of both Houses in respect of a matter within jurisdiction
  - on the Ombudsman's own motion
- any person who is involved in an investigation may be represented by counsel or otherwise
- the Ombudsman cannot in any report make any adverse comment about any person unless that person is given the opportunity of responding to it and a response is fairly set out in the report
- investigations are conducted in private and the Ombudsman can only disclose information or make a statement about an investigation subject to compliance with specified provisions of the Act
- the Ombudsman has a discretion whether to commence or continue an investigation

- provision is made for consultation between the Ombudsman and the minister responsible for the agency under investigation
- as a result of an investigation, the Ombudsman may recommend to the chief executive officer that redress be given to a complainant and that practices, procedures or legislation be reviewed to prevent a recurrence
- if the Ombudsman's recommendations are not accepted within a reasonable time frame, she can send to the Premier a copy of the report, the recommendations and the relevant correspondence—the Act provides that the Ombudsman may table those papers in each House of the Parliament.

### How are decisions about investigations made?

The Act provides wide ranging discretionary powers to assist in determining the scope and nature of investigations. At the individual complaint level, in accordance with the Act, all complaints are assessed against the following criteria before an investigation commences:

1. **Basic jurisdiction issue—agency complained about** — First, we ascertain whether the agency complained about is within the Ombudsman's jurisdiction—i.e. a government department or authority, or local government. Certain agencies are outside our jurisdiction, as are decisions made by Cabinet or ministers or the actions of legal advisers.
2. **Other key jurisdiction issues** — We assess whether:
  - the action or decision complained of relates to a matter of administration
  - the action complained of was in the exercise of a power or function
  - the complainant is personally affected by the action or decision
  - the complainant became aware of the action or decision complained of within 12 months of making the complaint
  - the complainant has or had a legal remedy or a right of review or appeal.
3. **Discretion whether or not to investigate** — We can exercise our discretion whether or not to investigate in situations where:
  - special circumstances exist for matters over 12 months old
  - the complainant has a legal remedy or right of review or appeal, in which case we consider whether it is reasonable to expect the complainant to resort to that remedy
  - a complaint appears to us to be frivolous, trivial, vexatious, or not in good faith
  - an investigation does not appear to be warranted in the circumstances, such as where the agency is still investigating the complaint or a complaint has not yet been made to the agency, or where another complaint-taking body may be more appropriate
  - the complainant does not have a sufficient personal interest in the matter.
4. **Referral to other body** — If a complaint is out of our jurisdiction we try to find another body which might be able to assist the complainant. For complaints within jurisdiction but where there is a more appropriate body to do the investigation, we refer it to that body (after having exercised our discretion not to investigate).
5. **Action once decision is made** — If we decide to investigate a complaint, we advise the agency and the complainant accordingly. As part of this process, we identify the issues raised by the complainant (along with any other issues that we consider material), and identify the specific heads of maladministration for each allegation. We can also choose to conduct either a formal or an informal investigation.

If we decide not to investigate, the complainant is advised of this, along with the reasons for our decision.



6. **Prioritising investigations** – The majority of our investigations are conducted informally. In prioritising these we have regard to a number of factors. For instance, we assess whether any particular urgency attaches to the outcome of the complaint. For complex matters, we consider conducting a more detailed investigation where there is significant public interest in the matter complained about, or the complaint has significant public policy implications, or raises systemic policy, procedural or legislative issues.

At the systemic level, investigations are more likely to proceed on a formal basis and involve the use of the Ombudsman's royal commission powers. In addition to the above criteria, we also consider the following when making decisions about whether to investigate an issue, as well as how the investigation should be conducted:

- public interest in the matter
- public policy implications of the matter
- whether there is a reasonable prospect of proving an allegation or group of allegations
- whether any practical outcome can be achieved for the complainant, due to the passage of time
- whether important systemic policy, procedural or legislative issues are involved
- available resources.

### **Requests for review**

We are committed to providing complainants with a service that reflects best practice administration. Thus, we will always give reasons for a decision, and we will handle requests for review of a decision in a fair, timely and professional manner. This includes decisions not to investigate a complaint, or to discontinue an investigation, as well as conclusions reached after an investigation.

If a complainant asks for a review, we will treat this as an opportunity to identify whether there are any weaknesses in our systems. If we find problems with our investigative and decision-making process or in the way we have communicated our decision, our aim is to correct these, in order to keep improving our service.

As reviewing a decision can often require substantial resources, our policy is to only review a decision once. There will of course be occasions when the complainant remains dissatisfied with this approach, but we recognise that it is not possible to satisfy every complainant who has dealings with us. Our mission is to assist Parliament to be confident in the public sector's administrative decision making, policies and practices, and we need to use our limited resources as efficiently as possible.

The purpose of a review is to satisfy ourselves that we have acted fairly and reasonably in dealing with the complaint. The fact that a complainant remains dissatisfied with the outcome of a review is not in itself sufficient reason to further consider the matter.

The review will be done by a different staff member than the one who handled the original complaint. Wherever possible, the reviewer will be more senior and will have had no previous involvement with the case.

The reviewer will generally look at all documents in the case, including any new material. More inquiries may be made with the agency or the complainant. It is possible that in some cases the original decision may be changed, the case re-opened and some further action taken.

Except in cases where the Ombudsman is satisfied that special circumstances exist, we will only consider a request for a review up to 12 months after the date of our initial decision.

The office's complaints management system does not currently permit recording of requests for reviews. However, we estimate that during the year approximately one per cent of the allegations investigated were subject to review.

### Complaints and allegations received

The statistics relating to the work of the office record both complaints and allegations (i.e. a complaint can involve one or more allegations) in an attempt to reflect the differing amount of work involved. However, it is important to bear in mind that the amount of work involved in an investigation varies considerably from case to case. As there is no quantitative or qualitative weighting of relative importance or complexity, allegations requiring major investigations are treated the same way, statistically, as straightforward ones.

Unlike some other Ombudsman legislation, the Act does not provide for the receipt of oral complaints. This, together with other variations in jurisdiction and the differences in recording criteria, makes valid comparisons between the statistics of Ombudsman offices in Australia or elsewhere problematic.

The office handles thousands of telephone enquiries each year, frequently from members of the public seeking information rather than wishing to make a complaint. Many have a grievance but require assistance to establish how and to whom a complaint can be made. As far as possible, we provide advice and assistance on these occasions. Since 11 October 2004, enquiries received by telephone or in person have been recorded in a dedicated database, enabling the office to link written complaints received to an initial enquiry, and to better track the nature of oral enquiries received and the agencies complained about. Over the past 12 months 3,890 enquiries were received, which included 85 face-to-face interviews with complainants seeking assistance to lodge a written complaint.

The office also has an important referral role. Even though we may be unable to be of direct assistance to people who approach the office about matters that are not within jurisdiction, it is often possible to refer them to another appropriate source of assistance. Therefore, an outcome of 'no jurisdiction' does not necessarily mean that the office has not been of assistance to the person who consulted us.

Table 1.1 shows the number of complaints and allegations received over the past five years. It should be noted that from 2004 the figures reflect the transfer of the police complaints jurisdiction to the Corruption and Crime Commission on 1 January 2004. We continue to receive complaints about Police and Railway Special Constables and to consider these under our general jurisdiction when they relate to matters of administration.

	2002	2003	2004	2005	2006
<b>Complaints received</b>					
Police	1,267	1,170	789	176	173
Railway special constables	29	14	9	1	-
Other State Government departments and agencies and local governments	1,642	1,435	1,338	1,166	1,106
<b>TOTAL</b>	<b>2,938</b>	<b>2,619</b>	<b>2,136</b>	<b>1,343</b>	<b>1,279</b>
<b>Allegations received</b>					
Police	1,811	1,574	872	182	205
Railway special constables	53	20	13	1	-
Other State Government departments and agencies and local governments	2,059	1,878	1,670	1,401	1,397
<b>TOTAL</b>	<b>3,923</b>	<b>3,472</b>	<b>2,555</b>	<b>1,584</b>	<b>1,602</b>

Figure 1.1 illustrates the number of allegations received since 1991. The number of allegations for this year has remained about the same as last year.

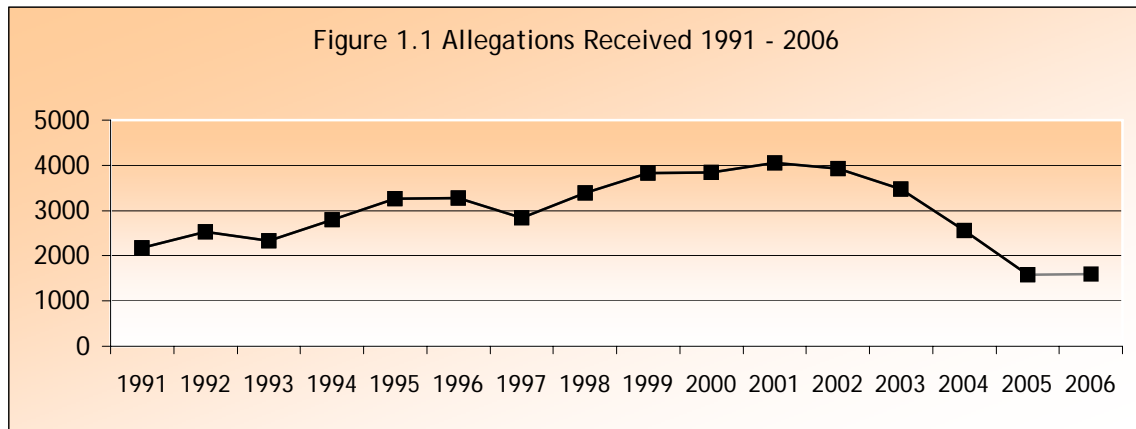


Table 1.2 shows the geographical origin of the allegations received based on the electoral districts of Western Australia.

	2002	2003	2004	2005	2006
<b>Number of allegations received*</b>					
Metropolitan electorates	2,857	2,477	1,903	1,076	1,068
Country electorates	968	942	610	476	420
Outside WA	98	53	42	32	114
<b>TOTAL</b>	<b>3,923</b>	<b>3,472</b>	<b>2,555</b>	<b>1,584</b>	<b>1,602</b>
<b>Number of allegations per 10,000 electors</b>					
Metropolitan electorates	31	28	21	11	11
Country electorates	32	30	19	15	13

\* Figures for 2004, 2005 and 2006 reflect the transfer of the police complaints jurisdiction to the Corruption and Crime Commission.

## Complaints and allegations finalised

During the year 1,384 complaints containing 1,818 allegations were finalised in the manner shown in Table 1.3 below.

	Number of allegations	% (approx)
<b>Finalised at initial stage</b>		
No jurisdiction	277*	15
Discretion exercised not to investigate	561	31
Withdrawn or not proceeded with	97	5
Finalised to satisfaction of complainant	56	3
Referred back to agency	323	18
<b>Finalised by completed investigation</b>		
Withdrawn or not proceeded with	74	4
Could not be determined	35	2
Sustained partly	32	2
Sustained wholly or substantially	93	5
Not sustained	270	15
<b>TOTAL ALLEGATIONS FINALISED</b>	<b>1,818</b>	<b>100</b>

\* includes 69 misconduct matters referred to the Corruption and Crime Commission

Some 72% of complaints received by the Ombudsman during 2005-06 were finalised at the initial stage. This is significantly more than the previous year, when 60% of complaints received were finalised at the initial stage.

Of those complaints finalised at the initial stage, 18% were referred back to the original agency in the first instance. This is in line with the Ombudsman as an 'office of last resort' and also accords with the Government's complaints management strategy, established in March 2004. In referring complainants back to the original agency, we advise them that they may return to the Ombudsman should their complaint remain unresolved.

Table 1.5 on page 14 gives details of allegations finalised in respect of individual departments, authorities and local governments.

### Assistance to complainants

Complainants look to the Ombudsman to provide some form of assistance or action to remedy the problem they have complained about. Table 1.4 shows the extent to which it was possible to obtain some form of benefit for complainants or a change to the law, or the practice or procedure of a government agency.

Table 1.4	Assistance provided - allegations finalised
	Number of actions
<b>Direct benefit for complainant</b>	
Apology given	16
Act of grace payment made	6
Action/decision expedited	10
Explanation or reasons provided by agency	16
Monetary charge reduced, withdrawn or refunded	10
Reversal or significant variation of original decision	6
Other assistance	17
Changes to law, practice or procedure	114

As illustrated in Table 1.3, 15% of allegations investigated could not be sustained. While in some instances this may be because there is a conflict of evidence that cannot be resolved, in many cases we concluded that the agency had in fact acted reasonably and within its powers. While it may appear to the complainant that a public officer has acted unreasonably, in our experience the cause is far more likely to be inadvertence or human error. However, we remain vigilant for evidence of poor systems or processes, and always aim to ensure that the circumstances which gave rise to a particular complaint do not recur. We see this aspect of our work as of considerable importance in fulfilling our mission.

### Telecommunications Interception

The *Telecommunications (Interception) Western Australia Act 1996* (the Act) came into operation on 24 December 1996. The *Telecommunications (Interception) Western Australia Regulations 1996* (the Regulations), made pursuant to the Act, came into operation on the same day.

The Act designated the Western Australia Police (WAPOL) as an 'eligible authority', which in turn allowed it to be declared an 'agency' for the purposes of the *Telecommunications (Interception) Act 1979* of the Commonwealth (the Commonwealth Act). Final approvals for that declaration were completed on 15 July 1997.

The Regulations prescribe the Parliamentary Commissioner for Administrative Investigations (the Ombudsman) as the Principal Inspector for the purposes of the Act and officers of the Ombudsman as Inspectors.

The *Corruption and Crime Commission Act 2003* designated the Corruption and Crime Commission (CCC) as an eligible authority under the Act, which in turn allowed it to be declared an agency for the purposes of the Commonwealth Act. This declaration took place on 24 March 2004.

Subsection 10(2) of the Act provides that:

The principal inspector is to inspect the eligible authority's records at least twice during each financial year in order to ascertain the extent to which the authority's officers have complied with Part 2 since the last inspection under this Part of the authority's records.

Subsection 11(2) of the Act provides that:

The principal inspector, as soon as practicable, and in any event within 3 months, after the end of each financial year, is to report to the Minister in writing, in relation to the eligible authority, about the results of the inspections under section 10(2), during that financial year, of the authority's records.

In accordance with subsection 11(2), a report on the inspections carried out in relation to WAPOL under subsection 10(2) during the financial year ended 30 June 2005 was presented to the Minister for Police. A report on the inspections carried out in relation to the CCC under subsection 10(2) during the financial year ended 30 June 2005 was presented to the Attorney General.

During the reporting period, we carried out eight inspections of the operations of the WAPOL in connection with telecommunications interceptions. In respect of the CCC, we carried out four inspections.

Our inspections revealed two breaches of the Commonwealth Act relating to warrants issued to WAPOL. In the first case, the records relating to a warrant were approved for destruction and the records were directed to be returned to the Telecommunications Interception Unit (TIU) of WAPOL for that purpose. However, the records could not be found at the operational unit to which they had been issued. A further search by TIU staff could not locate the missing records. In the second case, certain records were recorded as having been returned to the TIU from an operational unit, but those records could not be found within the TIU when that warrant was next inspected. At the time of writing, the matter is still under investigation. These breaches will be included in my annual report for the period ended 30 June 2006 to the Minister for Police.

## State Administrative Tribunal

Under section 168 of the *State Administrative Tribunal Act 2004* ('*Arrangements with Parliamentary Commissioner*'), the President and the Parliamentary Commissioner (Ombudsman) may enter into arrangements regarding the co-operative exercise of the respective functions of the Tribunal and the Ombudsman and the measures to be taken to increase public awareness of the other's functions. In the previous reporting period, discussions commenced between our office and the Tribunal on public education, training for staff of both organisations, options for regular consultation and referral of cases. In this reporting period Justice Michael Barker, President of the Tribunal, and Senior Member Jill Toohey addressed us on separate occasions as part of our guest lecture series about the role and functions of the Tribunal. Liaison between senior staff occurred, as did a visit to the Tribunal to view its physical security arrangements.

Departments and Authorities	Allegations received	Finalised at initial stage					Finalised by completed investigation or review					Allegations finalised
		No jurisdiction	Discretion exercised	Withdrawn or not proceeded with	Finalised to satisfaction of complainant	Referred back to agency	Withdrawn or not proceeded with	Could not be determined	Sustained partly	Sustained wholly or substantially	Not sustained	
Agricultural Produce Commission	0									1	1	
Agriculture - Department of	0	1					1		1	1	4	
Attorney General - Department of the <sup>1</sup>	17	2	8								10	
Australian Integration Management Services Corp. <sup>2</sup>	62	2	30	4	3	8	15	7	2	3	7	81
Builders' Registration Board	3		1	1								
Building Disputes Tribunal	1	1	1						1	2	5	
Central TAFE	4		1			1					2	
Central West TAFE	1					1			1		2	
Community Development - Department for	70	4	22	7	1	24	2				3	63
Conservation and Land Management - Department of	13	1	5			3			1	1	1	12
Consumer and Employment Protection - Department of	16	1	10			1	1	2			12	27
Corrective Services - Offender Management Division <sup>3</sup>	134	3	42		5	43	1		1	3	5	103
County High School Hostels Authority	1											0
Criminal Injuries Compensation - Office of	1					1						1
Culture and the Arts - Department of	1							2		1		3
Curtin University of Technology	5		2					1		2	9	14
Director of Public Prosecutions	0						1					1
Disability Services Commission	5					1		1			2	4
East Perth Redevelopment Authority	1										1	1
Edith Cowan University	8		1									1
Education Services - Department of	3											0
Education and Training - Department of	34	2	19	1		5		1	1	3	7	39
Environment - Department of	23	1	9	1		2					1	14
Environmental Protection Authority	6		5				1					6
Equal Opportunity Commission	1	1										1
Fire and Emergency Services Authority	0						1	2	1		4	8
Fisheries - Department of	6	1				2					1	4
Forest Products Commission	5	1	2			2						5
Government Employees' Housing Authority	13	2			2	4						8
Government Employees Superannuation Board	5	2	1		1	1	2					7
Guardianship and Administration Board	2		2									2
Hairdressers Registration Board	1	1										1
Health - Department of	22	1	8			4	3			1		17
Health Review - Office of	5		2			2	1					5
Hospital and Health Services	12	1	8		2							11
Housing and Works - Department of	90	3	29	6	5	11	3	1	8	8	29	103
Indigenous Affairs - Department of	1											0
Industrial Relations Commission, Dept of the Registrar	0										1	1

<sup>1</sup> From 1/2/06

<sup>2</sup> Contract for Acacia Prison ended 14/5/06

<sup>3</sup> From 1/2/06

TABLE 1.5 Outcome of allegations received and/or finalised—by agencies

Departments and Authorities	Allegations received	Finalised at initial stage					Finalised by completed investigation or review					Allegations finalised
		No jurisdiction	Discretion exercised	Withdrawn or not proceeded with	Finalised to satisfaction of complainant	Referred back to agency	Withdrawn or not proceeded with	Could not be determined	Sustained partly	Sustained wholly or substantially	Not sustained	
Industry and Resources - Department of	5	1	3			1						5
Insurance Commission	3				2	1						3
Justice - Dept. of - Offender Management Division <sup>4</sup>	171	24	119	35	20	78	12	6	7	35		336
Justice - Department of - Other <sup>5</sup>	19	4	8	5	3	3	1		1	3		28
Land Information - Department of	3		1			2				1		4
Legal Aid	6	1	2	1		1						5
Legal Practitioners Complaints Committee	9	2	3				1			1	1	8
Local Government & Regional Development - Dept of	5		3	1			1			1		6
Lotteries Commission	3	1	1									2
Main Roads	4	2	2		1					1	9	15
Medical Board	3		2						1	1		4
Metropolitan Cemeteries Board	3											0
Motor Vehicle Dealers Licensing Board	4	3	1									4
Murdoch University	7		3	2			10				1	16
Organisation not identified	32	17	9	2								28
Painters Registration Board	1		1									1
Parole Board	9	8	1			1						10
Pilbara TAFE	1											0
Planning and Infrastructure - Department for	47	2	14	5	3	8			1	2	6	41
Police Service	205	48	79	5	3	58	4	2	2	2	13	216
Premier and Cabinet - Department of the	1	1									1	2
Public Advocate	4		2			2						4
Public Sector Standards Commissioner - Office of the	1	1										1
Public Transport Authority	16		6			2	1					9
Public Trustee	22	2	8	3	2	1	1		1	3	19	40
Racing, Gaming and Liquor - Department of	4	2	2									4
Real Estate and Business Agents Supervisory Board	9	2								2	3	7
Serco - Acacia Prison <sup>6</sup>	1											0
Settlement Agents Supervisory Board	1	1										1
Small Business Development Commission	1	1										1
Sports Centre Trust	1											0
Tourism Commission	1					1						1
Treasury and Finance - Department of	18	2	4	1		4			1	1	2	15
University of Western Australia - The	10	1	2	1		1	2					7
Veterinary Surgeons Board	3							1	1		2	4
WA College of Teaching	1											0
WA Land Authority	6					2					1	3
WA Planning Commission	6		1								3	4
Water and Rivers Commission	1			1								1
Water Corporation	13	1	4			4	1			2	3	15

<sup>4</sup> Until 31/1/06<sup>5</sup> Until 31/1/06<sup>6</sup> Contract for Acacia Prison commenced 15/5/06

**TABLE 1.5 Outcome of allegations received and/or finalised—by agencies**

Departments and Authorities	Allegations received	Finalised at initial stage					Finalised by completed investigation or review					Allegations finalised
		No jurisdiction	Discretion exercised	Withdrawn or not proceeded with	Finalised to satisfaction of complainant	Referred back to agency	Withdrawn or not proceeded with	Could not be determined	Sustained partly	Sustained wholly or substantially	Not sustained	
West Coast TAFE	0					1						1
Western Power Corporation	54	3	5		1	8	4	5		28	9	63
Workcover	2	1					1					2
WorkSafe	3					3	1				4	8
<b>Sub Totals</b>	<b>1291</b>	<b>162</b>	<b>494</b>	<b>82</b>	<b>54</b>	<b>298</b>	<b>72</b>	<b>31</b>	<b>24</b>	<b>76</b>	<b>203</b>	<b>1496</b>



	Allegations received	Finalised at initial stage			Finalised by completed investigation or review				Allegations finalised		
		No jurisdiction	Discretion exercised	Withdrawn or not proceeded with	Finalised to satisfaction of complainant	Referred back to agency	Could not be determined	Withdrawn or not proceeded with		Sustained partly	Sustained wholly or substantially
<b>Local Governments</b>											
Albany - City	12	1	10	1							12
Armadale - City	1				1						1
Augusta-Margaret River - Shire	1		1								1
Bassendean - Town	1									2	2
Bayswater - City	4		1		1	1				6	9
Belmont - City	1		1								1
Bridgetown - Shire	1		1						1	2	4
Bunbury - City	1										0
Busselton - Shire	1		1							1	2
Cambridge - Town	3	1	2								3
Canning - City	2									2	2
Capel - Shire	3		1							2	3
Carnarvon - Shire	1					1					1
Chittering - Shire	2		1	1							2
Claremont - Town	3		1			2					3
Cockburn - City	6		5		1						6
Collie - Shire	1										0
Coolgardie - Shire	1		1								1
Cottesloe - Town	1										0
Dandaragan - Shire	0									1	1
Denmark - Shire	5	2	1								3
East Fremantle - Town	1			1					1	1	3
Esperance - Shire	1										0
Exmouth - Shire	1		1								1
Fremantle - City	3			1					1		2
Geraldton - City	6		3			3					6
Gosnells - City	23	1				1	2			16	20
Harvey - Shire	0						1	1		1	3
Irwin - Shire	1										0
Joondalup - City	7	1	3			1				4	9
Kalamunda - Shire	7		5							3	8
Katanning - Shire	1										0
Kellerberrin - Shire	1		1								1
Kwinana - Town	1								1	1	2
Mandurah - City	9	1	2			1	1	3	2	2	12
Melville - City	13	2	2	1		2		1	5	2	15
Moora - Shire	0		2								2
Mundaring - Shire	2									1	1
Murray - Shire	6		1	1						3	5
Nedlands - City	2	1	1						5	5	12
Perth - City	2		2								2
Rockingham - City	3		1			1					2
Roebourne - Shire	1								1		1
Serpentine-Jarrahdale - Shire	4		1	1		1					3
South Perth - City	12		2	3		1				2	8
Stirling - City	18		5	4		2				1	12

	Allegations received	Finalised at initial stage					Finalised by completed investigation or review					Allegations finalised
		No jurisdiction	Discretion exercised	Withdrawn or not proceeded with	Finalised to satisfaction of complainant	Referred back to agency	Withdrawn or not proceeded with	Could not be determined	Sustained partly	Sustained wholly or substantially	Not sustained	
Local Governments												
Subiaco - City	2		1									1
Swan - City	12	1	2			2				2		7
Toodyay - Shire	1											0
Victoria Park - Town	2		1			1						2
Vincent - Town	4					2	1				6	9
Wanneroo - City	4					2			1	1	3	7
Waroona - Shire	1											0
Wyndham East Kimberley - Shire	1		1									1
<b>Sub Totals</b>	<b>203</b>	<b>11</b>	<b>64</b>	<b>14</b>	<b>2</b>	<b>25</b>	<b>2</b>	<b>4</b>	<b>8</b>	<b>17</b>	<b>67</b>	<b>214</b>
Organisations not within jurisdiction	108	104	3	1								108
<b>GRAND TOTALS</b>	<b>1602</b>	<b>278</b>	<b>560</b>	<b>97</b>	<b>56</b>	<b>323</b>	<b>74</b>	<b>35</b>	<b>32</b>	<b>93</b>	<b>270</b>	<b>1818</b>

## Improving our accessibility

We are committed to raising awareness of the role of the Ombudsman and improving our accessibility to all Western Australians. This year we have strengthened our capacity to do this through establishing the senior position of Communications Manager. The Communications Unit, comprising the Communications Manager and the Web Administrator, has supported the work of the office in improving awareness and accessibility through the redevelopment of our education materials, including our website, and by targeting our resources to specific audiences.

Staff also identified the need to develop their presentation skills to ensure presentations were accessible to a wide range of audiences. Key staff involved in outreach activities received training in presentation skills.

During the year, we continued to conduct a range of outreach activities, including presentations to new prison officers, presentations to a variety of clubs, associations and professional bodies, and keynote addresses to a range of conferences. Initial feedback from trainee prison officers has been very positive and work on improving presentations will continue.

This year the office also identified a specific need to improve its accessibility to Indigenous people. The office is committed to providing an accessible and responsive service to all citizens of WA but we are acutely aware of the particular needs of Indigenous people in the State and the need for us to strive to do better serve these individuals and their communities.

Indigenous (Aboriginal and Torres Strait Islander - ATSI) people make up 3% of the State's population. Significantly, Indigenous people are over represented in our justice system and, as such, are potentially a significant consumer of the complaints-handling services of the justice system and the investigation services of the Ombudsman. Indigenous people are also significant consumers of a range of local government services, health, social and other State Government services, particularly in remote and rural communities. Based on current trends, Australia's ATSI population is projected to increase from 386,000 in 1996 to 469,000 in 2006 at an annual average rate of 2% (ABS 1998).

We have commenced the development of a long-term plan to strengthen our capacity to be more accessible to Indigenous people. All of our staff attended a presentation by Sandra Hill, an Aboriginal woman, whose presentation added to our understanding of the impact of legislation and decisions of government in the past on Indigenous families and communities. We have commenced a partnership with Tammy Solonec and Associates to provide cultural awareness training for all of our staff, to develop our understanding and capacity to engage and work with Indigenous people.

We have established working relationships with Indigenous agencies such as the Aboriginal Legal Service. We have commenced the development of other linkages and a knowledge base of key advocates and leaders in metropolitan and regional centres with a view to promoting awareness of our role through these agencies and individuals. We are reviewing our education materials and website to be more accessible to all people but also to ensure they do not alienate Indigenous people. We are promoting knowledge of vacancies in the office through existing networks of Indigenous people to encourage them to seek employment with us.

During the year I visited two regional centres: Kalgoorlie and Broome. In Kalgoorlie, where I attended a meeting of the State Records Commission, of which I am a member, I also had the opportunity to meet with representatives of government agencies and local government and to visit the Eastern Goldfields prison. In May I attended the North West Expo 2006 in Broome, representing the agencies with which my office is co-located (the Office of Health Review, the Office of the Information Commissioner, and the Commonwealth Ombudsman), as well as the Energy Ombudsman, and provided advice to members of the public who had complaints about government agencies.

As part of our community outreach program, we gave talks to a variety of community and educational groups about the role and functions of the Ombudsman. Feedback received at these events is always welcome and can assist us to improve the way we serve the people of Western Australia.

## Energy Industry Ombudsman (Western Australia)

### Gas Industry Ombudsman

Western Australia's Gas Industry Ombudsman Scheme was established on 31 May 2004 and I commenced as the inaugural Gas Industry Ombudsman from that date.

This role is in addition to and separate from my role of State Ombudsman. In 2003 the *Parliamentary Commissioner Act 1971* was amended to enable me to enter into an agreement with the governing body of the Gas Industry Ombudsman Scheme (GIO Scheme) to serve as the GIO and to allow the staff of my office to assist me in that role. I entered into this agreement on a cost-recovery basis. The costs of the GIO are paid for by the governing body. The costs are ultimately met by the members of the GIO Scheme, that is, the gas companies.

In September 2005 I entered into a new agreement which also includes my role as Electricity Ombudsman as described below.

During the period 1 July 2005 to 30 June 2006, we received 149 gas-related complaints. All of these complaints were resolved within ten business days without the need for investigation.

### Electricity Ombudsman

On 22 September 2005, the Electricity Ombudsman Scheme was established and I commenced as Electricity Ombudsman from that date. This role and my role as Gas Industry Ombudsman were combined under the title of Energy Ombudsman from that date.

In 2004 the *Parliamentary Commissioner Act 1971* was amended to enable me to enter into an agreement with the governing body of an Energy Ombudsman Scheme to serve as Ombudsman and to allow staff of my office to assist me in that role. In September 2005 I entered into such an agreement covering my roles as Electricity Ombudsman and Gas Industry Ombudsman. Shortly thereafter the governing body of both schemes—Gas Industry Ombudsman (Western Australia) Limited—was renamed Energy Industry Ombudsman (Western Australia) Limited.

Between 22 September 2005 and 30 June 2006, we received 543 electricity complaints. Of these complaints, 530 (96%) were resolved within ten business days. Of the remainder, a further 15 (3%) were resolved in more than ten business days, with eight (1%) remaining unresolved at the end of the period.

### Indian Ocean Territories

A service delivery arrangement between the State Ombudsman and the Commonwealth Government provides for my office to offer ombudsman services to residents of the Indian Ocean Territories (Christmas and Cocos (Keeling) Islands) covering agencies within my jurisdiction which also operate in the Territories at the request of the Commonwealth. Under that arrangement, I received one complaint during the period 1 July 2005 to 30 June 2006.

### Seminars, conferences and staff development

#### **Australasian and Pacific Ombudsman Region Conference – Perth, April 26-28 2006.**

In April 2006 it was my great pleasure and privilege to host the 23<sup>rd</sup> Australasian and Pacific Ombudsman Region Conference. Ombudsmen from across Australia, the Pacific and Asia, attended this conference, which had the theme 'Public confidence @ ombudsman - promoting integrity, transparency and accountability'.

With the agreement of the Presiding Officers of the Parliament, the event was held at Parliament House, in the Chamber of the Legislative Assembly. I am indebted to the Speaker, the Hon Fred Riebeling MLA, and the Clerk of the Legislative Assembly, Peter McHugh, and staff of Parliament House, for allowing us access to this wonderful venue. For Ombudsmen as Officers of the Parliament, this was indeed the ideal setting.

The first day covered the topic 'Public Confidence in the Ombudsman - External Perspective', and included discussion around recent landmarks in the work of the Ombudsmen; stakeholder relationships; and capacity building within the public sector. Guest speakers were Mrs Dianne Guise MLA, Hon. Eric Ripper MLA, Mr Mal Wauchope, Director General of the Department of the Premier and Cabinet, and Mr Allan Skinner, APM. The 'welcome to country' was provided by Kim Collard, and the delegates appreciated the Nyoongar welcome they received.

The second day took an internal perspective, focusing on how Ombudsmen offices safeguard their integrity; monitor performance and effectiveness; and deal with difficult complainant behaviour. Arising from this final topic was an important initiative from the New South Wales Ombudsman, which was endorsed by all Australian Ombudsmen, to commence a project entitled 'Dealing with Unreasonable Complainant Conduct'. This study aims to introduce a framework to better manage unreasonable complainant conduct across all Ombudsman offices in Australia and, as a second stage, to adapt the framework to suit agencies more generally. Our part of the project is to develop a discussion paper on staff debriefing following difficult complainant interactions and staff self-care strategies.

The opening event was a Welcome Reception at Government House, hosted by His Excellency, Dr Ken Michael AC, and Mrs Julie Michael. Four of the previous five State Ombudsmen were able to attend (Oliver Dixon, Ivor Evans, Eric Freeman and Murray Allen), as well as Sir Charles and Lady Court, and Mrs Joan Tonkin, together with many other distinguished Western Australians with links to the office.

Our office last hosted this event in 1993, so it was a great opportunity for staff to meet and talk with such an eminent group about the common issues all Ombudsmen agencies face, and to share experiences and success stories.

### **Indonesian Australian Ombudsman Linkages and Strengthening Project**

In 2005, my office joined with the offices of the Commonwealth Ombudsman, the New South Wales Ombudsman, and the National Ombudsman Commission of Indonesia in a project funded by AusAID under the Government Partnership Fund, entitled 'Indonesian Australian Ombudsman Linkages and Strengthening Activities'. The aim of this project is to extend and strengthen linkages amongst Ombudsmen and their staff in Australia and Indonesia. The overall goal is to provide greater access across a larger portion of Indonesia to a more effective and sustainable Ombudsman and other complaint management services.

A scoping mission was conducted in late November 2005 in Canberra and Perth involving staff from all four offices. This initial activity had the task of investigating ways to develop and implement sustainable activities to strengthen and decentralise Ombudsman and other complaint management services in Indonesia, and to prepare a plan to facilitate this.

On 11 and 12 May 2006, a follow-up event and formal launch of the project was held in Perth. At this event a Statement of Understanding was signed by the four Ombudsmen stating their accord in proceeding to support the Indonesian Australian Ombudsman Linkages and Strengthening Activities.

### **Asian Ombudsman Association Conference, December 2005, Hong Kong**

I was invited to attend the ninth conference of the Asian Ombudsmen Association, part of the International Ombudsman Institute network, held in Hong Kong in December 2005. The conference theme was 'Evolving Ombudsman offices'. I presented a paper on 'Industry and Specialty Ombudsmen'. There was a high level of interest from my colleagues about the model we have developed in Western Australia, being a hybrid of a statutory and industry ombudsman which possesses a high level of accountability.

### **Guest speakers**

As an initiative of the co-located agencies (State Ombudsman, Energy Ombudsman, Office of the Public Sector Standards Commissioner, Office of the Information Commissioner, Office of Health Review and the Commonwealth Ombudsman), our series of guest speakers continued during the reporting period. We were privileged to be addressed by the following people: Jo Bryson, Executive Director, Office of e-Government; Helen Saunders, Principal Consultant, Corruption Prevention Education and Research, Corruption and Crime Commission; Hon. Michael Barker QC, President, State Administrative Tribunal; Anne White, Chairperson, Medical Board Complaints Subcommittee; Ian Johnson, Acting Commissioner, Department of Corrective Services; Judy Wilkinson, Project Director, Legislation Implementation, Department for Community Development; Jill Toohey, Senior Member, State Administrative Tribunal and Dr Rowan Davidson, Chief Psychiatrist.

### Other staff training courses

During the year, staff attended training in the following areas:

- Communications and outreach: Presentation Skills; Indigenous Training Workshop.
- Telephone enquiries and complaints handling: Dealing with Difficult Complainants; Alternative Dispute Resolution Trillium Group; Conciliation and Mediation Skills for Conflict Resolution; Ways of Managing the Work We Do, Tony Morrison workshop; Conflict of Interest (IPAAWA); Advanced Mediation The Trillium Group B; Decision Making Seminar IPAA.
- Investigations: Advanced Investigations Course Commonwealth Ombudsman; Investigation and Project Management Modules (in house).
- Administrative law: National Administrative Law Forum.
- Administration: TRIM Desktop User Training; EDRMS Seminar and State Records Act Record Management Association of Australia; RiskCover Education.
- Management and leadership: Bullying in the Workplace; CATS The Nine Lives of Innovation; Emotional Intelligence.

### Visitors to the office

During the reporting period we were visited by the following people:

- Brian Thompson, Senior Lecturer in Law at the University of Liverpool, to discuss the relationship between ombudsmen and administrative tribunals
- Dr A J Brown, Griffith University
- Chris Wheeler, Deputy Ombudsman, New South Wales
- Simon Allston, Tasmanian Ombudsman
- Professor Hilary Astor, University of Sydney
- Ray Matcham, Senior Assistant Commonwealth Ombudsman.

In addition, as part of our participation in the AusAID funded Indonesian Australian Ombudsman Linkages and Strengthening Activities project, in November 2005 we were visited by:

- from the Commonwealth Ombudsman's office: Professor John McMillan, Ombudsman; Dr Stephen Ranck and David Ward;
- from the New South Wales Ombudsman's office: Assistant Ombudsman Greg Andrews, and Anne Radford, Complaints Manager; and
- from the National Ombudsman Commission of Indonesia: Professor Sunaryati Hartono, Vice Chairman; Mr Masdar Farid Mas'Udi, Ombudsman; Ms Elisa Bernadeta Luhulima, Assistant Ombudsman; and Mr Patnuaji Agus Indrarto and Ms Awidya Mahadewi, secretariat and IT support.

As a follow-up activity and to formally launch this project, in May 2006 we were visited by:

- from the Commonwealth Ombudsman's office: Professor John McMillan, Ombudsman; Dr Stephen Ranck and David Ward;
- from the New South Wales Ombudsman's office: Assistant Ombudsman Greg Andrews, and Anne Radford, Complaints Manager;
- from the National Ombudsman Commission of Indonesia: Chief Ombudsman Antonius Sujata; Ombudsmen Mr Masdar Farid Mas'Udi and Mr Teten Masduki; and Assistant Ombudsmen Ms Elisa Bernadeta Luhulima and Mr Dominikus Dalu;
- from AusAid, Greta Nielsen, Government Partnerships Adviser, Australia Indonesia Partnership for Reconstruction and Development.

---

## Our performance

This chapter contains the material required by the *Financial Administration and Audit Act 1985* and *Treasurer's Instruction 904*, which require all government agencies to identify desired outcomes and outputs and to measure and report on the extent to which they have been achieved and delivered.

### Mission

Our mission is:

To assist the Parliament of Western Australia to be confident that the public sector of the State is accountable for, and is improving the standard of, administrative decision-making, practices and conduct.

To achieve this, we aim to provide effective and efficient systems for handling complaints received about the administrative actions and conduct of government agencies, thereby identifying the underlying causes of complaints and making recommendations for changes to procedures, practices, policies or legislation which will prevent similar problems recurring.

### Key Performance Indicators

The performance indicators for the office focus on two key aspects:

- Effectiveness—the extent to which we have been able to provide assistance to complainants and to influence agencies to improve their practices or procedures.
- Efficiency—how quickly and cost effectively we are able to deal with complaints.

The Key Performance Indicators for the past year are set out in the following pages, followed by the Auditor General's opinion regarding them. Following the Auditor General's opinion is information about the performance targets that were contained in the 2005/2006 Budget Statements. That information is not subject to audit by the Auditor General.

## Key Performance Indicators

The desired outcome from the activities of the office is that the public sector of Western Australia is accountable for, and is improving the standard of, administrative decision-making, practices and conduct.

To achieve this outcome the office aims to provide effective and efficient systems for handling complaints received about the administrative actions and conduct of government agencies, thereby identifying underlying causes of complaints and making recommendations for changes to procedures, practices, policies or legislation which will prevent similar problems recurring.

During the year, the work of the office was performed via the following two services:

### Public Sector Organisations

Investigation of complaints about administrative actions of public sector organisations.

### Telecommunications Interception Audit

Inspection of eligible authorities to ensure compliance with statutory provisions when they intercept telecommunications

## Key Effectiveness Indicators

The key effectiveness indicators of the office report on the extent to which we have been able to provide assistance to complainants and have agencies improve their practices and procedures.

### Public Sector Organisations

There were 1,602 allegations received during the year; 1,818 allegations were finalised and assistance to the complainant (by way of apology, action expedited, act of grace payment, monetary charge reduced/ withdrawn/ refunded/ rebate given, reversal or significant variation of original decision, explanation/reason provided by agency, criminal / disciplinary / infringement charge reduced or withdrawn, referral to another appropriate agency, or other action to assist the complainant) was provided in respect of 455 allegations.

	2002	2003	2004	2005	2006
Of allegations where Ombudsman made recommendations to improve practices or procedures, percentage of recommendations accepted by agencies				88%	88%
Number of improvements to practices or procedures as a result of Ombudsman action				14	57
Percentage of allegations finalised where complainants received assistance	41%	41%	41%	41%	25%
<b>Telecommunications Interception Audit</b>				<b>2005</b>	<b>2006</b>
The proportion of inspections completed where no serious breaches of legislation were found				95%	92%



## Key Efficiency Indicators

Key efficiency indicators cover the time taken to deal with complaints, the age of allegations on hand and the cost of the various outputs and activities.

Public Sector Organisations	2002	2003	2004	2005	2006
Average time taken to finalise allegations (days)	86	108	123	110	125
Allegations finalised per full-time equivalent staff member	129	118	83	66	72
Percentage of allegations finalised within three months	69%	69%	68%	67%	63%
Percentage of allegations finalised within 12 months				93%	90%
Percentage of allegations on hand at 30 June less than three months old	35%	34%	42%	43%	34%
Percentage of allegations on hand at 30 June less than 12 months old				84%	77%
Cost per finalised allegation	\$715	\$851	\$1,181	\$1,724	\$1,493
Telecommunications Interception Audit	2002	2003	2004	2005	2006
Total cost of activity	\$40,095	\$44,984	\$43,560	\$58,158	\$40,248

I hereby certify that the performance indicators are based on proper records, are relevant and are appropriate for assisting users to assess the performance and fairly represent the performance of the Parliamentary Commissioner for Administrative Investigations for the financial year ended 30 June 2006.



Accountable Officer  
14 August 2006



**AUDITOR GENERAL**

**INDEPENDENT AUDIT OPINION**

To the Parliament of Western Australia

**PARLIAMENTARY COMMISSIONER FOR ADMINISTRATIVE INVESTIGATIONS  
FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS  
FOR THE YEAR ENDED 30 JUNE 2006**

**Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Parliamentary Commissioner for Administrative Investigations at 30 June 2006 and its financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions;
- (ii) the controls exercised by the Parliamentary Commissioner 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
- (iii) the key effectiveness and efficiency performance indicators of the Parliamentary Commissioner are relevant and appropriate to help users assess the Parliamentary Commissioner's performance and fairly represent the indicated performance for the year ended 30 June 2006.

**Scope**

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

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, Schedule of Income and Expenses by Service, Summary of Consolidated Fund Appropriations and Income Estimates, and the Notes to the Financial Statements.

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

**Summary of my Role**

As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

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

**D D R PEARSON**  
**AUDITOR GENERAL**  
26 September 2006

4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664

# Public sector organisations

## Complaints and allegations

In the reporting period, 1,279 complaints and 1,602 separate allegations were received concerning public sector agencies.

The office finalised 1,818 allegations, which represents a 15% increase in the number finalised from the previous year (1,576). The average time taken to finalise an allegation was 125 days, an increase on the average time taken in the previous year (110 days). A consequence of this was that the number of allegations more than 12 months old on hand at 30 June 2005 rose by 14 to 97, although this was still down from the 101, on hand at 30 June 2004.

Details about allegations received on an agency-by-agency basis can be found at Table 1.5. The information in this chapter relates to those agencies about which the most allegations were received.

By far the greatest numbers of allegations received were about prisons or prisoner transport (27%). Second highest were complaints about police (12%), the majority of which were referred to the Corruption and Crime Commission. Third were complaints about local government authorities, which in aggregate accounted for 12% of complaints, followed by the Department of Housing and Works (6%), Department for Community Development (4%), Western Power Corporation (4%), and a number of other agencies (Department for Planning and Infrastructure, Public Trustee, and the Department of Education and Training) each generating about 2%.

## Prisons and Prisoner Transport

### Department of Corrective Services (DCS), Australian Integration Management Services Corporation (AIMS) and Serco Australia

Complaints from people in custody are provided for in the *Parliamentary Commissioner Act 1971*, including the provision for them to send confidential mail to our office. Such complaints account for a significant proportion of the total complaints received.

The Department of Corrective Services, which is responsible for managing adult and juvenile offenders in prisons or other facilities and for those serving community-based sentences in Western Australia, began operating on 1 February 2006. Previously these functions were a responsibility of the Department of Justice.

A further change occurred to Western Australia's prison management environment when Serco Group plc signed a five-year contract with the Department of Corrective Services to take over the management of Acacia prison from AIMS on 15 May 2006. Opened in 2002, Acacia is a medium-security prison that accommodates 800 inmates and is the only privately run prison in Western Australia. AIMS continues to retain responsibility for prisoner transport.

### ***Own Motion Investigation into the Prisoner Grievance Process***

On 26 July 2005, the office commenced a formal own motion investigation into the prisoner grievance processes employed by the then Department of Justice (DOJ). The purpose of the investigation was to establish the extent to which the Prison Grievance Process was consistent with the Australian Standard on complaint handling, the relevant Director General's rules and other relevant benchmarks.

The investigation, completed in May 2006, identified a number of weaknesses in the department’s complaints-handling process and made six recommendations to enhance accessibility, fairness, efficiency, and accountability. All six recommendations were agreed to in principle by the Department of Corrective Services. A copy of the final report is on our website ([www.ombudsman.com.au](http://www.ombudsman.com.au)).

### General prison and related complaint analysis

We received 367 allegations about offender management during the reporting period. Of these:

- 355 related to prisons (50 to Acacia Prison and 305 to DOJ—now DCS—prisons)
- 12 related to prison transport and court security services provided by AIMS.

Figure 3.1 shows the most common categories of complaint over the past four years.

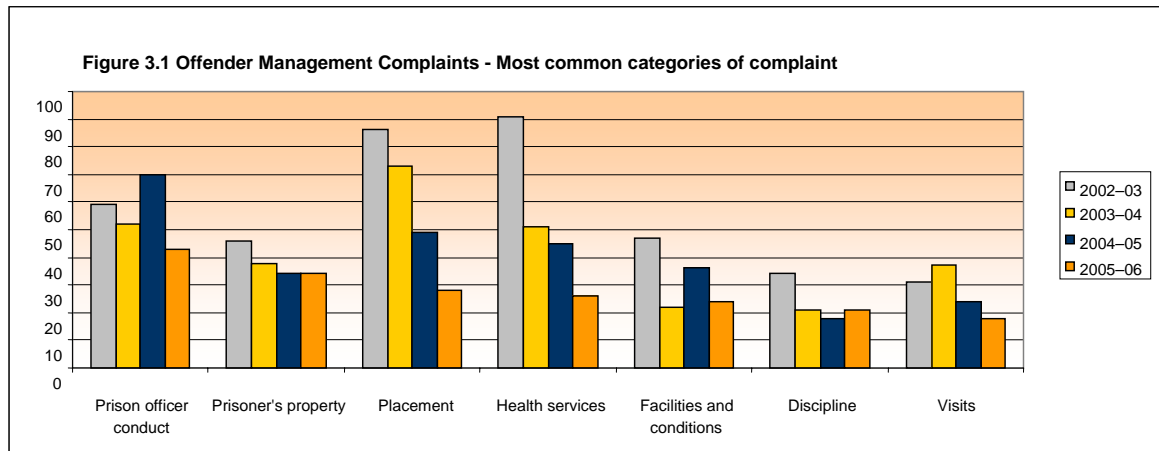


Table 3.1 shows the source of allegations received over the past five years.

Prison	2002	2003	2004	Allegations			
				2005		2006	
				(Number)	(%)	(Number)	(%)
Acacia Prison (AIMS/Serco)	177	245	133	107	23	50	14
Acacia Prison (Department of Justice/Corrective Services)	12	4	20	18	4	4	1
Albany Regional Prison	7	12	6	13	3	10	3
Bandyup Women’s Prison	25	64	40	30	6	20	6
Banksia Hill Detention Centre	1	-	5	-	-	1	-
Boronia Pre-release Centre for Women	-	-	-	-	-	10	3
Broome Regional Prison	-	5	2	2	-	5	1
Bunbury Regional Prison	20	13	14	13	3	6	2
Casuarina Prison	167	70	121	105	21	57	16
Eastern Goldfields Regional Prison	1	8	4	19	4	12	3
Greenough Regional Prison	18	16	16	10	2	9	2
Hakea Prison - Remand	21	2	2	7	1	-	-
Hakea Prison	166	159	113	85	17	87	24
Karnet Prison Farm	29	13	15	9	2	6	2
Nyandi Prison	8	3	9	5	1	-	-
Pardelup Prison Farm	1	closed	closed	closed	-	closed	-
Rangeview Remand Centre	-	-	5	3	-	3	1
Riverbank Prison	1	closed	closed	closed	-	closed	-
Roebourne Prison	4	4	9	9	2	6	2
Woorloo Prison Farm	24	37	18	6	1	6	2
Not allocated to a prison	66	50	62	53	10	63	18
<b>TOTAL</b>	<b>748</b>	<b>705</b>	<b>594</b>	<b>494</b>	<b>100</b>	<b>355</b>	<b>100</b>

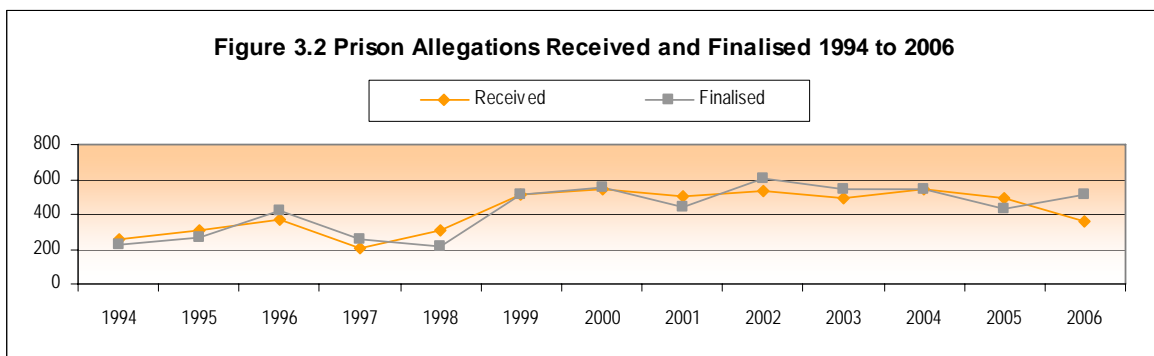
Table 3.2 shows the nature of allegations received by category during 2005-2006.

TABLE 3.2 Nature of allegations received 2005-2006	
	Allegations
Prison officer conduct (including failure to assist, harassment, threat or rudeness)	43
Prisoner's property	34
Placement	28
Health services	26
Facilities and conditions	24
Discipline (incl. loss of privileges/prison charges)	21
Visits	18
Communication	15
Prisoner grievance procedure	13
Security classification	12
Assault (by prison officer or AIMS officer)	10
Individual Management Plan	9
Canteen/spends issues	9
Education courses and facilities	7
Rehabilitation programs	7
Drug detection (prisoners)	7
Prisoner employment	5
Authorised absences/funerals	4
Protection	3
Sentencing/parole issues	3
Food and diet	2
Separate confinement	1
Other	54
<b>TOTAL</b>	<b>355</b>

### Prison allegations

The 355 allegations we received about prisons during the year represents a 28% decrease in allegations received from last year. This year the office finalised 510 prison-related allegations.

Figure 3.2 shows the pattern over 13 years of the numbers of allegations received and finalised.



Note: Allegations received for 2001 may be slightly inaccurate due to anomalies in the recording of telephone queries.

## Allegations Finalised

The outcomes of the 510 allegations finalised during the year are shown in tables 3.3 and 3.4.

TABLE 3.3	Manner in which allegations finalised		
	AIMS/Serco – Acacia Prison	DOJ/DCS Prisons	Total
<b>Finalised without investigation</b>			
Misconduct matter within CCC jurisdiction	1	18	19
No jurisdiction	1	9	10
Discretion exercised not to investigate*	28	161	189
Withdrawn or not proceeded with	4	35	39
Finalised to satisfaction of complainant	3	25	28
Referred back to the agency	7	121	128
<b>Sub-total</b>	<b>44</b>	<b>368</b>	<b>413</b>
<b>Finalised by completed investigation</b>			
Sustained wholly or substantially	2	10	12
Sustained partly	2	1	3
Not sustained	7	40	47
Could not be determined	3	6	9
Withdrawn or not proceeded with	13	13	26
<b>Sub-total</b>	<b>27</b>	<b>70</b>	<b>97</b>
<b>TOTAL ALLEGATIONS FINALISED</b>	<b>71</b>	<b>438</b>	<b>510</b>
* 'Discretion exercised not to investigate' does not necessarily indicate that no enquiries about the matter raised were undertaken, nor does it imply that no assistance was provided.			

TABLE 3.4	Assistance provided – allegations finalised by investigation		
	Formally recommended	Voluntary	Total
<b>Benefit for complainant</b>			
Act of grace payment made	1	8	9
Action/decision expedited	12	63	75
Apology	5	10	15
Explanation or reasons provided by agency	5	18	23
Reversal or significant variation of original action	4	21	25
Monetary charge reduced/withdrawn/refunded/rebated	-	2	2
Other	22	47	69
<b>Total benefit for complainant</b>			<b>218</b>
<b>Changes to law, practice or procedure</b>			
Change policy/procedure	18	42	60
Improve record-keeping	6	6	12
Other change to system	1	18	19
Training issue	2	10	12
<b>Total changes to law, practice or procedure</b>			<b>103</b>

## Prison visits

This year we visited the following prisons and remand centres:

- Boronia Pre-release Centre for Women
- Hakea Prison
- Acacia Prison
- Bandyup Women's Prison
- Rangeview Remand Centre.

The visits to Boronia, Rangeview and one of the visits to Acacia were in conjunction with the inspections of those facilities conducted by the Inspector of Custodial Services. Our involvement was to look at prisoners' access to the internal grievance process and the confidential mail process. Other visits were for specific purposes such as interviewing prisoners or discussing issues with prison staff.

## Presentations

Presentations on the role of the Ombudsman were given to several groups of trainee prison officers at the Department's training facility in Bentley. These presentations gave the officers an understanding of the process followed when our staff investigate a complaint made by a prisoner. We also use these presentations to convey our expectations of the types of complaints and grievances that we expect prison staff to deal with so that they can be resolved at the most appropriate level.

## Future planning

We remain committed to working in cooperation with the Department and Serco, the operators of Acacia Prison, to develop more effective complaints-handling processes for prisoner complaints.

In the coming year, we plan to meet with Acacia peer support members to trial the value of this initiative. Further meetings of this kind may be undertaken, depending on the outcome and progress with the introduction of the new grievance system by the Department.

We also plan to develop an article on our role for publication in prison newsletters and possible distribution throughout the prison system.

We have instituted a procedure whereby our enquiry officers will routinely collect data from prisoners who telephone our office about whether they have raised the matter through the prison grievance process and if not, why not.

Our senior staff will meet every six months with the staff of the Minister for Corrective Services. They will also meet the Assistant Commissioner of the Department every three months to provide input on the new complaints system and other matters as appropriate.

A follow-up own motion investigation focusing on Aboriginal prisoners' access to grievance processes will be undertaken in the second half of the coming year.

## Outcomes of prisoner complaints

Examples of the assistance received by prisoners after making a complaint to the Ombudsman are:

- As a result of ongoing concerns raised by prisoners regarding delays in collection or receipt of confidential letters, Acacia agreed to implement a new process for the collection of confidential mail. The new process is expected to enable both the prison and our office to better track the collection and mailing of confidential mail, while also maintaining the confidentiality of complainants' identities.

- A prisoner complained that he had not been paid extra gratuities for working weekends and an extra shift per day. The prison grievance officer dealing with the complaint had left the prison and the matter was not progressed by anyone else. After we raised the matter with the prison, the outstanding monies were reimbursed.
- A prisoner complained that on three occasions his application to attend education courses was rejected without any formal or written explanation. The prisoner was eventually re-admitted to the prison education centre but the Department also advised that, in future, formal verbal advice explaining the reasons for any indefinite ban from the Education Centre would be provided to other prisoners in the same circumstances.
- A prisoner complained that unit staff would not accept that he was medically unfit to work more than half days. We raised the matter with the prison, which found the prisoner had a medical certificate stating he could only work half days. The restriction was added to the unit muster board for clear recognition and adherence by all staff.

## Local government

### Complaints received

There were 135 complaints involving 202 specific allegations received this year. These concerned 51 of the State's 142 local governments. In the previous year, 129 complaints involving 173 allegations were received. Overall, complaints about local governments represented 13% of all allegations received by our office in the reporting period.

Table 3.5 shows the types of allegations received this year.

TABLE 3.5 Nature of allegations received about local governments 2005-2006	
<b>Building control</b>	
Refusals, conditions of applications, objections, construction and demolition matters	16
<b>Community services</b>	
Cultural and community services, parks and recreation reserves and facilities	8
<b>Contracts and property management</b>	
Tenders and contracts for goods and services, resumption of property, leases, other property transactions	4
<b>Corporate and customer services</b>	
Complaint-handling, provision of information, liability claims, meetings/elections, conduct of officers and elected members, staffing issues	61
<b>Development</b>	
Refusals, conditions of application, objections, home occupations	20
<b>Enforcement</b>	
Enforcement of development and building conditions, unauthorised development, parking and traffic, control of animals, fire control and other statutes and local laws	23
<b>Engineering</b>	
Roads, footpaths, rights of way, construction/maintenance, traffic management, road closures, access	5
<b>Environmental health issues</b>	
Noise and other pollution, public health issues, waste disposal and other environmental issues	10
<b>Other approvals and licences</b>	
Refusals, conditions/objections	9
<b>Rates and charges</b>	
Valuations and ratings, payments, collection, rebates, other charges	14
<b>Town planning</b>	
Subdivision, land use, town planning schemes, rezoning	32
<b>TOTAL</b>	<b>202</b>



## Allegations finalised

There were 213 allegations finalised this year compared with 199 last year. Of those, 116 were finalised at the assessment stage (that is, the complaint was withdrawn or not proceeded with, discretion not to investigate was exercised, the issue of complaint was outside jurisdiction, it was referred back to the original agency, or it was finalised to the satisfaction of the complainant). Out of the 97 finalised by an investigation, four allegations could not be determined, 66 were not sustained, eight were sustained in part and 17 were sustained wholly or substantially. The other two were withdrawn or not proceeded with. Four resulted in changes to practice or procedure.

Table 3.6 shows the kinds of voluntary assistance given to complainants following the involvement of this office.

TABLE 3.6		Assistance provided - allegations finalised
	Number of actions	
Apology	2	
Action expedited	3	
Charge reduced or rebate given	1	
Reversal or significant variation of original decision	1	
Explanation only	90	
<b>TOTAL</b>	<b>97</b>	

## Main issues of complaint

The administration of the local government town planning, building control and development processes are areas which regularly generate complaints to our office and this year was no exception. A number of these complaints were dealt with by way of informal inquiries in our Assessments Team following which we were able to provide explanations about decisions made by local governments and the rationale for the application of local government policies in such decision-making processes.

From the number of complaints we received during the year, it appears there is still concern about the operation of the R-Codes, particularly in relation to the privacy provisions and the weight attributed to neighbour consultation. The advice provided by some local governments concerning non-compliant development proposals lacked both detail and clarity and, as a result, affected residents were unable to make informed decisions about perceived adverse impacts of neighbouring developments.

Other complaints about planning matters resulted in concerns being raised with local governments about:

- the imposition of conditions by councils on development approvals which could be *ultra vires*;
- the practice of using footnotes on development approvals which local governments did not have the ability to enforce;
- the practice of officers denoting 'an application for reconsideration' as an 'appeal' with statutory implications; and
- the transparency of the practices and procedures of officer level development assessment teams to ensure the provision of explanations to objectors or reasons for decisions and the availability of the proceedings of such team meetings to the general public.

Complaints about local governments' lack of control over rights-of-way held by the Crown not considered thoroughfares in terms of the *Local Government Act 1995*; boundary wall issues not covered by the *Dividing Fences Act 1961*; and non-compliance with the Codes of Conduct were referred back to the local governments for further investigation with a view to establishing

guidelines to assist in dealing with such issues. The local governments agreed these matters required guidelines to ensure similar complaints were avoided in future.

In respect of complaints about road closures, we welcomed action taken by a local government to re-advertise a road closure to provide local residents with an opportunity to comment on the proposal before further action was taken.

### Department of Housing and Works

We received 72 complaints containing 90 allegations about the Department of Housing and Works in 2006. Complaints and allegations received over recent years are shown in Table 3.7.

	1999	2000	2001	2002	2003	2004	2005	2006
Number of individual complaints	111	128	68	98	66	100	61	72
Number of allegations	121	137	104	132	125	138	68	90

The majority of allegations received (68 in total) concerned the rental operations program of the Department. Of these 68 allegations, 21 concerned the property allocation and transfer process.

There were 11 allegations about property condition and maintenance in 2006.

Table 3.8 shows the number of allegations received this year compared with previous years across a range of categories.

	2001	2002	2003	2004	2005	2006
Actions of agency officers/employee management issues	8	-	-	-	-	-
Administration	-	12	25	16	6	7
Rental operations						
- Property allocations and transfers	38	28	47	39	21	21
- Tenant liability	13	8	4	4	10	11
- Property condition and maintenance	9	20	23	22	2	11
- Behaviour of tenants/evictions	12	11	6	29	12	10
- Rental/bond assistance	5	7	5	2	1	1
- Debt repayments	-	4	2	4	-	2
- Other	-	29	3	12	9	12
Property purchase	3	4	-	3	-	3
Construction and development	-	2	-	1	-	2
Other	16	7	10	6	7	10
<b>TOTAL</b>	<b>104</b>	<b>132</b>	<b>125</b>	<b>138</b>	<b>68</b>	<b>90</b>

Tables 3.9 and 3.10 show the outcome of complaints finalised in 2005-2006. As occurred last year, a higher number of allegations were finalised (102) in 2005-2006 than were received (90).

TABLE 3.9	Manner in which allegations finalised	
	Allegations	%
<b>Finalised without investigation</b>		
Discretion exercised not to investigate	29	28
Withdrawn or not proceeded with	6	5
Finalised to satisfaction of complainant	5	6
Referred back to Department	11	11
No jurisdiction	1	1
Misconduct matter within CCC jurisdiction	2	2
<b>Finalised by completed investigation</b>		
Sustained wholly or substantially	8	8
Sustained partly	8	8
Not sustained	28	27
Could not be determined	1	1
Opinion unnecessary	3	3
<b>TOTAL</b>	<b>102</b>	<b>100</b>

TABLE 3.10	Assistance provided - allegations finalised by investigation	
	Allegations	
<b>Benefit for complainant</b>		
Action/decision expedited	1	
Reversal or significant variation of original decision	2	
Apology given	2	
Other assistance given	2	
Explanation only	5	
<b>TOTAL</b>	<b>12</b>	

During the reporting period, we welcomed a range of voluntary actions taken by the Department to assist tenants who had made complaints to the Ombudsman. This included action taken to:

- provide property maintenance at departmental tenancies;
- reinstate rental applications on the housing waiting list;
- transfer tenants to alternative accommodation; and
- waive tenant liability charges.

We also welcomed the actions taken by the Department to:

- provide an explanation to a former tenant about the way it had administered the property allocation process and the reporting of an incident at the tenant's property, and to amend its processes and procedures for incident reporting at departmental tenancies;
- improve communication with tenants regarding changes to rental policies through the Department's quarterly newsletter provided to tenants with their accounts, which we saw as an effective way to keep tenants informed of changes which might impact on their tenancies;
- review and update its Code of Conduct and develop supplementary case study material to illustrate how potential conflicts of interest may arise from personal relationships including family, close personal friendships and antagonisms between tenants and staff; and
- update its Legal Recovery Procedures Manual to ensure the principles of procedural fairness are observed prior to any decision being made to terminate a tenancy under section 64 of the *Residential Tenancies Act 1987*; to propose amendments to the *Residential Tenancies Act 1987* to reflect these principles; and to ensure the creation and maintenance of associated records.

## Education — Departments, schools, universities and TAFE colleges

During the year, 73 allegations were received about the Department of Education and Training, individual schools, universities and TAFE colleges. A total of 82 allegations were finalised during this period. Table 3.11 shows details of allegations received and finalised during the year compared with the previous year, together with a list of the institutions complained about.

Agency	Allegations received and finalised			
	2004-2005		2005-2006	
	Received	Finalised	Received	Finalised
Department of Education and Training (administration and individual schools)	25	39	34	39
Department of Education Services	1	1	3	-
Curtin University of Technology	19	11	5	14
Edith Cowan University	1	2	8	1
Murdoch University	7	2	7	16
The University of Western Australia	3	2	10	7
Central TAFE	2	3	4	2
Central West College of TAFE	1	-	1	2
Challenger TAFE	2	1	-	-
Kimberley TAFE	-	1	-	-
Pilbara TAFE	1	1	1	-
West Coast TAFE	1	-	-	1
<b>TOTAL</b>	<b>63</b>	<b>63</b>	<b>73</b>	<b>82</b>

The 82 allegations finalised during 2005-2006 covered the following general areas:

	General areas of complaint		
	No.	%	As compared to % 2004-05
Academic assessment	7	9	8
Enrolment/fees/charges	5	6	6
Quality of teaching/organisation of courses	3	4	2
Staff employment issues	41	50	49
Student discipline	6	7	11
Miscellaneous	20	24	24
<b>TOTAL</b>	<b>82</b>	<b>100</b>	<b>100</b>

These allegations were dealt with as follows:

	Manner in which allegations finalised		
	No.	%	As compared to % 2004-05
Withdrawn or not proceeded with prior to commencement of investigation	5	7	2
No jurisdiction	2	2	2
Discretion exercised not to investigate	29	35	21
Referred back to agency	9	11	28
Finalised after investigation	37	45	47
<b>TOTAL</b>	<b>82</b>	<b>100</b>	<b>100</b>

Of the 37 allegations for which an investigation was commenced, five were resolved wholly in favour of the complainant, one was partly sustained, 17 were not sustained, two could not be determined and 12 were discontinued or withdrawn.

The assistance that was able to be provided as a result of recommendations made by the Ombudsman or voluntary action by the agency concerned in relation to matters finalised by investigation is shown in Table 3.14.

	No. of instances	As compared to 2004-05
Act of grace payment	-	2
Apology given	3	1
Explanation only by Ombudsman and/or agency	11	17
Monetary charge reduced, withdrawn or refunded	-	3
Other	1	-
Reversal or significant variation of original decision	-	4
<b>TOTAL</b>	<b>15</b>	<b>27*</b>

\* It is possible for a complainant to receive more than one form of assistance with respect to the one allegation.

Examples of the assistance received by complainants subsequent to making a complaint to the Ombudsman are:

- The Department of Education and Training (the Department) apologised to a relief teacher for not according him procedural fairness during its consideration of an allegation made against him. It also gave him the opportunity to respond in writing to the allegation and placed a copy of his response next to all references to the allegation in its records.
- The Department agreed to formally apologise in writing to a parent for not addressing concerns raised by her about the alleged discourtesy of a former principal and for conveying incorrect information to her about an Education Regulation.
- A university provided a detailed statement to a staff member expanding on the reasons for decisions made by a Grievance Resolution Committee.
- The Department made an act of grace payment to a complainant following our investigation into a matter concerning computer software supply to schools.

### Systemic changes

In five instances, in response to specific recommendations by the Ombudsman or voluntary action by the agency concerned, changes to agency policies and procedures occurred subsequent to an investigation. These were:

- A university agreed to review its conflict of interest policy to, amongst other things, explicitly address situations that can give rise to apprehension of bias (perceived conflicts).
- The same university agreed to review its selection procedures to provide for applicants to be informed of any weighting of selection criteria, for individual selection panel members to be explicitly given the option of not rating applicants on criteria they do not believe they can adequately assess, and for selection documentation to be retained for at least 12 months after decisions are made.
- The Department reviewed the information it provides in allocation letters and on its website to help ensure that country staff allocated government rental accommodation are aware of their responsibilities with respect to the particular type of housing concerned (i.e., 'serviced' or 'leased' accommodation).
- The Department amended its Disputes and Complaints Policy and Procedure to include explicit information about procedural fairness and the need to afford this to all parties to a dispute or complaint.
- Another university agreed to review its promotion procedures with a view to clarifying requirements and decreasing the scope for apprehension of bias situations arising.

### Investigation commenced in 2003-04

In my last two annual reports I provided a comment on an own motion investigation into the way the Department of Education and Training responds to complaints, having regard in a broad sense to its complaints management processes. The report of this investigation will be made public before the end of 2006.

### Western Power Corporation

During the reporting period we received 49 written complaints containing 54 allegations about Western Power, with 63 allegations finalised.

Table 3.15 shows the outcome of those allegations finalised and Table 3.16 records the type of assistance provided to these complainants.

TABLE 3.15	Outcome of allegations finalised	
	Allegations	%
<b>Finalised without investigation</b>		
Discretion exercised not to investigate	5	8
Finalised to satisfaction of complainant	1	2
Referred back to agency	8	13
No jurisdiction	3	5
<b>Finalised by completed investigation</b>		
Sustained wholly or substantially	28	44
Not sustained	9	14
Could not be determined	5	8
Withdrawn or not proceeded with	4	6
<b>TOTAL ALLEGATIONS FINALISED</b>	<b>63</b>	<b>100</b>

TABLE 3.16	Assistance provided—allegations finalised by investigation	
	Allegations	
<b>Benefit for complainant</b>		
Monetary change reduced/withdrawn/refunded		2
Apology		2
Explanation or reasons provided by agency		3
Reversal or significant variation of original decision		1
Other		3
<b>TOTAL</b>		<b>11</b>

During the 2005-2006 year, complaints were received from Leeming, Bibra Lake and Canning Vale residents that Western Power had acted unreasonably and unfairly in its dealings with them in the planning, consultation and erection of power poles to carry two 330kV transmission lines along the Roe Highway road reserve from Western Power's Southern terminal at Bibra Lake to the Cannington terminal.

The residents complained that Western Power had failed to:

- adequately consult with affected residents;
- provide adequate responses to the residents' concerns; and
- consider the adverse visual impact of the supporting poles which were over 30 metres in height.

In our investigations, we acknowledged that Western Power was faced with the challenge of balancing the rights and wishes of affected residents against the needs and requirements for necessary infrastructure. Under these circumstances, we accepted that there would necessarily be limits on the extent to which input from affected members of the community can influence the outcome and decisions. Nevertheless, we considered that effective communication and, as appropriate, consultation, was essential to Western Power making well-informed and balanced decisions and to the public credibility and acceptance of those decisions.

Western Power accepted our conclusions and acknowledged that it had made an early judgment on the extent to which it implemented its communication strategy on the basis of a perceived lack of interest in the community because of a very low level of response of residents to initial communications.

As a result of our investigation, Western Power has agreed to review and further develop its communications strategy framework to ensure a more consistent approach to stakeholder management for all infrastructure projects. Two extra people have been employed in the Corporate Affairs area to manage infrastructure roll-outs and ensure that appropriate consultation occurs.

We will review Western Power's strategy and progress with its implementation within 12 months.

### Action by other agencies

During the year we welcomed the action taken by the Water Corporation to revise the method for determining the requirement for headworks contributions for ancillary accommodation which house family members (in other words, a granny flat). We considered this initiative had important benefits for people who assist and care for family members in such accommodation as they will now be exempt from headworks contributions where they meet certain criteria.

We also acknowledged a range of voluntary action taken by other agencies to bring closure to matters under investigation. For instance, the Public Trust Office agreed to pay a complainant's legal costs following a complaint about the way it had dealt with her inquiries about the administration of an estate.

### Overview of other activities

#### Public Interest Disclosures

The object of the *Public Interest Disclosure Act 2003* (the Act) is to encourage and facilitate the disclosure of 'public interest information' by anyone (not just government employees) who has reason to believe that something is wrong with the way a government official or public authority or government contractor is acting or going to act. The scope of conduct covered by the Act is very broad as the definition of 'public interest information' includes:

- improper conduct (not defined in the Act)
- an offence under State law, including corruption
- a matter of administration that can be investigated under section 14 of the *Parliamentary Commissioner Act 1971*
- substantial unauthorised or irregular use of public resources.

#### **Disclosure to more than one authority**

The Act encourages persons to first make a disclosure to the government department or authority that is the subject of the disclosure. For the purposes of the Act, where the disclosure relates to 'a matter falling within the sphere of responsibility of a public authority' it can be made to the public interest disclosure officer of the government department or authority concerned. In this way the department or authority has the opportunity to deal with the issues raised by the disclosure and address them internally. It is obviously preferable for a department

or authority to find out about problems from its staff and deal with them appropriately, rather than finding out as the result of an investigation by an external body.

Because the Act refers to a disclosure being made to more than one proper authority, there is nothing to prevent a person who has made a disclosure to the department or authority concerned, and who is dissatisfied with the outcome, from making a further disclosure to another proper authority, such as our office. In fact, the majority of the disclosures dealt with by us since the Act came into force have been cases where the person has first made a disclosure to the department or authority concerned.

Where we receive such a disclosure, like other proper authorities, we must make a decision whether to investigate it having regard to the provisions of the Act. Before we can investigate, one of the matters we need to consider is whether the issues raised by the disclosure have been adequately investigated by the department or authority concerned. The Act provides that we may refuse to investigate, or may discontinue the investigation of, a matter raised by the disclosure if it has been adequately or properly investigated by another person to whom an appropriate disclosure has been made (section 8(2)(d) of the Act). If we do find that the department or authority has adequately dealt with the disclosure in the first instance we will decline to become involved.

### ***Limitations of the Ombudsman's jurisdiction concerning maladministration***

Before we can deal with a disclosure that relates to maladministration, the disclosure must meet the requirements for an investigation under the *Parliamentary Commissioner Act 1971*. This means that we are not able to deal with disclosures about matters that would otherwise be beyond our jurisdiction. As noted above, 'public interest information' includes a matter of administration that can be investigated under section 14(1) of the *Parliamentary Commissioner Act 1971*, that is:

...any decision or recommendation made, or any act done or omitted, that relates to a matter of administration and affects any person or body of persons in his or its personal capacity in or by any department or authority to which this Act applies in the exercise of any power or function." (Emphasis added.)

The requirement that a person wishing to make a disclosure must be affected in his or her personal capacity does not depend on how interested a person is in the matter. The fact that a person disagrees vehemently with the administrative actions of an authority is not enough. The question we have to consider is whether the person is sufficiently connected with the matter to be personally affected. That requires the person to have some personal stake in the matter rather than an intellectual or emotional concern. The person must establish that he or she is a person who will suffer some disadvantage, other than a sense of grievance, as a consequence of any decision made by the authority complained about. Any disadvantage complained about must go beyond that of an ordinary member of the public.

For example, administrative decisions made by a local authority about the location of new council offices might individually affect and disadvantage persons living close to the proposed site but would not individually disadvantage a person who simply believed that some other location was more appropriate or that new offices were not needed.

### ***Dealing with disclosures***

During the year we received two disclosures. We continued the investigation of a number of complex disclosures received previously and completed the investigation phase of a major inquiry concerning metropolitan residential care facilities, or hostels, operated by the Department for Community Development. We will report on that matter in next year's report.



---

## Administration and staffing

The position of Parliamentary Commissioner for Administrative Investigations (or Ombudsman, as it is more commonly known) was established under the *Parliamentary Commissioner Act 1971* (the Act), which was assented to on 22 December 1971 and came into operation on 12 May 1972. Under the Act the Ombudsman reports direct to the Parliament, and it is to the Parliament—not the Government of the day—that the Ombudsman is responsible.

The responsibility for the administration of the Act (as distinct from the responsibility for the Ombudsman's office) is allocated to the Premier. The Department of the Premier and Cabinet provides a bureau service for such matters as human resource management, financial management and some information technology services.

Part 3 of the *Public Sector Management Act 1994* (which relates to the constitution and staffing of the WA Public Service) does not apply to the Ombudsman, the Deputy Ombudsman, an Acting Ombudsman or officers of the Ombudsman.

### Staffing

Staff movements and changes for the office during the reporting period were as follows.

Louise Basson, Kathy Digwood, Tony Sita, Scott Campbell and Jeannine Purdy assisted us on secondment for varying periods throughout the year as Investigating or Senior Investigating Officers.

New permanent staff whom we welcomed were: Julie Roberts, who commenced as our new Manager of the Assessments Team; Julie Cheng, who joined us as an Investigating Officer; Jeanette Murray, who became our first Communications Manager; Nicola Mouton, our inaugural web administrator; Justin O'Malley, Energy Investigating Officer; and Deborah Dickenson, who joined the Investigations and Major Projects Team as a Senior Investigating Officer.

People who moved on included Glenn Ryall, who provided administrative assistance to the Assessments Team; Kaye Towers-Hammond, who joined the Office of the Inspector of Custodial Services; Sherry Armstrong, who took leave without pay; Paul O'Connor, who moved to the Office of Energy as Corporate Services Manager; and Irene Dumitro, who left the office after more than 10 years' service.

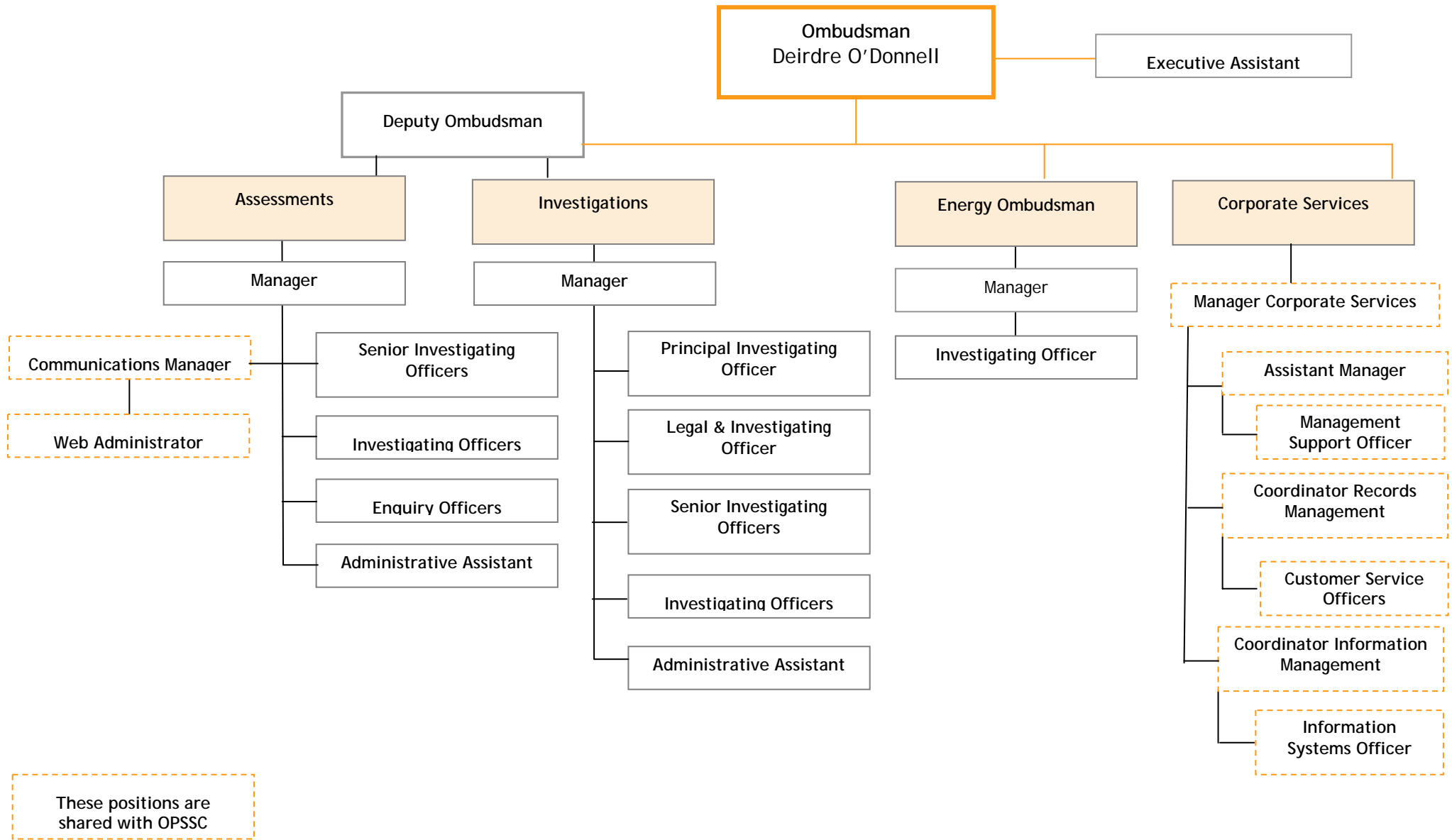
I would like to thank every member of my staff for their contribution throughout the year. Their efforts have resulted in improvements across all aspects of our service delivery and the fulfilment of our mission.

### Shared Corporate Services

One of the benefits of co-locating with the Office of the Public Sector Standards Commissioner (OPSSC) has been the opportunity this has provided to share corporate services. Under this arrangement, our two offices effectively pay half the salary of the Manager Corporate Services, and we each then pay for approximately half the salary budget of this function, as well as half the salaries of the two positions in the Communications Unit (Communications Manager and Web Administrator).

During the year, considerable effort has been applied to analysing the impact of moving to the Office of Shared Services environment.

As at June 30 2006 the office structure was as illustrated in the following chart:



## Compliance reports

### People and Communities

#### Disability Access and Inclusion Plan Outcomes

As an office we aim to provide appropriate access and service to people with disabilities, their families and carers. In 2006, we developed a Disability Service Plan to demonstrate our commitment to being an accessible Ombudsman and to ensure that all key Disability Service Plan outcomes are addressed. No formal complaints have been received during the year regarding the office's provision of appropriate facilities or access to services.

The Disability Service Plan has six key outcomes:

- **People with disabilities have the same opportunities as other people to access the services of, and events organised by the office** – Any members of the public or staff with a disability have an equal opportunity to receive services from or participate in events organised by the office.
- **People with disabilities have the same opportunities as other people to access the buildings and other facilities available** – The Disability Services Commission guidelines on access were used to design the layout of the offices and the facilities such as electrical outlets in the new accommodation fit-out in 2003. This means the accommodation and facilities meet the needs of people with disabilities as far as practicable. In 2004-05, new electronic self-opening doors were installed in the office. The building has a lift designed for persons with disabilities and the ground floor is at the same level as St Georges Terrace to assist easy access.
- **People with disabilities receive information in formats that will enable them to access the information as readily as other people are able to access it** – The office strives to publish all documents in plain English. In the next reporting period we will ensure that publications are available in alternative formats on request, and that information published on the website can be viewed and printed in alternative formats.
- **People with disabilities receive the same level and quality of service from staff as other people receive** – The services provided by the office have been adapted to reduce barriers to people with disabilities through better access. Complainants are able to use the National Relay Service if they have hearing or speech impairments
- **People with disabilities have the same opportunities as other people to make complaints to the office** – Any member of the public with a disability has an equal opportunity to make a complaint to the office. All complaints are investigated free of any bias or discrimination in order to achieve appropriate outcomes quickly and efficiently.
- **People with disabilities have the same opportunities as other people to participate in any public consultation arranged by the office** – Any member of the public or staff with a disability has an equal opportunity to participate in consultations, decision-making, grievance processes and any other consultative process within the office.

### **Cultural Diversity and Language Services Outcomes**

The office exists to serve all members of the public and is committed to being accessible to people from diverse cultures.

As part of meeting the requirements of Language Services Outcomes and reflective of its commitment to valuing diversity, the office disseminates information on the provision of translation and interpreter services to complainants as required and produces key information in various languages. It also provides interpreters and telephone access for people with hearing or speech impairment where appropriate.

Complainants are able to use the Translating and Interpreting Service if English is not their first language.

### **Youth Outcomes**

The office recognises youth as an important stakeholder group and has provided opportunities for two staff members in the shared corporate services team. One of these staff, a trainee employed by OPSSC under the WA Public Sector Clerical Traineeship Program, was given acting opportunities and passed the requirements of her traineeship in early 2006.

A Communications Manager (shared with the Office of the Public Sector Standards Commissioner) was recruited in 2005. This person assists the office with the development of specific outreach programs for young people. In 2006, we participated in an initiative of the Australian and New Zealand Ombudsman Association to develop a youth postcard campaign. The theme of this initiative was 'Speak up! Everyone has a right to complain'. This postcard was widely distributed to universities and TAFE colleges, and generated some positive responses. The office also provided acting opportunities for who passed.

### **Substantive Equality**

The office is not a member of the Strategic Management Council and does not currently have obligations under the Substantive Equality Framework.

## **The Economy**

The financial statements include information relating to this goal.

## **The Environment**

### **Waste Paper Recycling**

Consistent with the Government's commitment to waste reduction and recycling, the office continues its commitment to paper recycling through the proper use of recycling providers and by encouraging staff to recycle paper. Waste paper recycling practices for confidential papers are incorporated in our office through the use of security shredding bins. In 2005-06, 15 bins of 240-litre capacity weighing approximately 530 kilograms were used for recycled paper.

### **Energy Smart Government Program**

In accordance with the Energy Smart Government policy, the office has committed to achieve a 12% reduction in non transport-related energy use by 2006-07. This target has been achieved this year with the total reduction over the past three years averaging 13.6%.

Energy Smart Government program	Baseline Data	2003-04 Actuals	2004-05 Actuals	2005-06 Actuals	Variation %
Energy Consumption (GJ)	322	310	305	220	-31.7
Energy Cost (\$)	14,976	13,984	14,008	9,704	-30.8
Greenhouse Gas Emissions (tonnes of CO <sub>2</sub> )	82	78	77	55	-33
Performance indicators					
MJ/sqm	356	342	466	338	-5.1
MJ/Occupancy.	11,116	10,695	9,525	6,879	-39.1

Note: Significant reductions in 2005–06 are due to a revised method for dividing usage and emissions between the co-located agencies.

The following energy-saving initiatives have been undertaken:

- Lighting in areas not in consistent use and with sufficient natural light has been switched off to reduce usage.
- Staff are encouraged through awareness of the Energy Smart Program and signage to switch off lights and equipment when not required or as they leave the office.
- Automatic lights were installed in meeting rooms, storage areas and file repositories to further reduce usage.
- Where possible, energy efficient equipment under the capital replacement program was purchased to comply with the actions of our energy management plan.

## The Regions

### Regional Development Policy

The office's jurisdiction encompasses the whole state and local government sectors, ranging from the metropolitan through to regional areas. As such, staff are at times required to travel to regional areas to provide outreach programs aimed at promoting awareness of our services. The outreach programs have provided communities with the awareness and confidence to seek advice from staff and submit complaints where necessary. Staff also visit agencies in regional areas as part of our education and training role to assist them in the review and development of effective internal complaint handling processes.

The state-wide nature of our activities means that we need to be flexible and responsive to the needs of regional areas, and therefore our website is an important source of information.

## Governance

### Evaluations

No formal evaluations of operations were undertaken under section 7(e) of the *Public Sector Management Act 1994* during the reporting year.

### Freedom of information

The office is an exempt agency under the *Freedom of Information Act 1992*. However, it is our policy to apply the spirit of this Act, where possible, to documents held by, or originating from, our office, provided that their release would not contravene the secrecy provision of the Parliamentary Commissioner Act 1971.

Agencies that receive applications for access to documents that have originated from this office or have been specifically prepared for the Ombudsman are required to notify us of such applications so that we have the opportunity to identify any sensitivities in the documents.

### Recordkeeping Plan

As an office we are committed to continuously improving our recordkeeping practices consistent with the requirements of the *State Records Act 2000*, thus improving the transparency and accountability of our business processes. Our Coordinator Records Management has the function of reviewing current systems and ensuring that we implement best-practice recordkeeping policies and procedures.

Over the year the office completed the final implementation of electronic document records management. We implemented a pilot 'TRIM Captura' electronic document records management system (EDRMS) in early 2005 and commenced scanning all significant incoming correspondence to complement the saving of electronic mail and facsimiles directly into the EDRMS in August. The latest version of the 'TRIM Context' EDRMS was implemented on 1 September 2005 and an electronic document management training program was attended by staff just prior to roll-out of the system. Further specific training was provided to staff prior to a directive for all final documents to be saved into the EDRMS on 1 December 2005.

Since December 2005, all incoming, outgoing and significant internal documents have been saved electronically into the EDRMS. The number of records captured increased significantly in the 2005-06 year by more than 350% from the previous year, demonstrating the effective use of the EDRMS and procedures to capture corporate information.

Staff now have had the advantage of viewing a file and its contents electronically and using the document content search facility provided by the 'TRIM' EDRMS to assist in effectively retrieving documents. There has been an increasing reduction of physical file retrieval requests from staff due to the ability to view documents in a single source database. An initiative to assist staff to access research information was also completed this year by categorising and updating the existing hard cover library and entering searchable contents pages into the EDRMS for retrieval. The library contains research material, such as case law, parliamentary reports and significant reports from other agencies.

The office is committed to providing staff with ongoing training opportunities in recordkeeping procedures and systems. All new staff undergo a 90-minute recordkeeping induction and EDRMS training session, and follow up training and help desk assistance is provided. As staff are required to save their final electronic documents into the EDRMS, a training file has been presented to staff containing relevant procedures and documents to assist in compliance. Further training opportunities are identified when regular audits of the quality of the data saved into the EDRMS are assessed and specific training is offered to staff where required.

The office's records management policy and procedural documents and manuals have been updated regularly during the year to provide for the ongoing improvements in our recordkeeping systems and have been made consistent with our obligations under the *State Records Act 2000* and our Recordkeeping Plan. We have completed the development of performance indicators to complement the review and improvements in recordkeeping practices and procedures at the office and to measure the efficiency and effectiveness of our records management systems.

Our Retention and Disposal Schedule was approved by the State Records Commission (SRC) in December 2005 and the office has commenced a disposal project for functional records dating back to 1972.

The efficiency and effectiveness of our recordkeeping systems were audited in March under the terms of reference of our performance indicators submitted to the SRC. The current processes are operating effectively and the office has benefited from the improvements made this financial year especially in the management of electronic documents and effective retrieval of information.

As recognition of our progress in improving our recordkeeping systems during the reporting period, the State Records Commission approved our Recordkeeping Plan for the maximum five-year term in March 2006.

### **Advertising**

The office has not engaged any companies or organisations relating to advertising, market research, polling, direct mail or media advertising that require disclosure under s.175ZE of the *Electoral Act 1907*.

### **Sustainability**

Under the code of practice, accountable agencies under the *State Sustainability Action Plan* are to address commitments and carry out actions through planning, decision-making and reporting. While the Ombudsman is not an identified agency in the action plan, the office is conscious of its role in fostering employee understanding and support for sustainability in governance and sustainability in communities. This is done through our role of promoting confidence in public administration in general and by relating these principles to the business of agencies in our complaints handling role.

### **Equal Employment Opportunity Outcomes**

The office's Equal Opportunity Management Plan takes into account the objectives in the State Government's *Equity and Diversity Plan for the Public Sector Workforce 2001-2005*. Currently the representation of people with a disability equates to 6% of staff, youth make up 6% of staff, people from culturally diverse backgrounds make up 3% of staff and women make up 60% of the positions across the management tiers. Achievement of diversity objectives exceeds most levels established in both the management plan and State Government objectives outlined in its plan.

Policies for flexible working arrangements are well used, with a number of staff taking up flexible working conditions, including part-time employment, working from home and paid parental leave.

### **Compliance with Public Sector Standards**

#### ***Human Resource Management Standards***

The office operates in accordance with the *Public Sector Standards in Human Resource Management* and is developing appropriate internal human resource management (HRM) policies consistent with the standards. Where appropriate, the office also adopts the HRM policies of its bureau service provider, the Department of the Premier and Cabinet. These comply with the standards. All staff are required to adopt these policies which are readily accessible on our intranet. No breach of standards applications were lodged within the office during the reporting period.

### **Ethical codes**

The office complies with the *Western Australian Public Sector Code of Ethics* and has its own code of conduct, which is part of our induction process and available on our intranet.

### **Corruption prevention**

The office is committed to operating with a high level of integrity, consistent with its role in promoting confidence in public administration. We adopt a continuous improvement approach to our code of conduct and conflict of interest policy. Both documents are incorporated into the induction manual for new staff and are available on the office's intranet. Ethical awareness is reinforced through attendance by staff at presentations by guest speakers and relevant seminars and workshops.

Information security is a high priority for the office. Relevant risks and control strategies are identified in the office's risk register and a copy of the information security policy is included in the staff induction manual.

An effective whistleblowing regime is also an important element in helping detect corrupt and illegal practices within organisations. In 2005, the office implemented its internal policy and procedures for public interest disclosures.

## **Report on operations**

### **Corporate Services Bureau support**

Corporate Services Bureau support continues to be provided by the Department of the Premier and Cabinet. The services provided include:

- Financial Management—account payments, financial reporting, chart maintenance and asset management.
- Human Resource Management—salary payments, policy advice, leave processing, classification determination and recruitment services.
- Information Technology—permanent connection to the Internet.

### **Accommodation**

The office is co-located with the Office of the Public Sector Standards Commissioner, the Office of Health Review, the Office of the Information Commissioner and the Commonwealth Ombudsman.

The corporate services section of the office is shared with the Office of the Public Sector Standards Commissioner. The shared arrangements of corporate services also provide reception and other services for the Office of Health Review, the Commonwealth Ombudsman and the Information Commissioner under a memorandum of understanding.

### **Risk management**

We use a risk management database that was provided by RiskCover to analyse and record potential risks to the office. Senior staff have undergone training to ensure its effective use.

### **Industrial relations**

No industrial disputes were recorded during the year.



### Information technology

The Information Technology Section continues to provide support to the office's information technology environment, upgrading essential network components to ensure optimal performance and functionality. A secure environment has been successfully implemented allowing the sharing of information and applications between our office and the Office of the Public Sector Standards Commissioner.

Research is being conducted to explore options available to this office and the Office of the Public Sector Standards Commissioner to purchase Internet services; these services have been provided to date by the Department of the Premier and Cabinet. However, as part of the transition requirements to the Office of Shared Services, the two offices need to identify a supplier which will be able to provide for internet services to ensure continuity of service.

### Supply function

The office has contributed to various health checks, along with other reporting requirements issued by the State Supply Commission. The results of these reports have shown compliance with government policies and have demonstrated the effectiveness of internal supply procedures.

### Occupational health, safety and welfare

As an office, we aim to provide a safe and secure working environment for employees. There was one compensation claim processed during the year.

An employee assistance program provider continues to be available for staff and their immediate family to access confidential counselling services, if required.

We regularly update emergency contact information posters that include information from other co-located agencies. Training in emergency procedures, including building evacuation, first aid and office health training, was undertaken during the reporting period. Security and safety features, including policy and procedures, are continually reassessed in the areas of public access; these include the interview rooms of the shared reception area. This is of particular importance to our office and is a high priority for management. An OHS&W committee with representatives from co-located agencies has been established.

### Complaints about our office

The office is committed to providing a fair, timely and professional response to people who complain about our decisions and actions. Complaints are an important means by which the office is accountable for its activities and can help identify opportunities for us to improve our processes and the quality of our communications.

If a complainant is dissatisfied with the outcome or quality of an investigation, they may request that their case be reviewed. Our policy on reviews is outlined in Chapter 1.

Complainants may also express dissatisfaction with other aspects of our processes, such as the time we take to finalise a matter. While we endeavour to provide a more timely service, this remains a source of dissatisfaction for some complainants, particularly where the matter is complex and the investigation prolonged. It is important that we acknowledge these concerns and offer an apology.

However if the complainant remains dissatisfied with the administrative processes of our office, including timeliness, we will advise them of the option to bring the matter to the attention of the Speaker of the Legislative Assembly. Because of the Ombudsman's independence, and as the office is an office of 'last resort', the merits of an Ombudsman decision will not be reviewed by the Speaker. During the year, no complaints were made to the Speaker relating to our administrative processes.

### Case management system tender

During 2005-2006 work was done to specify requirements for a new computerised case management system for the office, culminating in tenders being advertised in May and closing in early June 2006. At year's end the evaluation process was still in progress.

Implementing the new system will be a significant challenge for the office in 2006-2007 and should result in significant efficiencies in the recording and management of complaints and the production of information and statistics.

As well as providing for the general jurisdiction, the specification for the new system includes requirements to allow staff to efficiently record and process electricity and gas complaints in support of the Ombudsman's role of Energy Ombudsman. The State Ombudsman performs the role of Energy Ombudsman under a services agreement with Energy Industry Ombudsman (Western Australia) Limited as described in Chapter 1 of this report.

### Legislation impacting on the office

The office does not administer any legislation. However, the *Parliamentary Commissioner Act 1971* provides the basis for the existence of the office, and the *Telecommunications (Interception) Western Australia Act 1996* places certain statutory responsibilities on the Ombudsman.

Other written laws which have an impact on our activities are:

- *Corruption and Crime Commission Act 2003*
- *Disability Services Act 1993*
- *Equal Opportunity Act 1984*
- *Financial Administration and Audit Act 1985*
- *Inspector of Custodial Services Act 2003*
- *Occupational Health, Safety and Welfare Act 1987*
- *Public Interest Disclosure Act 2003*
- *Public Sector Management Act 1994*
- *Royal Commissions Act 1968*
- *Royal Commission (Police) Act 2002*
- *State Administrative Tribunal Act 2004*
- *State Records Act 2000*
- *State Supply Commission Act 1991*
- *Workers' Compensation and Rehabilitation Act 1981*.

In relation to our Energy Industry Ombudsman function, the following Acts are of relevance:

- *Economic Regulation Authority Act 2003*
- *Electricity Industry Act 2004*
- *Energy Coordination Act 1994*
- *Parliamentary Commissioner Act 1971 (section 34)*.

---

# Financial statements

PARLIAMENTARY COMMISSIONER FOR ADMINISTRATIVE INVESTIGATIONS

CERTIFICATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

The accompanying financial statements relating to the Parliamentary Commissioner for Administrative Investigations 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 financial year ended 30 June 2006 and the financial position as at 30 June 2006.

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



D A O'Donnell

Accountable Officer

31 July 2006

## Income Statement for the year ended 30 June 2006

	2006	2005
Note	\$	\$
<b>COST OF SERVICES</b>		
<b>Expenses</b>		
Employee benefits expense	6 2,483,006	1,868,565
Supplies and services	7 385,129	420,498
Depreciation and amortisation expense	8 170,976	183,568
Accommodation expenses	9 258,040	357,103
Capital user charge	10 43,823	74,897
Other expenses	11 9,149	14,764
<b>Total cost of services</b>	<u>3,350,123</u>	<u>2,919,395</u>
<b>Income</b>		
<b>Revenue</b>		
Users charges and fees	12 371,498	119,775
Commonwealth grants and contributions	17,832	25,870
<b>Total revenue</b>	<u>389,330</u>	<u>145,645</u>
<b>Total income other than income from State Government</b>	389,330	145,645
<b>NET COST OF SERVICES</b>	2,960,793	2,773,750
<b>INCOME FROM STATE GOVERNMENT</b>		
Service Appropriation	13 2,888,000	3,050,000
Resources received free of charge	84,585	93,298
Liabilities assumed by the Treasurer	17,431	4,500
<b>Total income from State Government</b>	<u>2,990,016</u>	<u>3,147,798</u>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<u>29,223</u>	<u>374,048</u>

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

## Balance Sheet as at 30 June 2006

	Note	2006 \$	2005 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	23	1,035,946	723,353
Receivables	15	26,658	82,723
Amounts receivable for services	16	107,000	72,000
<b>Total current assets</b>		<b>1,169,604</b>	<b>878,076</b>
<b>Non-Current Assets</b>			
Restricted cash and cash equivalents	14	8,133	-
Property, plant and equipment	17	372,469	520,922
Amounts receivable for services	16	479,000	321,000
<b>Total Non Current Assets</b>		<b>859,602</b>	<b>841,922</b>
<b>TOTAL ASSETS</b>		<b>2,029,206</b>	<b>1,719,998</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	19	95,485	32,956
Provisions	20	536,132	343,234
Other current liabilities	21	8,707	-
<b>Total current liabilities</b>		<b>640,324</b>	<b>376,190</b>
<b>Non-Current Liabilities</b>			
Provisions	20	182,819	166,968
<b>Total Non-Current Liabilities</b>		<b>182,819</b>	<b>166,968</b>
<b>Total liabilities</b>		<b>823,143</b>	<b>543,158</b>
<b>Net Assets</b>		<b>1,206,063</b>	<b>1,176,840</b>
<b>Equity</b>			
Contributed equity	22	732,000	732,000
Reserves		5,117	5,117
Accumulated surplus		468,946	439,723
<b>Total equity</b>		<b>1,206,063</b>	<b>1,176,840</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,029,206</b>	<b>1,719,998</b>

The Balance Sheet should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity for the year ended 30 June 2006

	2006	2005
Note	\$	\$
<b>Balance of equity at start of period</b>	30 1,176,840	666,792
<b>CONTRIBUTED EQUITY</b>	22	
Balance at start of period	732,000	596,000
Capital contribution	-	136,000
Balance at end of period	732,000	732,000
<b>RESERVES</b>	22	
<b>Asset Revaluation Reserve</b>		
Balance at start of period	5,117	5,117
Balance at end of period	5,117	5,117
<b>ACCUMULATED SURPLUS (RETAINED EARNINGS)</b>	22	
Balance at start of period	439,723	65,675
Surplus/(deficit) or profit/(loss) for the period	29,223	374,048
Total income for the period	29,223	374,048
Balance at end of period	468,946	439,723
<b>Balance of equity at end of period</b>	1,206,063	1,176,840

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

## Cash Flow Statement for the year ended 30 June 2006

	2,006	2,005
Note	\$	\$
<b>CASH FLOWS FROM STATE GOVERNMENT</b>		
Service appropriations	2,623,000	2,713,000
Capital contribution	-	136,000
Holding account drawdowns	72,000	83,000
<b>Net Cash provided by State Government</b>	<b>2,695,000</b>	<b>2,932,000</b>
<b>Utilised as follows:</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Payments</b>		
Employee benefits	(2,196,819)	(1,895,420)
Supplies and services	(291,012)	(346,182)
Capital User Charge	(43,823)	(74,897)
Accommodation	(234,474)	(375,392)
GST payments on purchases	(45,556)	(91,124)
GST payments to taxation authority	(27,369)	(11,669)
Other payments	5,305	(28,026)
<b>Receipts</b>		
Other Receipts	385,295	145,645
GST receipts on sales	38,097	11,967
GST receipts from taxation authority	69,959	87,718
<b>Net cash provided by/(used in) operating activities</b>	<b>23 (2,340,397)</b>	<b>(2,577,380)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of non-current physical assets	(33,877)	(182,579)
<b>Net cash provided by/(used in) investing activities</b>	<b>(33,877)</b>	<b>(182,579)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	320,726	172,041
Cash and cash equivalents at the beginning of period	723,354	551,312
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>23 1,044,080</b>	<b>723,353</b>

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

## Schedule of Income and Expenses by Service for the year ended 30 June 2006

	Other Public Sector Organisations		Telecommunication Interception Audit		Total	
	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$
<b>COST OF SERVICES</b>						
<b>Expenses</b>						
Employee benefits expense	2,444,449	1,812,274	38,557	56,291	2,483,006	1,868,565
Supplies and services	383,438	418,632	1,691	1,866	385,129	420,498
Depreciation and amortisation expense	170,976	183,568	-	-	170,976	183,568
Accommodation expenses	258,040	357,103	-	-	258,040	357,103
Capital User Charge	43,823	74,897	-	-	43,823	74,897
Other expenses	9,149	14,764	-	-	9,149	14,764
<b>Total cost of services</b>	<b>3,309,875</b>	<b>2,861,238</b>	<b>40,248</b>	<b>58,157</b>	<b>3,350,123</b>	<b>2,919,395</b>
<b>Income</b>						
Other revenue	371,498	119,775	-	-	371,498	119,775
Commonwealth grants and contributions	17,832	25,870	-	-	17,832	25,870
<b>Total income other than income from State Government</b>	<b>389,330</b>	<b>145,645</b>	<b>-</b>	<b>-</b>	<b>389,330</b>	<b>145,645</b>
<b>NET COST OF SERVICES</b>	<b>2,920,545</b>	<b>2,715,593</b>	<b>40,248</b>	<b>58,157</b>	<b>2,960,793</b>	<b>2,773,750</b>
<b>INCOME FROM STATE GOVERNMENT</b>						
Service appropriation	2,836,000	2,998,000	52,000	52,000	2,888,000	3,050,000
Resources received free of charge	82,894	91,432	1,691	1,866	84,585	93,298
Liabilities assumed by the Treasurer	17,082	4,275	349	225	17,431	4,500
<b>Total income from State Government</b>	<b>2,935,976</b>	<b>3,093,707</b>	<b>54,040</b>	<b>54,091</b>	<b>2,990,016</b>	<b>3,147,798</b>
<b>Surplus/(deficit) for the period</b>	<b>15,431</b>	<b>378,114</b>	<b>13,792</b>	<b>(4,066)</b>	<b>29,223</b>	<b>374,048</b>

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



## Summary of Consolidated Fund Appropriations and Income Estimates for the year ended 30 June 2006

	2006 Estimate \$	2006 Actual \$	Variance \$	2006 Actual \$	2005 Actual \$	Variance \$
<b>DELIVERY OF SERVICES</b>						
Item 4 Net amount appropriated to deliver services	2,491,000	2,491,000	-	2,491,000	2,745,000	(254,000)
Section 25 transfer of appropriation			-		-	-
Amount authorised by other statutes Parliamentary Commissioner Act 1971	378,000	397,000	19,000	397,000	305,000	92,000
<b>Total appropriations provided to deliver services</b>	<u>2,869,000</u>	<u>2,888,000</u>	<u>19,000</u>	<u>2,888,000</u>	<u>3,050,000</u>	<u>(162,000)</u>
<b>CAPITAL</b>						
Item 120 Capital Contributions	0	0	0	0	136,000	(136,000)
<b>GRAND TOTAL</b>	<u>2,869,000</u>	<u>2,888,000</u>	<u>19,000</u>	<u>2,888,000</u>	<u>3,186,000</u>	<u>(298,000)</u>
<b>Details Of Expenses by Service</b>						
Other Public Sector Organisations	3,003,000	3,309,875	306,875	3,309,875	2,861,238	448,637
Telecommunications Interception Audit	52,000	40,248	(11,752)	40,248	58,157	(17,909)
Total Cost of Services	3,055,000	3,350,123	295,123	3,350,123	2,919,395	430,728
Less total revenues from ordinary activities	(143,000)	(389,330)	(246,330)	(389,330)	(145,645)	(243,685)
Net Cost of Services	2,912,000	2,960,793	48,793	2,960,793	2,773,750	187,043
Adjustments	(43,000)	(72,793)	(29,793)	(72,793)	276,250	(349,043)
<b>Total appropriations provided to deliver services</b>	<u>2,869,000</u>	<u>2,888,000</u>	<u>19,000</u>	<u>2,888,000</u>	<u>3,050,000</u>	<u>(162,000)</u>
<b>Capital Expenditure</b>						
Purchase of non-current physical assets	-	22,523	22,523	22,523	113,108	(90,585)
Adjustment for other funding sources	-	(22,523)	(22,523)	(22,523)	22,892	(45,415)
<b>Capital Contribution (appropriation)</b>	-	-	-	-	136,000	(136,000)

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

Note 25 "Explanatory statement" provides details of any significant variations between estimates and actual results for 2006 and between the actual results for 2005 and 2006.

# Notes to the financial statements for the year ended 30 June 2006

### 1) Mission and funding

The mission of the Office of the Parliamentary Commissioner for Administrative Investigations (the Office) is "To assist the Parliament of Western Australia to be confident that the public sector of the State is accountable for, and improving the standard of, administrative decision-making, practices and conduct".

The Office is mainly funded by Parliamentary appropriation. The financial statements encompass all funds through which the Office controls resources to carry on its functions.

### 2) First time adoption of the Australian Equivalents to International Financial Reporting Standards

This is the Office's first published financial statements prepared under Australian equivalents to International Financial Reporting Standards (AIFRS).

Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements. Until 30 June 2005, the financial statements have been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

The Australian Accounting Standards Board (AASB) adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing AIFRS which comprise a Framework for the Preparation and Presentation of Financial Statements, Australian Accounting Standards and the Urgent Issue Group (UIG) Interpretations.

In accordance with the option provided by AASB 1 paragraph 36A and exercised by Treasurer's Instruction (TI) 1101 "Application of Australian Accounting Standards and Other Pronouncements", financial instrument information prepared under AASB 132 and AASB 139 will apply from 1 July 2005 and consequently comparative information for financial instruments is presented on the previous AGAAP basis. All other comparative information is prepared under the AIFRS basis.

#### Early adoption of standards

The Office cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 "Application of Australian Accounting Standards and Other Pronouncements". This TI requires the early adoption of revised AASB 119 "Employee Benefits" as issued in December 2004, AASB 2004-3 "Amendments to Australian Accounting Standards" and 2005-3 "Amendments to Australian Accounting Standards [AASB119]"; AASB 2005-4 "Amendments to Australian Accounting Standards [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]" and AASB 2005-6 "Amendments to Australian Accounting Standards [AASB 3]" to the annual reporting period beginning 1 July 2005. AASB 2005-4 amends AASB 139 "Financial Instruments: Recognition and Measurement" so that the ability to designate financial assets and financial liabilities at fair value is restricted. AASB 2005-6 excludes business combinations involving common control from the scope of AASB 3 "Business Combinations".

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are provided at note 30 "Reconciliations explaining the transition to AIFRS".

### 3) Summary of significant accounting policies

#### a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has 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 in accordance with Accounting Standard AAS 29 "Financial Reporting by Government Departments" on an accrual basis of accounting using the historical cost convention.

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 dollar.

### c) Reporting Entity

The reporting entity comprises the Office.

### d) Contributed Equity

UIG Interpretations 1038 "Contributions by Owners Made to Wholly-Owned Public Sector Entities" requires transfers in the nature of equity contributions 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 contributions (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.

Transfer of net assets to/from other agencies are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See note 22 "Equity".

### e) Income

#### *Revenue*

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

#### *Sale of goods*

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

#### *Rendering of Services*

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

#### *Service Appropriations*

Service Appropriations are recognised as revenues in the period in which the Office gains control of the appropriated funds. The Office gains control of appropriated funds at the time those funds are deposited into the Office's bank account or credited to the holding account held at the Office of Treasury and Finance. See note 13 "Income from State Government" for further detail.

#### *Net Appropriation Determination*

The Treasurer may make a determination providing for prescribed revenues to be retained for services under the control of the Office. In accordance with the determination specified in the 2005-2006 Budget Statements, the Office retained \$389,330 in 2006 (\$145,645 in 2005) from the following:

- Proceeds from fees and charges;
- Commonwealth specific purpose grants and contributions;
- One-off revenues from the sale of property other than real property; and
- Other Office revenue.

#### *Grants, donations, gifts and other non-reciprocal contributions*

Revenue is recognised at fair value when the Office obtains control over the assets comprising the contributions which is 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.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes.

### *Gains*

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

## f) Property, Plant and Equipment

### *Capitalisation/Expensing of assets*

Items of property, plant and equipment costing over \$1,000 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 \$1,000 are immediately expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

### *Initial recognition and measurement*

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

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

### *Subsequent measurement*

The Office does not hold land, buildings or infrastructure assets. As such, items of property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses.

### *Depreciation*

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner which reflects the consumption of their future economic benefits.

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

Furniture and fittings	10 years
Plant and equipment	5 years
Computer hardware	3 years
Office establishment	5 years

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

## g) Intangible Assets

### *Capitalisation/Expensing of assets*

Acquisitions of intangible assets costing over \$1,000 and internally generated intangible assets costing over \$1,000 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 Income Statement.

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Office have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

Software	3 Years
----------	---------

#### *Computer Software*

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$1,000 is expensed in the year of acquisition.

#### *Web site costs*

Web site 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 web site, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a web site, 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 each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Office 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 or where the replacement cost is falling. 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 each reporting date 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 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 each reporting date.

See note 18 'Impairment of assets' for the outcome of impairment reviews and testing.

See note 3(o) 'Receivables' and note 15 'Receivables' for impairment of receivables.

### i) Leases

The Office holds operating leases for its office buildings, office equipment and motor vehicles where the lessor effectively retains all of the risks and benefits incidental to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Income Statement over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

### j) Financial Instruments

The Office only has one category of financial instruments, comprising receivables and payables.

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 immaterial.

### k) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These are comprised of cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

### l) Accrued Salaries

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 instead of the normal 26. No interest is received on this account.

Accrued salaries (refer note 21 'Other Liabilities') represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Office considers the carrying amount of accrued salaries to be equivalent to its net fair value.

### m) Amounts Receivable for Services (Holding Account)

The Office receives appropriation funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

See also note 13 'Income from State Government' and note 16 'Amounts receivable for services'.

### n) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis.

Inventories not held for resale are valued at cost unless they are no longer required, in which case they are valued at net realisable value. (NOTE: This is not applicable to this Office)

### o) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Office 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. See note 3(j) 'Financial Instruments and note 15 'Receivables'.

### p) Payables

Payables are recognised when the Office becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See note 3(j) 'Financial Instruments and note 19 'Payables'.

### q) Amounts Due to the Treasurer

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

### r) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance sheet reporting date. See note 20 'Provisions'.

**(i) Provisions - Employee Benefits***Annual Leave and Long Service Leave*

The liability for annual and long service leave expected to be settled within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

*Superannuation*

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. The Office has no liabilities for superannuation charges under the Pension or the GSS Schemes as the liability has been assumed by Treasurer.

Employees who are not members of either the Pension or the GSS Schemes become non-contributory members of the West State Superannuation Scheme (WSS), an accumulation fund. The Office makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS Scheme.

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

See also note 3(s) 'Superannuation expense'.

**(ii) 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 Office's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'. (See note 11 'Other expenses and note 20 'Provisions').

**s) Superannuation Expense**

The following elements are included in calculating the superannuation expense in the Income Statement:

- (a) Defined benefit plans - Change in the unfunded employer's liability (i.e. current service cost and, actuarial gains and losses) assumed by the Treasurer 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 (GSS); and
- (b) Defined contribution plans - Employer contributions paid to the West State Superannuation Scheme (WSS), and the equivalent of employer contributions to the GSS.

Defined benefit plans - in order to reflect the true cost of services, the movements (i.e. current service cost and, actuarial gains and losses) in the liabilities in respect of the Pension Scheme and the GSS Scheme transfer benefits are recognised as expenses directly in the Income Statement. As these liabilities are assumed by the Treasurer (refer note 3(r)(i)), a revenue titled 'Liabilities assumed by the Treasurer' equivalent to the expense is recognised under Income from State Government in the Income Statement. See note 13 'Income from State Government'.

Defined contribution plans - in order to reflect the Office's true cost of services, the Office is funded for the equivalent of employer contributions in respect of the GSS Scheme (excluding transfer benefits). These contributions were paid to the GESB during the year and placed in a trust account administered by the GESB on behalf of the Treasurer. The GESB subsequently paid these employer contributions in respect of the GSS Scheme to the Consolidated Fund.

### t) Resources Received Free of Charge or for Nominal Consideration

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

### u) Comparative Figures

Comparative figures have been restated on the AIFRS basis except for financial instruments information, which has been prepared under the previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. The transition date to AIFRS for financial instruments is 1 July 2005 in accordance with the exemption allowed under AASB 1, paragraph 36A and Treasurer's Instruction 1101.

### 4) Judgements made by management in applying accounting policies

The judgements that have been used in the process of applying accounting policies have had no material effect on amounts recognised in the financial statements.

### 5) Disclosures of changes in accounting policy and estimates

#### Future impact of Australian Accounting Standards not yet operative

The Office cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. As referred to in Note 2, TI 1101 has only mandated the early adoption of revised AASB 119, AASB 2004-3, AASB 2005-3, AASB 2005-4 and AASB 2005-6. Consequently, the Office has not applied the following Australian Accounting Standards and UIG Interpretations that have been issued but are not yet effective. These will be applied from their application date:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007. The Standard is considered to result in increased disclosures of an entity's risks, enhanced disclosure about components of financial position and performance, and changes to the way of presenting financial statements, but otherwise there is no financial impact.
2. AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts). The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 'Insurance Contracts' or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'. The Office does not undertake these types of transactions resulting in no financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2006.
3. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease'. This Interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'. At reporting date, the Office has not entered into any arrangements as specified in the Interpretation resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2006.



## 6) Employee benefits expense

	2006	2005
	\$	\$
Wages and salaries	2,098,544	1,687,391
Superannuation - Pension	17,431	4,500
Superannuation - defined contribution plans <sup>(a)</sup>	150,745	116,067
Superannuation - defined benefit plans <sup>(b)(c)</sup>	34,744	57,139
Long service leave <sup>(d)</sup>	107,514	7,473
Annual leave <sup>(d)</sup>	74,028	(4,005)
	<u>2,483,006</u>	<u>1,868,565</u>

- (a) Defined contribution plans include West State and Gold State (contributions paid).
- (b) Defined benefit plans include Pension scheme and Gold State (pre-transfer benefit).
- (c) An equivalent notional income is also recognised (see note 13 'Income from State Government').
- (d) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance are included at note 11

'Other expenses'. The employment on-costs liability is included at note 20 'Provisions'.

## 7) Supplies and Services

Travel	18,202	25,008
Other staffing costs	73,866	24,682
Communications	34,692	31,185
Consumables	55,558	106,909
Services and contracts	121,169	141,749
Resources received free of charge (see note 13)	81,642	90,965
	<u>385,129</u>	<u>420,498</u>

## 8) Depreciation and amortisation expense

	2006	2005
	\$	\$
Furniture and fittings	116	0
Computer equipment	39,809	42,210
Office equipment	10,070	3,525
Office establishment	120,981	137,833
Total Depreciation	<u>170,976</u>	<u>183,568</u>

## 9) Accommodation expenses

Lease rentals and outgoings	255,097	354,770
Resources received free of charge (see note 13)	2,943	2,333
	<u>258,040</u>	<u>357,103</u>

## 10) Capital User Charge

	<u>43,823</u>	<u>74,897</u>
--	---------------	---------------

The Government applies a levy for the use of its capital for the delivery of services. It is applied at 8% per annum on the net assets of the Office, excluding exempt assets, and is paid to the Department of Treasury and Finance quarterly.

## 11) Other Expenses

Employment on-costs	<u>9,149</u>	<u>14,764</u>
---------------------	--------------	---------------

## Chapter 5 Financial statements

Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 20 'Provisions'.

Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

### 12) User charges and fees

Retained revenue - other	371,498	119,775
	<u>371,498</u>	<u>119,775</u>

### 13) Income from State Government

Appropriation received during the year:

Service appropriations <sup>(a)</sup>		
Recurrent	2,491,000	2,745,000
Special Acts	397,000	305,000
	<u>2,888,000</u>	<u>3,050,000</u>

The following liabilities have been assumed by the Treasurer during the financial year:

Superannuation <sup>(b)</sup>	17,431	4,500
Total liabilities assumed by the Treasurer	<u>17,431</u>	<u>4,500</u>

Resources received free of charge<sup>(c)</sup>

Determined on the basis of the following estimates provided by agencies:

Department of Justice	11,625	17,665
Department of the Premier and Cabinet		
Corporate and Business Services	70,017	73,300
Department of Housing and Works - property management	2,943	2,333
	<u>84,585</u>	<u>93,298</u>

- (a) Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.
- (b) The assumption of the superannuation liability by the Treasurer is a notional income to match 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 Superannuation Scheme.
- (c) Where the Treasurer or other entity has assumed a liability, the Department recognises revenues equivalent to the amount of the liability assumed and an expense relating to the nature of the event or events that initially gave rise to the liability. From 1 July 2002 non-discretionary non-reciprocal transfers of net assets (ie. restructuring of administrative arrangements) have been classified as Contributions by Owners (CBOs) under TI 955 and are taken directly to equity.
- (d) 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 of 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.

### 14) Restricted cash and cash equivalents

	2006	2005
	\$	\$
<b>Non-current</b>		
Accrued salaries suspense account <sup>(a)</sup>	<u>8,133</u>	<u>0</u>

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

### 15) Receivables

Current		
GST Receivable	(5,280)	22,676
Other	5,037	2,977
	<u>(243)</u>	<u>25,653</u>

### Prepayments

Current	26,901	57,070
Total Current	<u>26,658</u>	<u>82,723</u>

See note 3(n) and note 28 "Financial Instruments"

### 16) Amounts receivable for services

Current	107,000	72,000
Non-current	479,000	321,000
	<u>586,000</u>	<u>393,000</u>

### 17) Property, plant and equipment

	2006 \$	2005 \$
Furniture and fittings		
At cost	17,159	17,159
Accumulated depreciation	(16,116)	(16,000)
	<u>1,043</u>	<u>1,159</u>
Computer equipment		
At cost	342,242	325,417
Accumulated depreciation	(290,949)	(251,140)
	<u>51,293</u>	<u>74,277</u>
Office equipment		
At cost	97,561	92,820
Accumulated depreciation	(56,265)	(46,195)
	<u>41,296</u>	<u>46,625</u>
Office establishment		
At cost	660,229	659,272
Accumulated depreciation	(386,357)	(265,376)
	<u>273,872</u>	<u>393,896</u>
Works of Art		
At cost	<u>4,965</u>	<u>4,965</u>
Total		
At cost	1,122,156	1,099,633
Accumulated depreciation	(749,687)	(578,711)
	<u>372,469</u>	<u>520,922</u>

See next page for reconciliation

## Chapter 5 Financial statements

### Reconciliations

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the current and previous financial year are set out below.

2006	Furniture & fittings \$	Computer equipment \$	Office equipment \$	Office establishment \$	Works of Art \$	Total \$
Carrying amount at start of year	1,159	74,277	46,625	393,896	4,965	520,922
Additions	0	16,825	4,741	957	0	22,523
Disposals	0	0	0	0	0	0
Revaluation increments	0	0	0	0	0	0
Depreciation	(116)	(39,809)	(10,070)	(120,981)	0	(170,976)
Carrying amount at end of year	<b>1,043</b>	<b>51,293</b>	<b>41,296</b>	<b>273,872</b>	<b>4,965</b>	<b>372,469</b>

2005	Furniture & fittings \$	Computer equipment \$	Office equipment \$	Office establishment \$	Art Work \$	Total \$
Carrying amount at start of year	0	69,394	15,340	501,683	4,965	591,382
Additions	1,159	47,093	34,810	30,046	0	113,108
Disposals	0	0	0	0	0	0
Revaluation increments	0	0	0	0	0	0
Depreciation	0	(42,210)	(3,525)	(137,833)	0	(183,568)
Carrying amount at end of year	<b>1,159</b>	<b>74,277</b>	<b>46,625</b>	<b>393,896</b>	<b>4,965</b>	<b>520,922</b>

### 18) Impairment of assets

There were no indications of impairment of property, plant and equipment, infrastructure and intangible assets at 30 June 2006.

The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.

### 19) Payables

	2006 \$	2005 \$
Current		
Administration expenses	95,485	21,602
Capital expenses	0	11,354
	<b>95,485</b>	<b>32,956</b>

The carrying amount of payables approximates their net fair values.

### 20) Provisions

#### Current

Employee benefits provision		
Annual leave <sup>(a)</sup>	233,816	129,874
48/52 Salary Purchasing	0	1,000
Long service leave <sup>(b)</sup>	299,844	210,776
	<b>533,660</b>	<b>341,650</b>

#### Other provisions

Employment on-costs <sup>(c)</sup>	2,472	1,584
	<b>2,472</b>	<b>1,584</b>

#### Non-current

Employee benefits provision		
Long service leave <sup>(b)</sup>	181,966	166,190
	<b>181,966</b>	<b>166,190</b>

#### Other provisions

Employment on-costs <sup>(c)</sup>	853	778
	<b>853</b>	<b>778</b>

	<b>182,819</b>	<b>166,968</b>
--	----------------	----------------

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

Within 12 months of reporting date	233,816	130,874
More than 12 months after reporting date	0	0
	<u>233,816</u>	<u>130,874</u>

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

Within 12 months of reporting date	299,844	210,776
More than 12 months after reporting date	181,966	166,190
	<u>481,810</u>	<u>376,966</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 included in note 11 'Other expenses'.

#### Movement in Other Provisions

##### Employment on-cost provision

Carrying amount at start of year	2,362	2,137
Additional provisions recognised	963	225
Payments/other sacrifices of economic benefits		0
Carrying amount at end of year	<u>3,325</u>	<u>2,362</u>

## 21) Other liabilities

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Current		
Accrued Salaries	8,707	0
	<u>8,707</u>	<u>0</u>

## 22) Equity

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

### **Contributed equity**

Balance at the start of the year	<u>732,000</u>	<u>596,000</u>
----------------------------------	----------------	----------------

### **Contributions by owners:**

Capital Contributions <sup>(a)</sup>	0	136,000
Total contributions by owners	<u>732,000</u>	<u>732,000</u>

### **Distributions to owners:**

Transfer of net assets to other agencies <sup>(b)</sup>	-	-
Net assets transferred to Government <sup>(c)</sup>	-	-
Total distributions to owners	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>732,000</u>	<u>732,000</u>

- (a) Capital Contributions (appropriations) and non-discretionary (non-reciprocal) transfers of net assets from other State government agencies have been designated as contributions by owners in Treasurer's Instruction TI 955 'Contribution by Owners Made to Wholly-Owned Public Sector Entities' and are credited directly to equity.
- (b) UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires that where the transferee accounts for a transfer as a contribution by owner, the transferor must account for the transfer as a distribution to owners. Consequently, non-discretionary (non-

## Chapter 5 Financial statements

reciprocal) transfers of net assets to other State government agencies are distribution to owners and are debited directly to equity.

- (c) TI 955 requires non-reciprocal transfers of net assets to Government to be accounted for as distribution to owners.

### Reserves

#### Asset revaluation reserve

Balance at the start of the year	5,117	5,117
Net revaluations increments/(decrements)	-	-
Balance at the end of the year	<u>5,117</u>	<u>5,117</u>

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

#### Accumulated surplus

Balance at the start of the year	439,723	65,675
Result for the period	29,223	374,048
Income and expense recognised directly to equity	-	-
Balance at the end of the year	<u>468,946</u>	<u>439,723</u>

### 23) Notes to the Statement of Cash Flows

#### Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	2006 \$	2005 \$
Cash and cash equivalents	1,035,946	723,353
Restricted cash and cash equivalents (refer to note 14)	8,133	-
	<u>1,044,079</u>	<u>723,353</u>

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

Net cost of services	(2,960,793)	(2,773,750)
Non-cash items:		
Depreciation and amortisation expense	170,976	183,568
Superannuation expense	17,431	4,500
Resources received free of charge	84,585	93,298
Net (gain)/loss on sale of plant and equipment	0	0
(Increase)/decrease in assets:		
Prepayments	30,170	(57,070)
Receivables	(2,061)	(2,977)
Increase/(decrease) in liabilities:		
Accrued salaries	8,707	(58,072)
Provisions	192,898	45,433
Current payables <sup>(b)</sup>	73,884	(7,618)
Non-current provisions	15,851	(13,405)
Net GST receivables/payables <sup>(a)</sup>	27,955	8,713
Net cash provided by/(used in) operating activities	<u>(2,340,397)</u>	<u>(2,577,380)</u>

## 24) Commitments

Total lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities are payable:

Within 1 year	160,283	204,192
Later than 1 year and not later than 5 years	10,026	163,881
	<u>170,309</u>	<u>368,073</u>

Representing:

Non-cancellable operating leases	<u>368,073</u>	<u>368,073</u>
----------------------------------	----------------	----------------

Non-cancellable operating leases commitments

Commitments for motor vehicle lease payments are payable as follows:

Within 1 year	593	65,538
Later than 1 year and not later than 5 years	0	23,855
	<u>0</u>	<u>89,393</u>

Motor vehicle leases are part of "whole of Government" arrangements

Commitments for accommodation lease payments are payable as follows:

Within 1 year	159,690	138,654
Later than 1 year and not later than 5 years	10,026	140,026
	<u>169,716</u>	<u>278,680</u>

## 25) Remuneration of Senior Officers

<b>2006</b>	<b>2005</b>
<b>\$</b>	<b>\$</b>

*Remuneration*

The number of senior officers whose total of fees, salaries and other benefits received, or due and receivable, for the financial year, who fall within the following bands is:

\$		
10,001 - 20,000	1	1
20,001 - 30,000		1
30,001 - 40,000		1
40,001 - 50,000		2
70,001 - 80,000	1	
80,001 - 90,000		1
90,001 - 100,000	1	
100,001 - 110,000	1	1
170,001 - 180,000	1	
200,001 - 210,000		
250,001 - 260,000	1	1

The total remuneration of senior officers is: 723,003 613,229

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

No senior officers are members of the Pension Scheme.

## 26) Remuneration of Auditor

Remuneration to the Auditor General for the Financial year is estimated as follows:

Auditing the accounts, financial statements and performance indicators	<u>15,600</u>	<u>14,500</u>
--	---------------	---------------

27) Explanatory Statement

The Summary of Consolidated Fund Appropriations and Revenue Estimates discloses appropriations and other statutes expenditure estimates, the actual expenditures 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 estimate and actual - Total appropriation to deliver services:

Estimate 2005/06 \$	Actual 2005/06 \$	Variance \$
2,869,000	2,888,000	(19,000)

The increase in appropriation was for additional salary costs for the Ombudsman arising from the review of salaries by the Salaries and Allowances Tribunal.

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

Actual 2005/06 \$	Actual 2004/05 \$	Variance \$	
<b>Total appropriation provided to deliver services for the year</b>	2,888,000	3,050,000	(162,000)

The variation relates to a transfer of funds to the Information Commissioner to cover costs of accommodation previously funded from the State Ombudsman's appropriation.

<b>Total revenues from ordinary activities</b>	389,330	145,645	243,685
--	---------	---------	---------

The variation relates to recovery of additional costs under the Energy Ombudsman Scheme due to the commencement of the Electricity Ombudsman Scheme on 22 September 2005.

**Service Expenditure**

Other Public Sector Organisations	3,309,875	2,861,238	448,637
Telecommunications Interception Audit	40,248	58,157	(17,909)
	<u>3,350,123</u>	<u>2,919,395</u>	<u>430,728</u>

The variance for other public sector organisations is due to an increase in funding for systemic investigations, better communication and technology to improve service delivery approved in 2004-2005. The reduction in the Telecommunication Audit expenditure is due to a reduction in the number of inspections undertaken this year.

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

Estimate 2005/06 \$	Actual 2005/06 \$	Variance \$	
<b>Capital Contribution</b>	-	-	-

No significant variances.

<b>Capital Expenditure</b>	72,000	22,523	(49,477)
----------------------------	--------	--------	----------

The variance is due to funding that was provided for the implementation of a new Electronic Records Management System being expended.

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



	Actual 2005/06 \$	Actual 2004/05 \$	Variance \$
<b>Capital Contribution</b>	-	136,000	(136,000)

The contribution in 2004-2005 was for the completion of the relocation of the office to enable co-location with the Office of the Public Sector Standards Commissioner and the Information Commissioner.

<b>Capital Expenditure</b>	22,523	113,108	(90,585)
----------------------------	--------	---------	----------

The inclusion of the Electronic Records Management System as part of the Capital Program is the main reason for the variance. The Capital replacement program is based on a rolling replacement of assets. The value of the replacement program each year will be dependant on what assets are due to be replaced and their respective values.

## 28) Financial Instruments

### Interest Rate Risk Exposure

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

#### (a) Financial Risk Management Objectives and Policies

Financial instruments held by the Office are cash and cash equivalents, receivables and payables. The Office has limited exposure to financial risks. The Office's overall risk management program focuses on managing the risks identified below.

#### *Credit risk*

The Office trades only with recognised, creditworthy third parties. The Office 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 Office's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

#### *Liquidity risk*

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

#### *Cash flow interest rate risk*

The Office is not exposed to interest rate risk because cash and cash equivalents and restricted cash are non-interest bearing and have no borrowings other than the Treasurer's advance (non-interest bearing) and finance leases (fixed interest rate).

#### (b) Financial Instrument disclosures

Financial instrument information for the year ended 2005 has been prepared under the previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. Financial instrument information from 1 July 2005 has been prepared under AASB 132 'Financial Instruments: Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement'. See also note 3(u) 'Comparative figures'.

#### *Interest Rate Risk Exposure*

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

## Chapter 5 Financial statements

	Weighted average effective interest rate	Variable interest rate	Within 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 Years	Non-Interest Bearing	Total
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>2006</b>										
Financial assets										
Cash Assets	-	-	-	-	-	-	-	-	1,035,946	1,035,946
Restricted Cash Assets	-	-	-	-	-	-	-	-	8,133	8,133
Receivables	-	-	-	-	-	-	-	-	-	0
Amounts receivable for services	-	-	-	-	-	-	-	-	586,000	586,000
									1,630,079	1,630,079
Financial Liabilities										
Payables	-	-	-	-	-	-	-	-	95,729	95,729
Accrued Salaries	-	-	-	-	-	-	-	-	8,707	8,707
									104,436	104,436

	Weighted average effective interest rate	Variable interest rate	Fixed Interest Rate Maturity			Non-Interest Bearing	Total
			Less than 1 Year	1 to 5 Years	More than 5 Years		
	%	\$	\$	\$	\$	\$	\$
<b>2005</b>							
Cash Assets	-	-	-	-	-	723,353	723,353
Receivables	-	-	-	-	-	25,662	25,662
Amounts receivable for services	-	-	-	-	-	393,000	393,000
						1,142,015	1,142,015
Financial Liabilities							
Payables	-	-	-	-	-	32,956	32,956
						32,956	32,956

### Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values.

### 29) Indian Ocean Territories

The Indian Ocean Territories Reimbursement Fund was established in March 1996 and became operational in July 1996.

The purpose of the Fund is to meet the cost of the services of the Office in relation to complaints involving the Indian Ocean Territories.

The balance of the Fund at the end of the financial year is included in the Office's Operating Account.

The figures presented below for the Fund have been prepared on a cash basis.

	2006	2005
	\$	\$
Opening Balance	4,939	2,092
Receipts	5239	18,680
Payments	0	15,833
Closing Balance	10,178	4,939

## 30) Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS)

**RECONCILIATION OF EQUITY AT THE DATE OF TRANSITION TO AIFRS: 1 JULY 2004 (AASB 1.39(a)(i))**

	Previous GAAP 1 July 2004	Employee Benefits AASB 119    AASB 101		Total Adjustments	AIFRS 1 July 2004
Note	\$	\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current Assets</b>					
1	Cash and cash equivalents	479,312		-	479,312
	Restricted cash and cash equivalents	72,000		-	72,000
	Inventories	0		-	0
	Receivables	31,389		-	31,389
2	Amounts receivable for services	83,000		-	83,000
	Other assets			-	0
	<b>Total Current Assets</b>	<b>665,701</b>	<b>0</b>	<b>0</b>	<b>665,701</b>
<b>Non-Current Assets</b>					
	Furniture and fittings	0		-	0
	Computer equipment	69,394		-	69,394
	Office equipment	15,340		-	15,340
	Office establishment	501,683		-	501,683
	Works of art	4,965		-	4,965
2	Amounts receivable for services	56,000		-	56,000
	<b>Total Non-Current Assets</b>	<b>647,382</b>	<b>0</b>	<b>0</b>	<b>647,382</b>
	<b>TOTAL ASSETS</b>	<b>1,313,083</b>	<b>0</b>	<b>0</b>	<b>1,313,083</b>

**RECONCILIATION OF EQUITY AT THE DATE OF TRANSITION TO AIFRS: 1 JULY 2004 (AASB 1.39(a)(i)) CONTD**

Note	Previous GAAP 1 July 2004	Employee Benefits Presentation AASB 119 AASB 101		Total Adjustments	AIFRS 1 July 2004
	\$	\$	\$	\$	\$
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
	Payables	110,046		-	110,046
	Provisions	297,800		-	297,800
	Amounts due to the Treasurer			-	0
3	Other current liabilities	58,072		-	58,072
	<b>Total Current Liabilities</b>	<b>465,918</b>	<b>0</b>	<b>0</b>	<b>465,918</b>
<b>Non-Current Liabilities</b>					
	Provisions	180,373		-	180,373
	<b>Total Non-Current Liabilities</b>	<b>180,373</b>	<b>0</b>	<b>0</b>	<b>180,373</b>
	<b>Total Liabilities</b>	<b>646,291</b>	<b>0</b>	<b>0</b>	<b>646,291</b>
	<b>Net Assets</b>	<b>666,792</b>	<b>0</b>	<b>0</b>	<b>666,792</b>
<b>Equity</b>					
	Contributed equity	596,000		-	596,000
	Reserves	5,117		-	5,117
	Accumulated surplus/(deficiency)	65,675		-	65,675
	<b>Total Equity</b>	<b>666,792</b>	<b>0</b>	<b>0</b>	<b>666,792</b>

- (1) Equivalent AGAAP line item 'Cash Assets' (AIFRS 'Cash and Cash Equivalents')
- (2) Equivalent AGAAP line item 'Amounts receivable for outputs' (AIFRS 'Amounts receivable for services')
- (3) Equivalent AGAAP line item 'Other liabilities' (AIFRS 'Other current liabilities')

**RECONCILIATION OF EQUITY AT THE END OF THE LAST REPORTING PERIOD UNDER PREVIOUS AGAAP: 30 JUNE 2005  
(AASB 1.39(a)(ii))**

Note	GAAP	AASB 119		AASB 101		Total	AIFRS
	30 June 2005					Adjustments	30 June 2005
	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>							
<b>Current Assets</b>							
1	Cash and cash equivalents	723,353				-	723,353
	Restricted cash and cash equivalents	0				-	0
	Inventories					-	0
	Receivables	82,723				-	82,723
2	Amounts receivable for services	72,000				-	72,000
	<b>Total Current Assets</b>	<b>878,076</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>878,076</b>
<b>Non-Current Assets</b>							
2	Amounts receivable for services					-	0
	Property, plant and equipment	520,922				-	520,922
	Intangible assets	321,000				-	321,000
	<b>Total Non-Current Assets</b>	<b>841,922</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>841,922</b>
	<b>TOTAL ASSETS</b>	<b>1,719,998</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,719,998</b>

**RECONCILIATION OF EQUITY AT THE END OF THE LAST REPORTING PERIOD UNDER PREVIOUS AGAAP: 30 JUNE 2005  
(AASB 1.39(a)(ii)) CONTD**

Note	GAAP	Employee Benefits		Total	AIFRS
	30 June 2005	AASB 119 28.1a	Presentation AASB 101	Adjustments	30 June 2005
	\$	\$	\$	\$	\$
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Payables	32,956			-	32,956
Provisions	318,968	24,266		24,266	343,234
Amounts due to the Treasurer				-	0
<b>Total Current Liabilities</b>	<b>351,924</b>	<b>24,266</b>	<b>0</b>	<b>24,266</b>	<b>376,190</b>
<b>Non-Current Liabilities</b>					
Provisions	192,285	(25,317)		(25,317)	166,968
<b>Total Non-Current Liabilities</b>	<b>192,285</b>	<b>(25,317)</b>	<b>0</b>	<b>(25,317)</b>	<b>166,968</b>
<b>Total Liabilities</b>	<b>544,209</b>	<b>(1,051)</b>	<b>0</b>	<b>(1,051)</b>	<b>543,158</b>
<b>Net Assets</b>	<b>1,175,789</b>	<b>1,051</b>	<b>0</b>	<b>1,051</b>	<b>1,176,840</b>
<b>Equity</b>					
Contributed equity	732,000			-	732,000
Reserves	5,117			-	5,117
Accumulated surplus/(deficiency)	438,672	1051		1,051	439,723
<b>Total Equity</b>	<b>1,175,789</b>	<b>1,051</b>	<b>0</b>	<b>1,051</b>	<b>1,176,840</b>

The transition to AIFRS includes adjustments for the transition AIFRS as at 1 July 2004 plus adjustments for the period 1 July 2004 to 30 June 2005.

- (1) Equivalent AGAAP line item 'Cash Assets' (AIFRS 'Cash and Cash Equivalents')
- (2) Equivalent AGAAP line item 'Amounts receivable for outputs' (AIFRS 'Amounts receivable for services')

**RECONCILIATION OF INCOME STATEMENT (PROFIT OR LOSS) FOR YEAR ENDED 30 JUNE 2005 (AASB 1.39(b))**

Note	GAAP	Employee Benefits		Total	AIFRS	
	30 June 2005	AASB 119 28.1b	AASB 101 28.2	Adjustments	30 June 2005	
	\$	\$	\$	\$	\$	
<b>COST OF SERVICES</b>						
<b>Expenses</b>						
1	Employee benefits expense	1,894,528	(1,051)	(24,912)	(25,963)	1,868,565
2	Supplies and services	410,350		10,148	10,148	420,498
	Depreciation and amortisation expense	183,568		-	-	183,568
	Accommodation expenses	357,103		-	-	357,103
	Capital user charge	74,897		-	-	74,897
3	Carrying amount of non-current assets disposed of					0
	Loss on foreign exchange					0
5	Other expenses			14,764	14,764	14,764
	<b>Total cost of services</b>	<b>2,920,446</b>	<b>(1,051)</b>	<b>0</b>	<b>(1,051)</b>	<b>2,919,395</b>
<b>Income</b>						
<b>Revenue</b>						
	Sales					0
6	Other revenue	119,775				119,775
	Commonwealth grants and contributions	25,870				25,870
	User charges and fees					0
	Interest revenue					0
<b>Gains</b>						
3	Proceeds from disposal of non-current assets					0
3	Gain on disposal of non-current assets					0
4	Gain on disposal of other assets					0
	Other gains					0
	<b>Total income other than income from State Government</b>	<b>145,645</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>145,645</b>

**RECONCILIATION OF INCOME STATEMENT (PROFIT OR LOSS) FOR YEAR ENDED 30 JUNE 2005 (AASB 1.39(b) CONTD**

	GAAP 30 June 2005	Employee Benefits AASB 119	Presentation AASB 101	Total Adjustments	AIFRS 30 June 2005
	\$	\$	\$	\$	\$
<b>NET COST OF SERVICES</b>	2,774,801	(1,051)	0	(1,051)	2,773,750
<b>INCOME FROM STATE GOVERNMENT</b>					
Service appropriation	3,050,000			-	3,050,000
Resources received free of charge	93,298			-	93,298
Liabilities assumed by the Treasurer	4,500			-	4,500
Assets assumed/(transferred)				-	-
Initial recognition of assets not previously recognised				-	-
Total income from State Government	3,147,798	0	0	0	3,147,798
7 Surplus/(deficit) for the period	372,997	1,051	0	1,051	374,048

See Statement of Changes in Equity

- (1) Equivalent AGAAP line item 'Employee expenses' (AIFRS 'Employee benefits expense')
- (2) Supplies and services
- (3) Disposals are treated on the net basis under AIFRS
- (4) New AIFRS category
- (5) Equivalent AGAAP line item 'Other expenses from ordinary activities' (AIFRS 'Other expenses')
- (6) Equivalent AGAAP line item 'Other revenues from ordinary activities' (AIFRS 'Other revenue')
- (7) Equivalent AGAAP line item 'Change in net assets' (AIFRS 'Surplus/(deficit)')



**RECONCILIATION OF CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2005 (AASB 1.40)**

Note	GAAP	AIFRS
	30 June 2005	Adjustment 30 June 2005
		Employee Benefits
		<b>AASB 119</b>
		<b>38.1c</b>
	\$	\$
<b>CASH FLOWS FROM STATE GOVERNMENT</b>		
Service appropriation	2,713,000	2,713,000
Capital contributions	136,000	136,000
Holding account drawdowns	83,000	83,000
Non-retained revenue distributed to owner		0
<b>Net cash provided by State Government</b>	<b>2,932,000</b>	<b>2,932,000</b>
<b>Utilised as follows:</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Payments</b>		
1 Employee benefits	(1,929,925)	34,505 (1,895,420)
Travelling expenses	(25,050)	(25,050)
Supplies and services	(314,653)	(6,479) (321,132)
Grants and subsidies		-
Accommodation	(375,392)	(375,392)
Capital User Charge	(74,897)	(74,897)
GST payments on purchases	(91,124)	(91,124)
GST payments to taxation authority		-
Other payments		(28,026) (28,026)
		-
<b>Receipts</b>		
Other receipts	145,645	145,645
Commonwealth grants and contributions		-
User charges and fees		-
Interest received		-
GST receipts on sales	11,967	11,967
GST receipts from taxation authority	76,049	76,049
<b>Net cash provided by/(used in) operating activities</b>	<b>(2,577,380)</b>	<b>(2,577,380)</b>

**RECONCILIATION OF CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2005 (AASB 1.40) CONTD**

	GAAP 30 June 2005	Adjustment Employee Benefits <b>AASB 119</b>	AIFRS 30 June 2005
	\$	\$	\$
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of non-current physical assets			-
Purchase of non-current physical assets	(182,579)		(182,579)
<b>Net cash provided by/(used in) investing activities</b>	<b>(182,579)</b>		<b>(182,579)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings			
Repayment of borrowings			
Other proceeds			
Other repayments			-
<b>Net cash provided by/(used in) financing activities</b>	<b>-</b>		<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>172,041</b>		<b>172,041</b>
Cash and cash equivalents at beginning of period	551,312		551,312
Cash assets transferred (to)/from other sources			-
<b>CASH AND CASH EQUIVALENT ASSETS AT END OF</b>	<b>723,353</b>		<b>723,353</b>

- 1 Equivalent AGAAP line item 'Employee costs' (IFRS 'Employee benefits')
- 2 Equivalent AGAAP line item 'Borrowing costs expense' (IFRS 'Finance costs')

## Notes to Reconciliations

### Employee Benefits (AASB 119)/Presentation (AASB101)

AASB 101 requires that a liability must be classified as current where the entity does not have an unconditional right to defer settlement of the liability for at least twelve months beyond the reporting date. Consequently, all annual leave and long service leave entitlements (unconditional long service leave) must now be classified as current. Non-vested long service leave liability will be non-current to the extent that it does not become unconditional within 12 months from reporting date.

Employment on-costs are not included in employee benefits under AGAAP or AIFRS. However, under AGAAP employee benefits and on-costs are disclosed together on the face of the Income Statement as Employee costs. Under AIFRS employee benefits will be the equivalent item disclosed on the face. On-costs are transferred to other expenses.

#### 29.1a Adjustment to 30 June 2005 Balance Sheet

The 2005 Balance Sheet figures have been adjusted such that unconditional long service leave previously reported as non-current liability has been reclassified to current liability (Net \$1,051) in accordance with actuarial advice concerning the assessment of employee entitlements. The AIFRS Employee Benefits figure has been reduced with an offsetting increase in equity. This adjustment also has been reflected in the Income Statement.

#### 29.1b Adjustment to the Income Statement for the period Ended 30 June 2005

Employee Benefits figure has been adjusted to reflect actuarial assessment (\$1,051).

#### 29.1c Adjustment to Cash flow for the period ended 30 June 2005

Employment on-costs payments have been reclassified from "employment benefits" to "Other payments" (\$28,026).

#### 29.2 Adjustment to the Income Statement for the period ended 20 June 2005

Employee Benefits figure has been adjusted to reflect reclassification of various employment costs to "Other expenses" (\$14,764).