



Financial Statements

Index of Financial Statements

[Certification of Financial Statements](#)

[Statement of Comprehensive Income](#)

[Statement of Financial Position](#)

[Statement of Changes in Equity](#)

[Statement of Cash Flows](#)

[Statement of Consolidated Account Appropriations and Income Estimates](#)

[Note 1. Australian Accounting Standards](#)

[Note 2. Summary of significant accounting policies](#)

[Note 3. Judgements made by management in applying accounting policies](#)

[Note 4. Key sources of estimation uncertainty](#)

[Note 5. Disclosure of changes in accounting policy and estimates](#)

[Note 6. Employee benefits expense](#)

[Note 7. Supplies and services](#)

[Note 8. Depreciation and amortisation expense](#)

[Note 9. Accommodation expenses](#)

[Note 10. Other expenses](#)

[Note 11. Other revenue](#)

[Note 12. Net gain/\(loss\) on disposal of non-current assets](#)

[Note 13. Income from State Government](#)

[Note 14. Restricted cash and cash equivalents](#)

[Note 15. Receivables](#)

[Note 16. Amounts receivable for services \(Holding Accounts\)](#)

[Note 17. Plant and Equipment](#)

[Note 18. Intangible assets](#)

[Note 19. Impairment of assets](#)

[Note 20. Payables](#)

[Note 21. Provisions](#)

[Note 22. Equity](#)

[Note 23. Notes to the Statement of Cash Flows](#)

[Note 24. Commitments](#)

[Note 25. Contingent liabilities and contingent assets](#)

[Note 26. Events occurring after the end of the reporting period](#)

[Note 27. Explanatory statement](#)

[Note 28. Financial instruments](#)

[Note 29. Remuneration of senior officers](#)

[Note 30. Remuneration of auditor](#)

[Note 31. Indian Ocean Territories](#)

[Note 32. Supplementary financial information](#)

[Note 33. Other Assets](#)

[Note 34. Other Liabilities](#)

Financial Statements

Certification of Financial Statements

For the year ended 30 June 2016

The accompanying financial statements of the Parliamentary Commissioner for Administrative Investigations have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2016 and the financial position as at 30 June 2016.

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



Mary White
Chief Finance Officer

27 July 2016



Chris Field
Accountable Authority

27 July 2016



Statement of Comprehensive Income

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
COST OF SERVICES			
Expenses			
Employee benefits expense	6.	7,796,100	7,511,626
Supplies and services	7.	1,165,365	1,050,440
Depreciation and amortisation expense	8.	252,109	309,089
Accommodation expenses	9.	1,417,842	1,431,465
Other expenses	10.	31,693	28,150
Total cost of services		10,663,109	10,330,770
Income			
<i>Revenue</i>			
Other revenue	11.	2,048,126	2,463,316
Total Revenue		2,048,126	2,463,316
<i>Net Gain/(Loss)</i>			
Net gain or loss on disposal of non-current assets	12.	(18)	64
Total Gain/(Loss)		(18)	64
Total income other than income from State Government		2,048,108	2,463,380
NET COST OF SERVICES		8,615,001	7,867,390
Income from State Government			
Service appropriation	13.	8,641,000	8,204,000
Services received free of charge		508,249	434,884
Total income from State Government		9,149,249	8,638,884
SURPLUS FOR THE PERIOD		534,248	771,494
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		534,248	771,494

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



Statement of Financial Position

As at 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	<u>23.</u>	2,342,055	1,647,443
Restricted cash and cash equivalents	<u>14. 23.</u>	-	299,940
Other current assets	<u>33.</u>	95,272	102,798
Receivables	<u>15.</u>	79,284	62,784
Amounts receivable for services	<u>16.</u>	208,000	208,000
Total Current Assets		2,724,611	2,320,965
Non-Current Assets			
Amounts receivable for services	<u>16.</u>	1,958,000	1,917,000
Plant and equipment	<u>17.</u>	94,036	116,521
Intangible assets	<u>18.</u>	47,261	165,003
Total Non-Current Assets		2,099,297	2,198,524
TOTAL ASSETS		4,823,908	4,519,489
LIABILITIES			
Current Liabilities			
Payables	<u>20.</u>	67,439	340,653
Provisions	<u>21.</u>	1,558,557	1,487,431
Other current liabilities	<u>34.</u>	-	925
Total Current Liabilities		1,625,996	1,829,010
Non-Current Liabilities			
Provisions	<u>21.</u>	360,778	387,592
Total Non-Current Liabilities		360,778	387,592
TOTAL LIABILITIES		1,986,774	2,216,602
NET ASSETS		2,837,135	2,302,887
EQUITY			
	<u>22.</u>		
Contributed equity		1,206,000	1,206,000
Accumulated surplus		1,631,135	1,096,887
TOTAL EQUITY		2,837,135	2,302,887

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2016

	Note	Contributed equity	Reserves	Accumulated surplus	Total equity
		\$	\$	\$	\$
Balance at 1 July 2014	<u>22</u>	1,206,000	-	325,393	1,531,393
Surplus		-	-	771,494	771,494
Total comprehensive income for the year		-	-	771,494	771,494
Balance at 30 June 2015		1,206,000	-	1,096,887	2,302,887
Balance at 1 July 2015		1,206,000	-	1,096,887	2,302,887
Surplus		-	-	534,248	534,248
Total comprehensive income for the year		-	-	534,248	534,248
Balance at 30 June 2016		1,206,000	-	1,631,135	2,837,135

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



Statement of Cash Flows

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		8,392,000	7,906,000
Capital appropriations		-	-
Holding account drawdown		208,000	196,000
Net cash provided by State Government		8,600,000	8,102,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(7,959,285)	(7,439,375)
Supplies and services		(1,062,815)	(914,624)
Accommodation		(1,072,318)	(1,084,166)
GST payments on purchases		(228,677)	(221,374)
GST payments to taxation authority		(16,779)	(28,844)
Other payments		(24,600)	(24,000)
Receipts			
User charges and fees		2,034,831	2,455,024
GST receipts on sales		198,284	238,562
GST receipts from taxation authority		38,856	1,664
Net cash used in operating activities	23.	(8,092,503)	(7,017,133)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(112,807)	(211,172)
Payment for disposal of non-current assets		(18)	(236)
Net cash used in investing activities		(112,825)	(211,408)
Net increase in cash and cash equivalents		394,672	873,459
Cash and cash equivalents at the beginning of the period		1,947,383	1,073,924
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	23.	2,342,055	1,947,383

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

Statement of Consolidated Account Appropriations and Income Estimates

For the year ended 30 June 2016

	2016 Estimate \$	2016 Actual \$	Variance \$	2016 Actual \$	2015 Actual \$	Variance \$
<u>Delivery Services</u>						
Item 4 Net amount appropriated to deliver services	8,139,000	7,982,000	(157,000)	7,982,000	7,556,000	426,000
Amount Authorised by Other Statutes						
- <i>Parliamentary Commissioner Act 1971</i>	659,000	659,000	-	659,000	648,000	11,000
Total appropriations provided to deliver services	8,798,000	8,641,000	(157,000)	8,641,000	8,204,000	437,000
<u>Capital</u>						
Item 118 Capital appropriations	-	-	-	-	-	-
GRAND TOTAL	8,798,000	8,641,000	(157,000)	8,641,000	8,204,000	437,000
<u>Details of Expenses by Service</u>						
Resolving complaints about decision making of public authorities and improving the standard of public administration	11,227,000	10,663,109	(563,891)	10,663,109	10,330,770	332,339
Total Cost of Services	11,227,000	10,663,109	(563,891)	10,663,109	10,330,770	332,339
Less Total Income	(1,989,000)	(2,048,126)	(59,126)	(2,048,126)	(2,463,316)	415,190
Net Cost of Services	9,238,000	8,614,983	(623,017)	8,614,983	7,867,454	747,529
Adjustment ^(a)	(440,000)	26,017	466,017	26,017	336,546	(310,529)
Total appropriations provided to deliver services	8,798,000	8,641,000	(157,000)	8,641,000	8,204,000	437,000
<u>Capital Expenditure</u>						
Purchase of non-current assets	208,000	112,807	(95,193)	112,807	211,172	(98,365)
Adjustments for other funding sources	(208,000)	(216,200)	(8,200)	(216,200)	(211,172)	(5,028)
Capital appropriations	-	(103,393)	(103,393)	(103,393)	-	(103,393)

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

Note 27 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2016 and between the actual results for 2016 and 2015.

Notes to the Financial Statements For the year ended 30 June 2016

Note 1. Australian Accounting Standards

General

The Office's financial statements for the year ended 30 June 2016 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**).

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

Early adoption of standards

The Office cannot early adopt an Australian Accounting Standard unless specifically permitted by *TI 1101 Application of Australian Accounting Standards and Other Pronouncements*. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Office for the annual reporting period ended 30 June 2016.

Note 2. Summary of significant accounting policies

(a) General statement

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

The *Financial Management Act 2006* and the Treasurer's Instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

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

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

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.



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

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

(c) Reporting entity

The reporting entity comprises the Office of the Parliamentary Commissioner for Administrative Investigations, generally known as the Ombudsman Western Australia (**the Office**).

Mission

The mission of the Ombudsman Western Australia is to serve Parliament and Western Australians by:

- Resolving complaints about decision making of public authorities; and
- Improving the standard of public administration.

The Office is predominantly funded by Parliamentary appropriation. The Ombudsman Western Australia also performs the functions of the Energy and Water Ombudsman Western Australia (**EWOWA**) under a services agreement with the Board of Energy and Water Industry Ombudsman (Western Australia) Limited, the governing body of EWOWA. The Office recoups the costs for EWOWA from the Board. The financial statements encompass all funds through which the Office controls resources to carry on its functions.

Services

The Office provides the following service:

Service 1: Resolving complaints about decision making of public authorities and improving the standard of public administration

Investigating and resolving complaints from members of the public about Western Australian public authorities and improving the standard of public administration by identifying and investigating concerns that affect the broader community, making recommendations for improvement and identifying and promoting good decision making and practices.

The Office does not administer assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral to, the function of the Office.

(d) Contributed equity

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

(e) Income

Revenue recognition

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

Provision of services

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

Service appropriations

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

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Office. In accordance with the most recent determination, as quantified in the 2015-16 Budget Statements, the Office retained **\$2,048,108** in 2016 (**\$2,463,380** in 2015) from the following:

- GST Input Credits;
- Proceeds from fees and charges; and
- Other Office receipts.

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, usually when cash is received.

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



Gains

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

(f) Plant and equipment

Capitalisation/expensing of assets

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

Initial recognition and measurement

Plant and equipment are initially recognised at cost.

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

Subsequent measurement

Subsequent to initial recognition of an asset, the historical cost is used for plant and equipment. All items of plant and equipment are stated 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 that reflects the consumption of their future economic benefits.

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

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

(g) Intangible assets

Capitalisation/expensing of assets

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



Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

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

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. 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 (a) 3 years

(a) Software that is not integral to the operation of any related hardware.

Computer software

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

(h) Impairment of assets

Plant and equipment and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit and loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the 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, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

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

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence.



Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

(i) Leases

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

(j) Financial instruments

In addition to cash, the Office has two categories of financial instrument:

- Receivables; and
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- Financial Assets
 - Cash and cash equivalents
 - Restricted cash and cash equivalents
 - Receivables
 - Amounts receivable for services
- Financial Liabilities
 - Payables

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

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

(k) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise 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

Accrued salaries (see note 20 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Office considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (see note 14 'Restricted cash & 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.

(m) Amounts receivable for services (holding account)

The Office receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(n) Receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the 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.

(o) Payables

Payables are recognised at the amounts payable 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 settlement is generally within 30 days.

(p) Provisions

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

Provisions - employee benefits

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

Annual leave

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be 'other long-term employee benefits'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields



at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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

Long service leave

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

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

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

Superannuation

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

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

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



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

The Office has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Office to the GESB.

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

Provisions - other

Employment on-costs

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

(q) Superannuation expense

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

(r) Asset and services received free of charge or for nominal cost

Assets or services received free of charge or for nominal cost, that the Office would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

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

(s) Comparative Figures

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



Note 3. Judgements made by management in applying accounting policies

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

Operating lease commitments

The Office has entered into a lease for a building used for office accommodation. It has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, this lease has been classified as an operating lease.

Note 4. Key sources of estimation uncertainty

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

Long service leave

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

Note 5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Office has applied the following Australian Accounting Standards effective, or adopted, for annual reporting periods beginning on or after 1 July 2015 that impacted on the Office.

AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*

Part C of this Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. The Office has not yet determined the application or the potential impact of AASB 9.

AASB 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]*

This Standard makes amendments to AASB 9 *Financial Instruments* (December 2009) and AASB 9 *Financial Instruments* (December 2010), arising from the issuance of AASB 9 *Financial Instruments* in December 2014. The Office has not yet determined the application or the potential impact of AASB 9.



AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*

This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.

AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13]*

This Standard relieves not-for-profit public sector entities from the reporting burden associated with various disclosures required by AASB 13 for assets within the scope of AASB 116 that are held primarily for their current service potential rather than to generate future net cash inflows. It has no financial impact.

Future impact of Australian Accounting Standards not yet operative

The Office cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements* or by an exemption from TI 1101. By virtue of a limited exemption, the Office has early adopted AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Where applicable, the Office plans to apply following Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	<i>Financial Instruments</i> This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , introducing a number of changes to accounting treatments. The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 <i>Amendments to Australian Accounting Standards</i> . The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2018

		Operative for reporting periods beginning on/after
<i>AASB 15</i>	<i>Revenue from Contracts with Customers</i> This Standard establishes the principles that the Department shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
<i>AASB 16</i>	<i>Leases</i> This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2019
<i>AASB 1057</i>	<i>Application of Australian Accounting Standards</i> This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.	1 Jan 2016
<i>AASB 2010-7</i>	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i> This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2018



		Operative for reporting periods beginning on/after
<i>AASB 2014-1</i>	<i>Amendments to Australian Accounting Standards</i> Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Office to determine the application or potential impact of the Standard.	1 Jan 2018
<i>AASB 2014-4</i>	<i>Amendments to Australian Accounting Standards –Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]</i> The adoption of this Standard has no financial impact for the Office as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.	1 Jan 2016
<i>AASB 2014-5</i>	<i>Amendments to Australian Accounting Standards arising from AASB 15</i> This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
<i>AASB 2014-7</i>	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i> This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
<i>AASB 2015-1</i>	<i>Amendments to Australian Accounting Standards Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]</i> These amendments arise from the issuance of <i>International Financial Reporting Standard Annual Improvements to IFRSs 2012–2014 Cycle</i> in	1 Jan 2016

Operative for reporting periods beginning on/after

	September 2014, and editorial corrections. The Office has determined that the application of the Standard has no financial impact.	
<i>AASB 2015-2</i>	<i>Amendments to Australian Accounting Standards –Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]</i>	1 Jan 2016
	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.	
<i>AASB 2015-6</i>	<i>Amendments to Australian Accounting Standards –Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]</i>	1 Jul 2016
	The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact.	
<i>AASB 2015-8</i>	<i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	1 Jan 2017
	This Standard amends the mandatory effective date (application date) of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. The Office has not yet determined the application or the potential impact of AASB 15.	



		Operative for reporting periods beginning on/after
<i>AASB 2016-2</i>	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i> This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.	1 Jan 2017
<i>AASB 2016-3</i>	<i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i> This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The Office has not yet determined the application or the potential impact.	1 Jan 2018



Note 6. Employee benefits expense

	2016 \$	2015 \$
Wages and salaries ^(a)	7,047,867	6,631,081
Superannuation - defined contribution plans ^(b)	725,443	671,333
Other related expenses	22,789	209,212
	7,796,100	7,511,626

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

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

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

Employment on-costs liability is included in Note 21 'Provisions'.

Note 7. Supplies and services

	2016 \$	2015 \$
Communications	82,902	82,353
Consumables	145,675	152,272
Other	271,143	246,629
Services and contracts	456,946	453,984
Services received free of charge	161,622	88,246
Travel	47,076	26,956
	1,165,365	1,050,440

Note 8. Depreciation and amortisation expense

	2016 \$	2015 \$
<u>Depreciation</u>		
Furniture fixtures and fittings	682	681
Computer hardware	36,772	31,016
Communications	6,488	32,245
Office equipment	11,301	10,575
Total depreciation	55,243	74,517
<u>Amortisation</u>		
Intangible assets	196,866	234,572
Total amortisation	196,866	234,572
Total depreciation and amortisation	252,109	309,089



Note 9. Accommodation expenses

	2016 \$	2015 \$
Lease rentals	1,064,186	1,082,498
Repairs and maintenance	7,029	2,329
Services received free of charge ^(a)	346,627	346,638
	1,417,842	1,431,465

(a) Relates to the notional value of the depreciation of the fit-out of office accommodation provided through Building Management and Works.

Note 10. Other expenses

	2016 \$	2015 \$
Employment on-costs ^(a)	23	50
Audit fee	25,100	24,600
Other	6,570	3,500
	31,693	28,150

(a) 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 21 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Note 11. Other revenue

	2016 \$	2015 \$
Other revenue - general	65,024	78,779
Other recoup ^(a)	1,983,101	2,384,537
	2,048,126	2,463,316

(a) Includes recoup for the costs of the functions of the Energy and Water Ombudsman Western Australia (see Note 1(c)) and services of the Office in relation to complaints involving the Indian Ocean Territories (see Note 31).

Note 12. Net gain/(loss) on disposal of non-current assets

	2016 \$	2015 \$
<u>Net gain/(loss) from disposal of non-current assets</u>		
Plant and equipment	(18)	64
<u>Carrying amount of non-current assets disposed</u>		
Plant and equipment	-	-
Net gain/(loss)	(18)	64

Note 13. Income from State Government

	2016	2015
	\$	\$
Appropriation received during the period:		
Service appropriations ^(a)		
- Recurrent	7,982,000	7,556,000
- Special Acts	659,000	648,000
	8,641,000	8,204,000
Services received free of charge from other State Government Agencies during the period: ^(b)		
State Solicitor's Office	29,367	2,449
Department of the Premier and Cabinet	132,255	85,797
Department of Finance	346,627	346,638
	508,249	434,884
	9,149,249	8,638,884

- (a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the budgeted depreciation expense for the year and any agreed increase in leave liabilities during the year.
- (b) Assets or services received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.

Note 14. Restricted cash and cash equivalents

	2016	2015
	\$	\$
<u>Current</u>		
Accrued salaries suspense account ^(a)	-	258,551
Indian Ocean Territories ^(b)	-	41,389
	-	299,940

- (a) Funds held in the suspense account for the purpose of meeting the 27th pay in a financial year that occurs every 11th year.
- (b) Funds held in restricted cash for the purpose of providing services to the Indian Ocean Territories. See Note 31 'Indian Ocean Territories'.

Note 15. Receivables

	2016 \$	2015 \$
<u>Current</u>		
Receivables	45,011	31,517
GST receivable	20,070	22,752
Purchased leave receivable	14,203	8,515
Total current	79,284	62,784

There were no allowances made in the current year for the impairment of receivables (2014-15: nil).

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

Note 16. Amounts receivable for services (Holding Accounts)

	2016 \$	2015 \$
Current	208,000	208,000
Non-Current	1,958,000	1,917,000
	2,166,000	2,125,000

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability. See Note 2(m) 'Amounts receivable for services (Holding Account)'.

Note 17. Plant and equipment

	2016 \$	2015 \$
<u>Furniture fixtures and fittings</u>		
At cost	6,814	6,814
Accumulated depreciation	(2,895)	(2,213)
Accumulated impairment losses	-	-
	3,919	4,601
<u>Computer Hardware</u>		
At cost	244,771	257,561
Accumulated depreciation	(183,705)	(191,123)
Accumulated impairment losses	-	-
	61,066	66,438
<u>Office equipment</u>		
At cost	56,844	55,487
Accumulated depreciation	(27,793)	(16,493)
Accumulated impairment losses	-	-
	29,051	38,994



	2016 \$	2015 \$
Communications		
At cost	213,050	213,050
Accumulated depreciation	(213,050)	(206,562)
Accumulated impairment losses	-	-
	-	6,488
	94,036	116,521

Reconciliation

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the reporting period are set out in the table below:

	Furniture and Fittings	Computer Hardware	Office Equipment	Communications	Total
2016	\$	\$	\$	\$	\$
Carrying amount at start of period	4,601	66,438	38,994	6,488	116,521
Additions	-	31,400	1,357	-	32,757
Depreciation	(682)	(36,772)	(11,301)	(6,488)	(55,243)
Carrying amount at end of period	3,919	61,066	29,051	-	94,036
2015	\$	\$	\$	\$	\$
Carrying amount at start of period	5,282	46,547	36,154	28,905	116,888
Additions	-	50,908	13,415	9,828	74,150
Depreciation	(681)	(31,016)	(10,575)	(32,245)	(74,517)
Carrying amount at end of period	4,601	66,438	38,994	6,488	116,521



Note 18. Intangible assets

	2016	2015
	\$	\$
<u>Computer Software</u>		
At cost	1,195,541	1,116,417
Accumulated amortisation	(1,148,280)	(951,414)
Accumulated impairment losses	-	-
Total intangible assets	47,261	165,003

Reconciliation

	2016	2015
	\$	\$
<u>Computer Software</u>		
Carrying amount at start of period	165,003	307,279
Additions	79,124	92,296
Amortisation expense	(196,866)	(234,572)
Carrying amount at end of period	47,261	165,003

Note 19. Impairment of assets

There were no indications of impairment to plant and equipment or intangible assets as at 30 June 2016.

The Office held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

All surplus assets at 30 June 2016 have either been classified as assets held for sale or written-off.

Note 20. Payables

	2016	2015
	\$	\$
<u>Current</u>		
Trade payables	-	60,069
Accrued expenses	66,090	58,356
Accrued salaries ^(a)	-	197,982
Accrued superannuation ^(a)	-	20,355
Other payables	1,349	3,891
Total current	67,439	340,653

(a) In 2015-16 there was no accrued salaries or superannuation due to the final pay occurring on 30 June 2016.



Note 21. Provisions

	2016 \$	2015 \$
Current		
<i>Employee benefits provision</i>		
Annual leave ^(a)	518,913	531,357
Long service leave ^(b)	1,034,229	948,250
Purchased leave scheme ^(c)	4,705	7,150
	1,557,847	1,486,756
<i>Other provisions</i>		
Employment on-costs ^(d)	710	675
	710	675
	1,558,557	1,487,431
	2016 \$	2015 \$
Non-current		
Employee benefits provision		
Long service leave ^(b)	360,613	387,415
	360,613	387,415
<i>Other provisions</i>		
Employment on-costs ^(d)	165	177
	165	177
	360,778	387,592

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

	2016 \$	2015 \$
Within 12 months of the end of the reporting period	381,325	347,634
More than 12 months after the end of the reporting period	137,588	183,723
	518,913	531,357

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

	2016 \$	2015 \$
Within 12 months of the end of the reporting period	323,625	297,307
More than 12 months after the end of the reporting period	1,071,217	1,038,358
	1,394,842	1,335,665

- (c) Purchased leave liabilities have been classified as current as they must be cleared or paid out within 12 months.
- (d) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in Note 10 'Other Expenses'.

Movement in other provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

	2016 \$	2015 \$
Employment on-cost provision		
Carrying amount at start of period	852	802
Additional provisions recognised	23	50
Carrying amount at end of period	875	852

Note 22. Equity

The Western Australian Government holds the equity interest in the Office on behalf of the community. Equity represents the residual interest in the net assets of the Office.

Contributed equity

	2016 \$	2015 \$
Balance at start of period	1,206,000	1,206,000
Contributions by owners		
Capital appropriation	-	-
Total contributions by owners	-	-
Balance at end of period	1,206,000	1,206,000

Accumulated surplus/(deficit)

	2016 \$	2015 \$
Balance at start of period	1,096,887	325,393
Result for the period	534,248	771,494
Balance at end of period	1,631,135	1,096,887
Total Equity at the end of period	2,837,135	2,302,887

Note 23. Notes to the Statement of Cash Flows

Reconciliation of cash

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

	2016 \$	2015 \$
Cash and cash equivalents	2,342,055	1,647,443
Restricted cash and cash equivalents (Note 14 'Restricted cash and cash equivalents')	-	299,940
	2,342,055	1,947,383

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

	2016 \$	2015 \$
Net cost of services	(8,615,001)	(7,867,390)
<u>Non-cash items:</u>		
Depreciation and amortisation expense (Note 8. Depreciation and amortisation expense)	252,109	309,089
Services received free of charge (Note 13. Income from State Government)	508,249	434,884
Net (gain)/loss on disposal of non-current assets	18	(64)
<u>(Increase)/decrease in assets:</u>		
Current receivables ^(a)	(19,182)	(25,433)
Other current assets	7,526	(9,129)
<u>Increase/(decrease) in liabilities:</u>		
Accrued salaries	(197,982)	28,699
Accrued superannuation	(20,355)	4,069
Accrued expenses	7,734	(23,959)
Current payables ^(a)	(62,612)	63,950
Current provisions	71,125	139,813
Non-current provisions	(26,814)	(50,072)
Net GST (payments)/receipts ^(b)	4,972	(21,089)
Change in GST in receivables/payables ^(c)	(2,290)	(502)
Net cash (used in) operating activities	(8,092,503)	(7,017,133)

- (a) Note that the Australian Taxation Office (**ATO**) receivable/payable in respect of Good and Services Tax (**GST**) and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.
- (b) This is the net GST paid/received, i.e. cash transactions.
- (c) This reverses out the GST in receivables and payables.

Note 24. Commitments

The commitments below are inclusive of GST where relevant.

Lease commitments

Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:

Non-cancellable operating lease commitments

	2016	2015
	\$	\$
Commitments for minimum leases payments are payable as follows:		
Within 1 year	974,925	977,584
Later than 1 year and not later than 5 years	972,277	1,915,993
Later than 5 years	-	-
	1,947,202	2,893,576

The Office has entered into a memorandum of understanding with the Department of Finance's Building Management and Works division for leasing floor space at Albert Facey House. The memorandum of understanding is not a legally binding agreement, however, it has been agreed that all parties will comply with the terms and conditions as if they were legally enforceable obligations. The memorandum of understanding covers a three year occupancy period from 2011-12 with an option to renew occupancy for an additional three years. Rent is payable monthly in arrears. In 2014-15 the Office renewed its occupancy for an additional three years to 30 June 2018. Contingent rent provisions within the memorandum of understanding require that the lease payments shall be subject to market indices each financial year.

The motor vehicle lease is a non-cancellable lease with a three year term, with lease payments payable monthly. New vehicle leases are negotiated at the end of this period, the number of vehicle leases being subject to the Office's operational needs.

Capital expenditure commitments

	2016	2015
	\$	\$
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year ^(a)	103,393	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	103,393	-

- (a) Due to the timing of the replacement of Office assets, some assets were committed in 2015-16 but not paid until 2016-17. The majority of the capital expenditure commitments relate to intangible assets and the remainder relates to computer hardware.

Other expenditure commitments

	2016	2015
	\$	\$
Other expenditure commitments, being expenditure commitments additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	3,300	-
Later than 1 year and not later than 5 years	3,300	-
Later than 5 years	-	-
	6,600	-

Note 25. Contingent liabilities and contingent assets

The Office is not aware of any contingent liabilities or contingent assets at the end of the reporting period.

Note 26. Events occurring after the end of the reporting period

The Office is not aware of any event after the end of the reporting period that may have an impact on the financial statements.

Note 27. Explanatory statement

All variances between estimates (original budget) and actual results for 2016, and between the actual results for 2016 and 2015 are shown below. Narratives are provided for key variations selected from observed major variances, which are generally greater than:

- 5% and \$206,000 for the Statements of Comprehensive Income and Cash Flows; and
- 5% and \$69,000 for the Statement of Financial Position.

	Variance				Variance	Variance
	Note	Estimate 2016	Actual 2016	Actual 2015	between estimate and actual	between actual results for 2016 and 2015
		\$	\$	\$	\$	\$
Statement of Comprehensive Income (Controlled Operations)						
Employee benefits expense		7,821,000	7,796,100	7,511,626	(24,900)	284,474
Supplies and services		1,216,000	1,165,365	1,050,440	(50,635)	114,925
Depreciation and amortisation expense		235,000	252,109	309,089	17,109	(56,980)
Accommodation expenses	1	1,205,000	1,417,842	1,431,465	212,842	(13,623)
Other expenses	2	750,000	31,693	28,150	(718,307)	3,543
Total cost of services		11,227,000	10,663,109	10,330,770	(563,891)	332,339
Income						
<i>Revenue</i>						
Other revenue	A	1,989,000	2,048,126	2,463,316	59,126	(415,190)
Total Revenue		1,989,000	2,048,126	2,463,316	59,126	(415,190)
<i>Net Gain/(Loss)</i>						
Net gain or loss on disposal of non-current assets		-	(18)	64	(18)	(82)
Total Gain/(Loss)		-	(18)	64	(18)	(82)
Total income other than income from State Government						
		1,989,000	2,048,108	2,463,380	59,108	(415,272)
NET COST OF SERVICES		9,238,000	8,615,001	7,867,390	(622,999)	747,611
Income from State Government						
Service appropriation	B	8,798,000	8,641,000	8,204,000	(157,000)	437,000
Services received free of charge		440,000	508,249	434,884	68,249	73,365
Total income from State Government		9,238,000	9,149,249	8,638,884	(88,751)	510,365
SURPLUS FOR THE PERIOD		-	534,248	771,494	534,248	(237,246)
OTHER COMPREHENSIVE INCOME						
		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	534,248	771,494	534,248	(237,246)



	Variance				Variance	Variance
	Note	Estimate 2016	Actual 2016	Actual 2015	between estimate and actual	between actual results for 2016 and 2015
		\$	\$	\$	\$	\$
Statement of Financial Position						
(Controlled Operations)						
ASSETS						
Current Assets						
Cash and cash equivalents	C,3	790,000	2,342,055	1,647,443	1,552,055	694,612
Restricted cash and cash equivalents	D	-	-	299,940	-	(299,940)
Other current assets		94,000	95,272	102,798	1,272	(7,526)
Receivables		16,000	79,284	62,784	63,284	16,500
Amounts receivable for services		208,000	208,000	208,000	-	-
Total Current Assets		1,108,000	2,724,611	2,320,965	1,616,611	403,646
Non-Current Assets						
Amounts receivable for services		1,958,000	1,958,000	1,917,000	-	41,000
Plant and equipment	4	187,000	94,036	116,521	(92,964)	(22,485)
Intangible assets	E,4	220,000	47,261	165,003	(172,739)	(117,742)
Total Non-Current Assets		2,365,000	2,099,297	2,198,524	(265,703)	(99,227)
TOTAL ASSETS		3,473,000	4,823,908	4,519,489	1,350,908	304,419
LIABILITIES						
Current Liabilities						
Payables	F,5	-	67,439	340,653	67,439	(273,214)
Provisions	6	1,332,000	1,558,557	1,487,431	226,557	71,126
Other current liabilities		60,000	-	925	(60,000)	(925)
Total Current Liabilities		1,392,000	1,625,996	1,829,010	233,996	(203,014)
Non-Current Liabilities						
Provisions	6	549,000	360,778	387,592	(188,222)	(26,814)
Other non-current liabilities		-	-	-	-	-
Total Non-Current Liabilities		549,000	360,778	387,592	(188,222)	(26,814)
TOTAL LIABILITIES		1,941,000	1,986,774	2,216,602	45,774	(229,828)
NET ASSETS		1,532,000	2,837,135	2,302,887	1,305,135	534,248
EQUITY						
Contributed equity		1,206,000	1,206,000	1,206,000	-	-
Accumulated surplus		326,000	1,631,135	1,096,887		
TOTAL EQUITY		1,532,000	2,837,135	2,302,887	1,305,135	534,248



		Variance			Variance	Variance
	Note	Estimate 2016	Actual 2016	Actual 2015	between estimate and actual	between actual results for 2016 and 2015
		\$	\$	\$	\$	\$
Statement of Cash Flows						
(Controlled Operations)						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	B	8,549,000	8,392,000	7,906,000	(157,000)	486,000
Capital appropriations		-	-	-	-	-
Holding account drawdown		208,000	208,000	196,000	-	12,000
Net cash provided by State Government		8,757,000	8,600,000	8,102,000	(157,000)	498,000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	G	(8,062,000)	(7,959,285)	(7,439,375)	102,715	(519,910)
Supplies and services	7	(722,000)	(1,062,815)	(914,624)	(340,815)	(148,191)
Accommodation		(1,205,000)	(1,072,318)	(1,084,166)	132,682	11,848
GST payments on purchases	8	-	(228,677)	(221,374)	(228,677)	(7,303)
GST payments to taxation authority	8	-	(16,779)	(28,844)	(16,779)	12,065
Other payments	9	(1,075,000)	(24,600)	(24,000)	1,050,400	(600)
Receipts						
User charges and fees	A	1,989,000	2,034,831	2,455,024	45,831	(420,193)
GST receipts on sales		271,000	198,284	238,562	(72,716)	(40,278)
GST receipts from taxation authority		-	38,856	1,664	38,856	37,192
Net cash used in operating activities		(8,804,000)	(8,092,503)	(7,017,133)	711,497	(1,075,370)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets		(208,000)	(112,807)	(211,172)	95,193	98,365
Payment for disposal of non-current assets		-	(18)	(236)	(18)	218
Net cash used in investing activities		(208,000)	(112,825)	(211,408)	95,175	98,583
Net increase in cash and cash equivalents		(255,000)	394,672	873,459	649,672	(478,787)
Cash and cash equivalents at the beginning of the period		1,045,000	1,947,383	1,073,924	902,383	873,459
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		790,000	2,342,055	1,947,383	1,552,055	394,672



Major Estimate and Actual (2016) Variance Narratives

- 1) The variance in accommodation expenses is primarily due to services received free of charge for the depreciation of the fit-out of office accommodation (provided through the Department of Finance - Building Management and Works), included in supplies and services for the estimate, being included in accommodation for the actual.
- 2) The variance in other expenses is primarily due to some expenses, included as other expenses for the estimate, being included in supplies and services or employee benefits for the actual.
- 3) The variance in cash and cash equivalents is primarily due to asset purchases committed in 2015-16 but paid in 2016-17, vacancies due to staff movements that were not filled during 2015-16, and funds from 2014-15, for the function to monitor the Infringement Notices provisions of *The Criminal Code*, that were unspent due to the change in the commencement of the function to March 2015.
- 4) The variance in plant and equipment and intangible assets is primarily due to asset purchases committed in 2015-16 but paid in 2016-17, and fluctuations in the value and timing of depreciation and amortisation of assets.
- 5) The variance in payables is primarily due to liabilities, included in other current liabilities for the estimate, being included in payables for the actual.
- 6) The variance in current and non-current provisions is primarily due to a movement of long service leave provisions from non-current to current provisions due to long service leave falling due in 2015-16, which was not included in the budget. The total of the actual current and non-current provisions is consistent with the estimate.
- 7) The variance in payments for supplies and services is primarily due to some payments, included in other payments for the estimate, being included in supplies and services for the actual.
- 8) The variance in GST payments on purchases and GST payments to taxation authority is primarily due to the payments, included as other payments for the estimate, being included in GST payments on purchases or GST payments to the taxation authority in the actual.
- 9) The variance in other payments is primarily due to some payments, included as other payments for the estimate, being included in supplies and services, employee benefits, GST payments on purchases or GST payments to taxation authority for the actual.



Major Actual (2016) and Comparative (2015) Variance Narratives

- A) The variance in other revenue and receipts from user charges and fees is primarily due to a reduction in income for the performance of the functions of the Energy and Water Ombudsman Western Australia, due to a reduction of complaints in that jurisdiction.
- B) The variance in service appropriation is primarily due to increased funding to monitor the Infringement Notices provisions of *The Criminal Code*, in line with the approved funding for the function in 2015-16, and general cost escalation.
- C) The variance in cash and cash equivalents is primarily due to capital purchases committed in 2015-16 but paid in 2016-17, and vacancies due to staff movements that were not filled during 2015-16.
- D) The variance in restricted cash is primarily due to the transfer of funds, held in suspense for the purpose of meeting the 27th pay, to the operating account for the payment of the 27th pay in 2015-16.
- E) The variance in intangible assets is primarily due the value and timing of asset purchases in 2015-16 and the asset amortisation.
- F) The variance in payables is primarily due to a reduction in accrued salaries due to the payment of the 27th pay in 2015-16 and all credit card expenses being incurred and paid during the same period in 2015-16. In the prior year, some credit card expenses were incurred during 2014-15 but paid during 2015-16.
- G) The variance in employee benefits payments is primarily due to the payment of the 27th pay in 2015-16.



Note 28. Financial instruments

(a) Financial risk management objectives and policies

Financial instruments held by the Office are cash and cash equivalents, restricted 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

Credit risk arises when there is the possibility of the Office's receivables defaulting on their contractual obligations resulting in financial loss to the Office.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment, as shown in the table at Note 28(c) 'Financial instruments disclosures' and Note 15 'Receivables'.

Credit risk associated with the Office's financial assets is minimal because the main receivable is the amounts receivable for services (holding accounts). For receivables other than government, the Office trades only with recognised, creditworthy third parties. The Office has policies in place to ensure that 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. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Office is unable to meet its financial obligations as they fall due. The Office is exposed to liquidity risk through its trading in the normal course of business. 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.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Office's income or the value of its holdings of financial instruments. The Office does not trade in foreign currency and is not materially exposed to other price risks.

(b) Categories of financial instruments

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

	2016	2015
	\$	\$
<u>Financial Assets</u>		
Cash and cash equivalents	2,342,055	1,647,443
Restricted cash and cash equivalents	-	299,940
Receivables ^(a)	59,214	40,032
Amount receivable for services	2,166,000	2,125,000
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	67,439	340,653
Other liabilities	-	925

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

(c) Financial instrument disclosures

Credit risk

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

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



The Office does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Aged analysis of financial assets								
	Carrying amount \$	Not past due and not impaired \$	Up to 1 month \$	1 – 3 months \$	Past due but not impaired			Impaired financial assets \$
					3 months – 1 year \$	1 – 5 Years \$	More than 5 Years \$	
2016								
Cash and cash equivalents	2,342,055	2,342,055	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-
Receivables ^(a)	59,214	48,788	-	-	-	10,426	-	-
Amount receivable for services	2,166,000	2,166,000	-	-	-	-	-	-
	4,567,269	4,556,843	-	-	-	10,426	-	-
2015								
Cash and cash equivalents	1,647,443	1,647,443	-	-	-	-	-	-
Restricted cash and cash equivalents	299,940	299,940	-	-	-	-	-	-
Receivables ^(a)	40,032	29,606	-	-	10,426	-	-	-
Amount receivable for services	2,125,000	2,125,000	-	-	-	-	-	-
	4,112,415	4,101,989	-	-	10,426	-	-	-

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

Liquidity risk and interest rate exposure

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

Interest rate exposure and maturity analysis of financial assets and financial liabilities										
2016	Interest rate exposure				Nominal Amount	Maturity date				
	Weighted average effective interest rate %	Carrying Amount	Fixed interest rate	Variable interest rate		Non-interest bearing	Up to 1 month	1 – 3 months	3 months – 1 year	1 – 5 Years
	€	€	€	€	€	€	€	€	€	€
Financial Assets										
Cash and cash equivalents	2,342,055	-	-	2,342,055	2,342,055	2,342,055	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Receivables ^(a)	59,214	-	-	59,214	59,214	59,214	-	-	-	-
Amount receivable for service	2,166,000	-	-	2,166,000	2,166,000	-	-	208,000	832,000	1,126,000
	4,567,269	-	-	4,567,269	4,567,269	2,401,269	-	208,000	832,000	1,126,000
Financial Liabilities										
Payables	67,439	-	-	67,439	67,439	67,439	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
	67,439	-	-	67,439	67,439	67,439	-	-	-	-

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

Interest rate exposure and maturity analysis of financial assets and financial liabilities										
2015	Interest rate exposure				Nominal Amount	Maturity date				
	Weighted average effective interest rate %	Carrying Amount	Fixed interest rate	Variable interest rate		Non-interest bearing	Up to 1 month	1 – 3 months	3 months – 1 year	1 – 5 Years
	€	€	€	€	€	€	€	€	€	€
Financial Assets										
Cash and cash equivalents	1,647,443	-	-	1,647,443	1,647,443	1,647,443	-	-	-	-
Restricted cash and cash equivalents	299,940	-	-	299,940	299,940	7,466	-	292,474	-	-
Receivables ^(a)	40,032	-	-	40,032	40,032	29,606	-	10,426	-	-
Amount receivable for service	2,125,000	-	-	2,125,000	2,125,000	-	-	208,000	832,000	1,085,000
	4,112,415	-	-	4,112,415	4,112,415	1,684,515	-	510,900	832,000	1,085,000
Financial Liabilities										
Payables	340,653	-	-	340,653	340,653	340,653	-	-	-	-
Other liabilities	925	-	-	925	925	925	-	-	-	-
	341,578	-	-	341,578	341,578	341,578	-	-	-	-

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

Interest rate sensitivity analysis

None of the Office's financial assets and liabilities at the end of the reporting period are sensitive to movements in interest rates. Movements in interest rates would therefore have no impact on the Office's surplus or equity.

Fair values

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

Note 29. Remuneration of senior officers

The number of senior officers whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:

\$	2016	2015
1 - 10,000	-	1
60,001 - 70,000	1	-
80,001 - 90,000	1	-
110,001 - 120,000	-	1
140,001 - 150,000	1	-
150,001 - 160,000	-	1
180,001 - 190,000	1	-
200,001 - 210,000	1	1
210,001 - 220,000	-	1
260,001 - 270,000	1	-
280,001 - 290,000	-	1
400,001 - 410,000	1	-
420,001 - 430,000	-	1
	\$	\$
Base remuneration and superannuation	1,352,094	1,271,003
Annual leave and long service leave accruals	(58,285)	27,520
Other benefits	71,972	97,861
Total remuneration of senior officers	1,365,781	1,396,384

Total remuneration includes the superannuation expense incurred by the Office in respect of senior officers. The reduction in the total remuneration of senior officers and the variation in bands between 2015-16 and 2014-15 is primarily due to senior officer movements and leave accrual movements during the year.

Note 30. Remuneration of auditor

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

	2016	2015
	\$	\$
Auditing the accounts, controls, financial statements	25,100	24,600
	25,100	24,600

Note 31. Indian Ocean Territories

The Indian Ocean Territories Reimbursement Fund (**the 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. Any balance of the Fund at the end of the financial year is included in the Office's Operating Account. Any under or over expenditure at the end of the reporting period, for example, due to fluctuations in complaint numbers, is refunded or recouped from the Commonwealth Department of Infrastructure and Regional Development (**DIRD**) in the subsequent reporting period. Where, by agreement with DIRD, any funds are retained for expenditure in the next year, this is treated as restricted cash. The figures presented below for the Fund have been prepared on a cash basis.

	2016	2015
	\$	\$
Opening Balance	41,389	2,103
Receipts	24,832	65,006
Payments	(81,019)	(25,720)
Closing Balance^(a)	(14,798)	41,389

- (a) In 2014-15, \$41,389 was retained as restricted cash to cover the cost associated with the planned regional visit to the Indian Ocean Territories in 2015-16. The over expenditure of \$14,798 in 2015-16 will be recouped from DIRD in 2016-17.

Note 32. Supplementary financial information

(a) Write-offs

There was no write-off during the period.

(b) Losses through theft, defaults and other causes

There were no losses of public money and public and other property during the period.

(c) Gifts of public property

There were no gifts of public property provided by the Office during the period.



Note 33. Other assets

	2016	2015
	\$	\$
<u>Current</u>		
Prepayments	95,272	102,798
Total current	95,272	102,798

Note 34. Other liabilities

	2016	2015
	\$	\$
<u>Current</u>		
Contracts software	-	925
Total current	-	925

