

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. Basis of preparation](#)

[Note 2. Agency outputs](#)

[Note 3. Use of our funding](#)

[Note 4. Our funding sources](#)

[Note 5. Key assets](#)

[Note 6. Other assets and liabilities](#)

[Note 7. Financing](#)

[Note 8. Risks and contingencies](#)

[Note 9. Other disclosures](#)

Financial Statements

For the reporting period ended 30 June 2018

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 2018 and the financial position as at 30 June 2018.

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.



Alan Shaw
Chief Finance Officer

21 August 2018



Chris Field
Accountable Authority

21 August 2018

Statement of Comprehensive Income

For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
COST OF SERVICES			
Expenses			
Employee benefits expense	3.1(a)	9,191,283	8,431,813
Supplies and services	3.2	1,072,897	1,029,470
Depreciation and amortisation expense	5.1.1, 5.2.1	203,730	177,906
Accommodation expenses	3.2	1,391,978	1,427,269
Other expenses	3.2	70,792	39,877
Total cost of services		11,930,680	11,106,335
Income			
<i>Revenue</i>			
Other revenue	4.2	2,213,574	2,055,313
Total revenue		2,213,574	2,055,313
Total income other than income from State Government		2,213,574	2,055,313
NET COST OF SERVICES		9,717,106	9,051,022
Income from State Government			
Service appropriation	4.1	7,859,000	8,166,000
Services received free of charge	4.1	452,391	484,292
Total income from State Government		8,311,391	8,650,292
DEFICIT FOR THE PERIOD		(1,405,715)	(400,729)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(1,405,715)	(400,729)

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

Statement of Financial Position

As at 30 June 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7.1	468,134	1,849,259
Restricted cash and cash equivalents	7.1	1,783	2,873
Other current assets	6.3	95,923	95,169
Receivables	6.1	78,522	44,404
Amounts receivable for services	6.2	208,000	208,000
Total Current Assets		852,362	2,199,706
Non-Current Assets			
Restricted cash and cash equivalents	7.1	63,743	32,202
Amounts receivable for services	6.2	1,948,000	1,971,000
Plant and equipment	5.1	64,740	96,572
Intangible assets	5.2	235,916	267,279
Total Non-Current Assets		2,312,400	2,367,053
TOTAL ASSETS		3,164,762	4,566,759
LIABILITIES			
Current Liabilities			
Payables	6.4	110,776	83,715
Provisions	3.1(b)	1,537,588	1,479,979
Other current liabilities	6.5	48,184	48,184
Total Current Liabilities		1,696,548	1,611,877
Non-Current Liabilities			
Provisions	3.1(b)	437,524	464,679
Other non-current liabilities	6.5	-	53,798
Total Non-Current Liabilities		437,524	518,477
TOTAL LIABILITIES		2,134,072	2,130,354
NET ASSETS		1,030,689	2,436,404
EQUITY			
Contributed equity	9.6	1,206,000	1,206,000
Accumulated surplus/(deficit)	9.6	(175,311)	1,230,404
TOTAL EQUITY		1,030,689	2,436,404

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 2018

	Notes	Contributed equity \$	Reserves \$	Accumulated surplus/(deficit) \$	Total equity \$
Balance at 1 July 2016	<u>9.6</u>	1,206,000	-	1,631,134	2,837,134
Surplus		-	-	(400,729)	(400,729)
Total comprehensive income for the year		-	-	(400,729)	(400,729)
Balance at 30 June 2017		1,206,000	-	1,230,404	2,436,404
Balance at 1 July 2017		1,206,000	-	1,230,404	2,436,404
Deficit		-	-	(1,405,715)	(1,405,715)
Total comprehensive income for the year		-	-	(1,405,715)	(1,405,715)
Balance at 30 June 2018		1,206,000	-	(175,311)	1,030,689

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 2018

	Notes	2018 \$	2017 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		7,644,000	7,945,000
Capital appropriations		-	-
Holding account drawdown		238,000	208,000
Net cash provided by State Government		7,882,000	8,153,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(9,180,715)	(8,385,880)
Supplies and services		(941,107)	(866,505)
Accommodation		(1,111,860)	(1,112,101)
GST payments on purchases		(219,896)	(230,234)
GST payments to taxation authority		(44,557)	-
Other payments		(25,400)	(25,100)
Receipts			
GST receipts on sales		212,559	197,407
GST receipts from taxation authority		55,206	48,736
Other receipts		2,212,879	2,061,435
Net cash used in operating activities	7.1.2	(9,042,892)	(8,312,241)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(189,782)	(298,480)
Net cash used in investing activities		(189,782)	(298,480)
Net (decrease)/increase in cash and cash equivalents		(1,350,675)	(457,721)
Cash and cash equivalents at the beginning of the period		1,884,334	2,342,055
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7.1.1	533,659	1,884,334

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 2018

	2018 Estimate \$	2018 Actual \$	Variance \$	2018 Actual \$	2017 Actual \$	Variance \$
Delivery Services						
Item 4 Net amount appropriated to deliver services	7,060,000	7,200,000	140,000	7,200,000	7,507,000	(307,000)
Amount Authorised by Other Statutes						
- <i>Parliamentary Commissioner Act 1971</i>	659,000	659,000	-	659,000	659,000	-
Total appropriations provided to deliver services	7,719,000	7,859,000	140,000	7,859,000	8,166,000	(307,000)
Capital						
Item 118 Capital appropriations	-	-	-	-	-	-
GRAND TOTAL	7,719,000	7,859,000	140,000	7,859,000	8,166,000	(307,000)

Details of Expenses by Service

Resolving complaints about decision making of public authorities and improving the standard of public administration	10,148,000	11,930,680	1,782,680	11,930,680	11,106,335	824,345
Total Cost of Services	10,148,000	11,930,680	1,782,680	11,930,680	11,106,335	824,345
Less Total Income	(1,989,000)	(2,213,574)	(224,574)	(2,213,574)	(2,055,313)	(158,261)
Net Cost of Services	8,159,000	9,717,106	1,558,106	9,717,106	9,051,022	666,084
Adjustments	(440,000)	(1,858,106)	(1,418,106)	(1,858,106)	(885,022)	(973,084)
Total appropriations provided to deliver services	7,719,000	7,859,000	140,000	7,859,000	8,166,000	(307,000)

Capital Expenditure

Purchase of non-current assets	208,000	189,782	(18,218)	189,782	298,480	(108,698)
Adjustments for other funding sources	(208,000)	-	208,000	-	(298,480)	298,480

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

Note 9.9 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2018 and between the actual results for 2018 and 2017.

Notes to the Financial Statements

For the year ended 30 June 2018

1. Basis of preparation

The Office is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Office is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Office on 21 August 2018.

Statement of compliance

These general purpose financial statements are prepared in accordance with:

- (1) The *Financial Management Act 2006* (**FMA**);
- (2) The Treasurer's Instructions (**the Instructions or TI**);
- (3) Australian Accounting Standards (**AAS**) including applicable interpretations; and
- (4) Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The *Financial Management Act 2006* and the Treasurer's Instructions (**the Instructions**) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. 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.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Contributed equity

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

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

2. Agency outputs

How the Office operates

This section includes information regarding the nature of funding the Office receives and how this funding is utilised to achieve the Office's objectives. This note also provides the distinction between controlled funding and administered funding:

	Notes
Agency objectives	2.1

2.1 Agency objectives

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.

3. Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how the Office's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Office in achieving its objectives and the relevant notes are:

	Notes	2018 \$	2017 \$
Employee benefits expenses	3.1(a)	9,191,283	8,431,813
Employee related provisions	3.1(b)	1,975,112	1,944,658
Other expenditure	3.2	2,535,667	2,496,616

3.1(a) Employee benefits expense

	2018 \$	2017 \$
Wages and salaries	7,676,244	7,671,948
Termination benefits	688,774	-
Superannuation - defined contribution plans ^(a)	759,234	756,003
Other related expenses	67,031	3,862
	9,191,283	8,431,813

(a) Defined contribution plans include West State Superannuation Scheme (WSS), Gold State Superannuation Scheme (GSS), Government Employees Superannuation Board Schemes (GESBs) and other eligible funds.

Wages and salaries: Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, and leave entitlements.

Termination benefits: Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Office is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Superannuation: The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds. The employer contribution paid to the Government Employees Superannuation Board (**GESB**) in respect of the GSS is paid back into the Consolidated Account by the GESB.

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

The Office does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. 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 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.

Note 3.1(b) Employee related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2018 \$	2017 \$
Current		
<i>Employee benefits provision</i>		
Annual leave ^(a)	527,658	524,936
Long service leave ^(b)	992,653	931,374
Purchased leave scheme ^(c)	10,300	16,992
	1,530,611	1,473,302
<i>Other provisions</i>		
Employment on-costs ^(d)	6,977	6,677
	6,977	6,677
Total current employee related provisions	1,537,588	1,479,979

	2018 \$	2017 \$
Non-current		
<i>Employee benefits provision</i>		
Long service leave ^(b)	435,547	462,574
	435,547	462,574
<i>Other provisions</i>		
Employment on-costs ^(d)	1,977	2,105
	1,977	2,105
Total non-current employee related provisions	437,524	464,679
Total employee related provisions	1,975,112	1,944,658

- (a) **Annual leave liabilities:** 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:

	2018 \$	2017 \$
Within 12 months of the end of the reporting period	428,034	403,829
More than 12 months after the end of the reporting period	99,624	121,107
	527,658	524,936

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

- (b) **Long service leave liabilities:** 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.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018 \$	2017 \$
Within 12 months of the end of the reporting period	405,273	351,517
More than 12 months after the end of the reporting period	1,022,927	1,042,431
	1,428,200	1,393,948

The provision for long service leave are calculated at present value as the Office does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and 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.

- (c) **Purchased leave liabilities:** Purchased leave liabilities have been classified as current as they must be cleared or paid out within 12 months.
- (d) **Employment on-costs:** 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.

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 expenditure', Note 3.2 (apart from the unwinding of the discount (finance cost)), and are not included as part of the Office's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2018 \$	2017 \$
<u>Employment on-cost provision</u>		
Carrying amount at start of period	8,782	875
Additional provisions recognised	172	7,907
Carrying amount at end of period	8,954	8,782

Key sources of estimation uncertainty – long service leave

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.

Several estimates and assumptions are used in calculating the Office's long service leave provision. These 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. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

3.2 Other expenditure

	2018 \$	2017 \$
Supplies and services		
Communications	87,892	69,708
Consumables	84,024	106,084
Services and contracts	377,138	378,400
Services received free of charge	171,526	169,236
Insurance	49,299	53,656
Travel	68,412	39,440
Other ^(a)	234,605	212,946
Total supplies and services expenses	1,072,897	1,029,470
Accommodation expenses		
Lease rentals	1,111,113	1,111,761
Repairs and maintenance	-	451
Services received free of charge ^(b)	280,865	315,057
Total accommodation expenses	1,391,978	1,427,269
Other		
Employment on-costs	172	7,907
Audit fee	25,700	25,400
Bad debts ^(c)	25,981	-
Other	18,939	6,570
Total other expenses	70,792	39,877
Total other expenditure	2,535,667	2,496,616

(a) Includes expenses relating to motor vehicles, parking and utilities.

(b) Relates to the notional value of the depreciation of the fit-out of office accommodation provided through Building Management and Works (Department of Finance Note 4.1).

(c) Relates to the write-off of irrecoverable salary overpayments.

Supplies and services:

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Accommodation expenses:

Operating lease payments are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

Repairs, maintenance and cleaning costs are recognised as expenses as incurred.

Other:

Employee on-cost includes workers' compensation insurance and other employment on-costs.

The on-costs liability associated with the recognition of annual and long service leave liabilities is included at 3.1(b) Employee related provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

4. Our funding sources

How we obtain our funding

This section provides additional information about how the Office obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Office and the relevant notes are:

	Notes	2018 \$	2017 \$
Income from State Government	4.1	8,311,391	8,650,292
Other revenue	4.2	2,213,574	2,055,313

4.1 Income from State Government

	2018 \$	2017 \$
Appropriation received during the period		
Service appropriation ^(a)		
- Recurrent	7,200,000	7,507,000
Special Acts	659,000	659,000
	7,859,000	8,166,000
Services received free of charge from other State government agencies during the period:		
State Solicitor's Office	-	13,271
Department of the Premier and Cabinet	171,526	155,965
Department of Finance	280,865	315,057
Total services received	452,391	484,292
Total income from State Government	8,311,391	8,650,292

- (a) **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 in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Service appropriations fund the net cost of services delivered (as set out in note 2). Appropriation revenue comprises the following:

- Cash component; and
- A receivable (asset).

The 'Amounts receivable for services (Holding Account) (Note 6.2) comprises the following:

- The budgeted depreciation expense for the year; and
- Any agreed increase in leave liabilities during the year.

4.2 Other revenue

	2018 \$	2017 \$
Other revenue - general	66,960	104,870
Other recoup ^(a)	2,146,614	1,950,443
	2,213,574	2,055,313

(a) Includes recoup for the costs of the functions of the Energy and Water Ombudsman Western Australia (see Note 2.1) and services of the Office in relation to complaints involving the Indian Ocean Territories (see Note 9.8).

Revenue is recognised and measured at the fair value of consideration received or receivable.

5. Key assets

Assets the Office utilises for economic benefit or service potential

This section includes information regarding the key assets the Office utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes	2018 \$	2017 \$
Plant and equipment	5.1	64,740	96,572
Intangibles	5.2	235,916	267,279
Total key assets		300,656	363,851

5.1 Plant and equipment

	Furniture and Fittings	Computer Hardware	Office Equipment	Communications	Total
Year ended 30 June 2017	\$	\$	\$	\$	\$
1 July 2016					
Gross carrying amount	6,814	244,771	56,844	213,050	521,479
Accumulated depreciation	(2,895)	(183,705)	(27,793)	(213,050)	(427,444)
Carrying amount at start of period	3,919	61,066	29,051	-	94,035
Additions	-	58,292	-	-	58,292
Depreciation	(681)	(43,829)	(11,245)	-	(55,755)
Carrying amount at 30 June 2017	3,237	75,529	17,806	-	96,572

	Furniture and Fittings	Computer Hardware	Office Equipment	Communications	Total
Year ended 30 June 2018	\$	\$	\$	\$	\$
1 July 2017					
Gross carrying amount	6,814	303,063	56,844	213,050	579,771
Accumulated depreciation	(3,577)	(227,534)	(39,038)	(213,050)	(483,199)
Carrying amount at start of period	3,237	75,529	17,806	-	96,572
Additions	-	3,766	14,655	-	18,421
Depreciation	(681)	(40,063)	(9,509)	-	(50,253)
Carrying amount at 30 June 2018	2,556	39,233	22,952	-	64,740

Initial recognition

Items of plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. 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).

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.

5.1.1 Depreciation and impairment

Charge for the period

	2018 \$	2017 \$
Furniture fixtures and fittings	681	681
Computer hardware	40,063	43,829
Office equipment	9,509	11,245
Total depreciation for the period	50,253	55,755

As at 30 June 2018 there were no indications of impairment to plant and equipment.

All surplus assets at 30 June 2018 have either been classified as assets held for sale or have been written-off.

Please refer to note 5.2 for guidance in relation to the impairment assessment that has been performed for intangible assets.

Finite useful lives

All plant and equipment 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. The exceptions to this rule include assets held for sale, land and investment properties.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful life: years
Furniture and fittings	10 years
Plant and machinery	10 years
Computer hardware	3 years
Office equipment	5 years
Software ^(a)	3 years

(a) Software that is integral to the operation of related hardware.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. 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 its recoverable amount, an impairment loss is recognised through profit or loss.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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 declining replacement costs.

5.2 Intangible assets

	Computer software	Total
Year ended 30 June 2017	\$	\$
1 July 2016		
Gross carrying amount	1,195,540	1,195,540
Accumulated amortisation	(1,148,280)	(1,148,280)
Carrying amount at start of period	47,260	47,260
Additions	342,170	342,170
Amortisation	(122,151)	(122,151)
Carrying amount at 30 June 2017	267,279	267,279
	Computer Software	Total
Year ended 30 June 2018	\$	\$
1 July 2017		
Gross carrying amount	1,537,710	1,537,710
Accumulated amortisation	(1,270,431)	(1,270,431)
Carrying amount at start of period	267,279	267,279
Additions	122,115	122,115
Amortisation	(153,478)	(153,478)
Carrying amount at 30 June 2018	235,916	235,916

Initial recognition

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted below), are capitalised.

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.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) an intention to complete the intangible asset, and use or sell it;
- (c) the ability to use or sell the intangible asset;
- (d) the intangible asset will generate probable future economic benefit;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Costs incurred in the research phase of a project are immediately expensed.

Subsequent measurement

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

5.2.1 Amortisation and impairment

Charge for the period

	2018 \$	2017 \$
Computer software	153,478	122,151
Total amortisation for the period	153,478	122,151

As at 30 June 2018 there were no indications of impairment to intangible assets.

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.

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the Office have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful lives for each class of intangible asset are:

Asset	Useful life: years
Computer software ^(a)	3 years

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

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment annually or when an indication of impairment is identified.

The policy in connection with testing for impairment is outlined in note 5.1.1.

6. Other assets and liabilities

This section sets out those assets and liabilities that arose from the Office's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2018 \$	2017 \$
Receivables	6.1	78,522	44,404
Amounts receivable for services	6.2	2,156,000	2,179,000
Other current assets	6.3	95,923	95,169
Payables	6.4	110,776	83,715
Other liabilities	6.5	48,184	101,982

6.1 Receivables

	2018 \$	2017 \$
<u>Current</u>		
Receivables	59,543	30,959
GST receivable	-	5,390
Purchased leave receivable	18,978	8,055
Total current	78,522	44,404

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

Receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

6.2 Amounts receivable for services (Holding Account)

	2018 \$	2017 \$
Current	208,000	208,000
Non-current	1,948,000	1,971,000
Balance at end of period	2,156,000	2,179,000

Amounts receivable for services represent 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.

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.

6.3 Other assets

	2018 \$	2017 \$
Current		
Prepayments	95,923	95,169
Total current	95,923	95,169
Balance at end of period	95,923	95,169

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

6.4 Payables

	2018 \$	2017 \$
Current		
Trade payables	27,584	-
Accrued expenses	48,566	50,913
Accrued salaries	27,378	29,836
Accrued superannuation	2,717	2,956
GST payable	1,529	-
Other payables	3,002	10
Total current	110,776	83,715
Balance at end of period	110,776	83,715

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.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight after the reporting period. The Office considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (See Note 7.1 'Cash and cash equivalents') consists of amounts paid annually, from Office appropriations for salaries expense, into a Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

6.5 Other liabilities

	2018 \$	2017 \$
Current		
Software contracts ^(a)	48,184	48,184
Total current	48,184	48,184
Non-current		
Software contracts ^(a)	-	53,798
Total non-current	-	53,798
Balance at end of period	48,184	101,982

(a) Contract for right-of-use software for the Complaints Management System.

7. Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of the Office.

	Notes
Cash and cash equivalents	<u>7.1</u>
Reconciliation of cash	<u>7.1.1</u>
Reconciliation of operating activities	<u>7.1.2</u>
Commitments	<u>7.2</u>
Non-cancellable operating lease commitments	<u>7.2.1</u>
Capital commitments	<u>7.2.2</u>
Other expenditure commitments	<u>7.2.3</u>

7.1 Cash and cash equivalents

7.1.1 Reconciliation of cash

	Notes	2018 \$	2017 \$
Current			
Cash and cash equivalents	<u>8.1</u>	468,134	1,849,259
Restricted cash and cash equivalents			
– Indian Ocean Territories	<u>9.8</u>	1,783	2,873
Non-current			
Restricted cash and cash equivalents			
– Accrued salaries suspense account ^(a)		63,743	32,202
Balance at end of period		533,660	1,884,834

(a) Funds held in the suspense account for the purpose of meeting the 27th pay in a reporting period that occurs every 11th year. This account is classified as non-current for 10 out of 11 years.

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.

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

	Note	2018 \$	2017 \$
Net cost of services		(9,717,106)	(9,051,022)
Non-cash items			
Depreciation and amortisation expense	5.1, 5.2	203,730	177,906
Services received free of charge	4.1	452,391	484,292
Intangibles work in progress		(4,552)	-
(Increase)/decrease in assets			
Current receivables ^(a)		(39,507)	20,200
Other current assets		(754)	103
Increase/(decrease) in liabilities			
Accrued salaries		(2,458)	29,836
Accrued superannuation		(239)	2,956
Accrued expenses		(2,347)	(15,177)
Current payables ^(a)		30,576	(1,339)
Current provisions		57,609	(78,577)
Non-current provisions		(27,155)	103,901
Net GST (payments)/receipts ^(b)		49,828	14,679
Change in GST in receivables/payables ^(c)		(42,909)	-
Net cash provided by/(used in) operating activities		(9,042,892)	(8,312,242)

(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.

The mandatory application of AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* imposed disclosure impacts only. The Office is not exposed to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

7.2. Commitments

All commitments are presented inclusive of GST.

7.2.1 Non-cancellable operating lease commitments

	2018 \$	2017 \$
Commitments for minimum lease payments are payable as follows:		
Within 1 year	1,286,814	984,135
Later than 1 year and not later than 5 years	5,115,648	35,979
Later than 5 years	-	-
	6,402,462	1,020,114

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

The Office has entered into a memorandum of understanding with the Department of Finance's Building Management and Works division for the lease of 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 five year occupancy period from 2018-23. Rent is payable monthly. Contingent rent provisions within the memorandum of understanding require that the lease payments shall be subject to market indices each financial year.

A motor vehicle lease is a non-cancellable lease with a three to five 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.

7.2.2 Capital commitments

	2018 \$	2017 \$
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are		
Within 1 year ^(a)	14,105	4,143
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	14,105	4,143

- (a) Due to the timing of the replacement of Office assets, some intangible assets were committed in 2017-18 but not paid until 2018-19.

7.2.3 Other expenditure commitments

	2018 \$	2017 \$
Other expenditure commitments contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:		
Within 1 year	-	3,300
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	-	3,300

Judgements made by management in applying accounting policies – operating lease commitments

The Office has entered into a number of leases for buildings for branch office accommodation. Some of these leases relate to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

8. Risks and Contingencies

This note sets out the key risk management policies and measurement techniques of the Office.

	Note
Financial risk management	<u>8.1</u>
Contingent assets and liabilities	<u>8.2</u>

8.1 Financial risk management

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.

(a) Summary of risks and risk management

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 8.1(c) 'Ageing analysis of financial assets' and Note 6.1 '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:

	2018 \$	2017 \$
<u>Financial Assets</u>		
Cash and cash equivalents	468,134	1,849,259
Restricted cash and cash equivalents	65,526	35,075
Receivables ^(a)	78,522	39,014
Amount receivable for services	2,156,000	2,179,000
<u>Financial Liabilities</u>		
Payables ^(a)	109,247	83,715
Other liabilities	48,184	101,982

(a) The amount of receivables/payables excludes GST recoverable from and payable to the ATO.

(c) Ageing 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	€
2018								
Cash and cash equivalents	468,134	468,134	-	-	-	-	-	-
Restricted cash and cash equivalents	65,526	65,526	-	-	-	-	-	-
Receivables ^(a)	78,522	78,522	-	-	-	-	-	-
Amount receivable for services	2,156,000	2,156,000	-	-	-	-	-	-
	2,768,182	2,768,182	-	-	-	-	-	-
2017								
Cash and cash equivalents	1,849,259	1,849,259	-	-	-	-	-	-
Restricted cash and cash equivalents	35,075	35,075	-	-	-	-	-	-
Receivables ^(a)	39,014	19,381	9,207	-	-	10,426	-	-
Amount receivable for services	2,179,000	2,179,000	-	-	-	-	-	-
	4,102,348	4,082,715	9,207	-	-	10,426	-	-

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

(d) 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										
2018	Interest rate exposure				Nominal Amount	Maturity date				
	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	More than 5 Years
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets										
Cash and cash equivalents	468,134	-	-	468,134	468,134	468,134	-	-	-	-
Restricted cash and cash equivalents	65,526	-	-	65,526	65,526	1,783	-	-	-	63,743
Receivables ^(a)	78,522	-	-	78,522	78,522	78,522	-	-	-	
Amount receivable for service	2,156,000	-	-	2,156,000	2,156,000	-	-	208,000	832,000	1,116,000
	2,768,182	-	-	2,768,182	2,768,182	548,439	-	208,000	832,000	1,179,743
Financial Liabilities										
Payables ^(a)	109,247	-	-	109,247	109,247	109,247	-	-	-	-
Other liabilities	48,184	-	-	48,184	48,184	-	-	48,184	-	-
	157,431	-	-	157,431	157,431	109,247	-	48,184	-	

(a) The amount of receivables and payables excludes GST recoverable from and payable to the ATO.

Interest rate exposure and maturity analysis of financial assets and financial liabilities										
2017	Interest rate exposure				Nominal Amount	Maturity date				
	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	More than 5 Years
	€	€	€	€	€	€	€	€	€	€
Financial Assets										
Cash and cash equivalents	1,849,259	-	-	1,849,259	1,849,259	1,849,259	-	-	-	-
Restricted cash and cash equivalents	35,075	-	-	35,075	35,075	2,873	-	-	-	32,202
Receivables ^(a)	39,014	-	-	39,014	39,014	39,014	-	-	-	-
Amount receivable for service	2,179,000	-	-	2,179,000	2,179,000	-	-	208,000	832,000	1,139,000
	4,102,348	-	-	4,102,348	4,102,348	1,891,146	-	208,000	832,000	1,171,202
Financial Liabilities										
Payables ^(a)	83,715	-	-	83,715	83,715	83,715	-	-	-	-
Other liabilities	101,982	-	-	101,982	101,982	-	-	48,184	53,798	-
	185,697	-	-	185,697	185,697	83,715	-	48,184	53,798	

(a) The amount of receivables and payables excludes GST recoverable from and payable to the ATO.

(e) 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.

8.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at nominal value.

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

9. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Note
Events occurring after the end of the reporting period	9.1
Future impact of Australian standards issued not yet operative	9.2
Key management personnel	9.3
Related party transactions	9.4
Remuneration of auditors	9.5
Equity	9.6
Supplementary financial information	9.7
Indian Ocean Territories	9.8
Explanatory statement	9.9

9.1 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.

9.2. 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. Where applicable, the Office plans to apply the following Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	<i>Financial Instruments</i>	1 Jan 2018
	This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.	
	The Office has determined that the Standard has no financial impact.	

AASB 15	<i>Revenue from Contracts with Customers</i>	1 Jan 2019
	<p>This Standard establishes the principles that the Office 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 mandatory application date of this Standard is currently 1 January 2019 after being amended by AASB 2016-7.</p> <p>The Office has determined that the Standard has no financial impact.</p>	
AASB 16	<i>Leases</i>	1 Jan 2019
	<p>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.</p> <p>Whilst the impact of AASB 16 has not yet been quantified, the Office currently has operating lease commitments for \$4,847,195. The Office anticipates this amount will be brought onto the Statement of Financial Position, excepting amounts pertinent to short-term or low-value leases. Interest and amortisation expense will increase and rental expense will decrease.</p>	
AASB 1058	<i>Income of Not-for-Profit Entities</i>	1 Jan 2019
	<p>This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, a performance obligation (a promise to transfer a good or service), or, an obligation to acquire an asset (such as cash or another asset) received by the Office. The Office anticipates that the application will not materially impact appropriation or untied grant revenues.</p>	

AASB 2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i>	1 Jan 2018
	<p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. Other than the exposures to AASB9 noted above, the Office is only insignificantly impacted by the application of the Standard.</p>	
AASB 2014-1	<i>Amendments to Australian Accounting Standards</i>	1 Jan 2018
	<p>Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. These changes have no impact as Appendix E has been superseded and the Office was not permitted to early adopt AASB 9.</p>	
AASB 2014-5	<i>Amendments to Australian Accounting Standards arising from AASB 15</i>	1 Jan 2018
	<p>This Standard gives effect to 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.</p>	
AASB 2014-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i>	1 Jan 2018
	<p>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.</p>	

AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15* 1 Jan 2018

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. For Not-For-Profit entities, the mandatory effective date has subsequently been amended to 1 January 2019 by AASB 2016-7. The Office has not yet determined the application or the potential impact of AASB 15.

AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15* 1 Jan 2018

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 when the deferred AASB 15 becomes effective from 1 January 2019.

AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not for Profit Entities* 1 Jan 2018

This Standard, defers, not-for-profit-entities, the standard application date of AASB15 to 1 January 2019, and the consequential amendments that were originally set out in AASV 2014-5. There is no financial impact arising from this standard.

AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not for Profit Entities* 1 Jan 2019

This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.

9.3 Key management personnel

The Office has determined key management personnel to include cabinet ministers and senior officers of the Office. The Office does not incur expenditures to compensate Ministers and those disclosures may be found in the Annual Report on State Finances.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the Office for the reporting period are presented within the following bands:

Compensation band (\$)	2018	2017
1 - 10,000	-	1
40,001 - 50,000	1 ^(a)	-
60,001 - 70,000	-	1
120,001 - 130,000	1 ^(b)	-
160,001 - 170,000	1	-
180,001 - 190,000	1	1
190,001 - 200,000	1	1
200,001 - 210,000	2	1
210,001 - 220,000	-	1
220,001 - 230,000	1	1
270,001 - 280,000	1	-
280,001 - 290,000	-	1
420,001 - 430,000	-	1
430,001 - 440,000	1	-

	2018	2017
	\$	\$
Short-term employee benefits	1,678,545	1,471,107
Post-employment benefits	190,151	170,090
Other long-term benefits	189,825	166,699
Total compensation of senior officers	2,058,521	1,807,896

(a) The senior officer within the 40,001 - 50,000 band for 2018 commenced in April 2018.

(b) The senior officer within the 120,001 - 130,000 band for 2018 was part-time prior to March 2018.

Total compensation includes the superannuation expense incurred by the Office in respect of senior officers.

9.4 Related party transactions

The Office is a wholly owned public sector entity that is controlled by the State of Western Australia.

Related parties of the Office include:

- All cabinet ministers and their close family members, and their controlled or jointly controlled entities;

- The Ombudsman and all senior officers and their close family members, and their controlled or jointly controlled entities;
- Other departments and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- Associates and joint ventures of a wholly-owned public sector entity; and
- The Government Employees Superannuation Board (GESB).

Significant transactions with Government-related entities

In conducting its activities, the Office is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Such transactions include:

- Income from State Government (Note 4.1);
- Services received free of charge from the Department of Finance, State Solicitor's Office, and the Department of the Premier and Cabinet (Note 4.1);
- Lease rentals and ICT services payments to the Department of Finance (Government Office Accommodation and State Fleet) and related outstanding balances (Note 7.2.1);
- Insurance payments to the Insurance Commission and Riskcover fund (Note 3.2);
- Payments for leave liabilities for staff transferred to the Department of Health and Mental Health Commission (Note 3.1(a)); and
- Remuneration for services provided by the Auditor General (Note 9.5).

Material transactions with other related parties

Significant transactions include:

- Superannuation payments to GESB (Note 3.1(a));

Outside of normal citizen type transactions with the Office there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

9.5 Remuneration of auditors

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

	2018 \$	2017 \$
Auditing the accounts, financial statements, controls, and key performance indicators	25,700	25,400
	25,700	25,400

9.6 Equity

	2018 \$	2017 \$
Contributed equity		
Balance at start of period	1,206,000	1,206,000
<i>Contributions by owners</i>		
Capital appropriation	-	-
Total contributions by owners	-	-
Balance at end of period	1,206,000	1,206,000
	2018 \$	2017 \$
Accumulated surplus		
Balance at start of period	1,230,404	1,631,134
Result for the period	(1,405,715)	(400,729)
Balance at end of period	(175,311)	1,230,404
Total equity at end of period	1,030,689	2,436,404

9.7 Supplementary financial information

(a) Write-offs

During the financial year, \$25,981 (2017: nil) was written off under the authority of:

	2018 \$	2017 \$
The Accountable Authority	25,981	-
	25,981	-

(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.

9.8 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, Regional Development and Cities (**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.

	2018 \$	2017 \$
Opening Balance	2,873	(14,798)
Receipts	30,108	47,096
Payments	(31,198)	(29,425)
Closing Balance	1,783	2,873

9.9 Explanatory statement

All variances between estimates (original budget) and actual results for 2018, and between the actual results for 2018 and 2017 are shown below. Narratives are provided for key major variances, which are generally greater than:

- 5% and \$202,000 for the Statements of Comprehensive Income and Cash Flows; and
- 5% and \$91,000 for the Statement of Financial Position.

9.9.1 Statement of Comprehensive Income Variances

	Variance Note	Estimate 2018 \$	Actual 2018 \$	Actual 2017 \$	Variance between estimate and actual \$	Variance between actual results for 2018 and 2017 \$
Statement of Comprehensive Income						
Employee benefits expense	1, A	6,887,000	9,191,283	8,431,813	2,304,283	759,470
Supplies and services		1,216,000	1,072,897	1,029,470	(143,103)	43,427
Depreciation and amortisation expense		215,000	203,730	177,906	(11,270)	25,824
Accommodation expenses		1,542,000	1,391,978	1,427,269	(150,022)	(35,291)
Other expenses	2	288,000	70,792	39,877	(217,208)	30,915
Total cost of services		10,148,000	11,930,680	11,106,335	1,782,680	824,345
Income						
<i>Revenue</i>						
Other revenue	3	1,989,000	2,213,574	2,055,313	224,574	158,261
Total revenue		1,989,000	2,213,574	2,055,313	224,574	158,261
Total income other than income from State Government		1,989,000	2,213,574	2,055,313	224,574	158,261
NET COST OF SERVICES		8,159,000	9,717,106	9,051,022	1,558,106	666,084
Income from State Government						
Service appropriation	B	7,719,000	7,859,000	8,166,000	140,000	(307,000)
Services received free of charge		440,000	452,391	484,292	12,391	(31,901)
Total income from State Government		8,159,000	8,311,391	8,650,292	152,391	(338,901)
DEFICIT FOR THE PERIOD		-	(1,405,715)	(400,729)	(1,405,715)	(1,004,986)
OTHER COMPREHENSIVE INCOME		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	(1,405,715)	(400,729)	(1,405,715)	(1,004,986)

Major Estimate and Actual (2018) Variance Narratives

- 1) The variance in employee benefits expense is primarily due to additional staffing required to enable the Office to manage the workload associated with an increase in complaints to the Ombudsman and one-off costs associated with voluntary separations to enable changes to further enhance the efficiency of complaint resolution services.
- 2) The variance in other expenses is primarily due to some expenses, included in other expenses for the estimate, being included in supplies and services for the actual.
- 3) The variance in other revenue is primarily due to additional funding approved by the Board of the Energy and Water Ombudsman (Western Australia) to enable the Office to meet the workload associated with an increase in complaints to the Energy and Water Ombudsman and to provide further capacity for activities such as building awareness.

Major Actual (2018) and Comparative (2017) Variance Narratives

- A) The variance in employee benefits expense is primarily due to additional staffing expenses in 2017-18 as set out in Variance Note 1, partially offset by a reduction in staffing expenses due to 2016-17 being the final year of the three year function to monitor the Infringement Notices provisions of *The Criminal Code*.

- B) The variance in service appropriation is primarily due to 2016-17 being the final year of funding for the function to monitor the Infringement Notices provisions of *The Criminal Code*, in line with the approved funding over the three years of the function.

9.9.2 Statement of Financial Position Variances

	Variance Note	Estimate 2018 \$	Actual 2018 \$	Actual 2017 \$	Variance between estimate and actual \$	Variance between actual results for 2018 and 2017 \$
Statement of Financial Position						
ASSETS						
Current Assets						
Cash and cash equivalents	4, C	1,939,000	468,134	1,849,259	(1,470,866)	(1,381,125)
Restricted cash and cash equivalents		-	1,783	2,873	1,783	(1,090)
Other current assets		110,000	95,923	95,169	(14,077)	754
Receivables		114,000	78,522	44,404	(35,478)	34,118
Amounts receivable for services		208,000	208,000	208,000	-	-
Total Current Assets		2,371,000	852,362	2,199,706	(1,518,638)	(1,347,344)
Non-Current Assets						
Restricted cash and cash equivalents		40,000	63,743	32,202	23,743	31,541
Amounts receivable for services		1,978,000	1,948,000	1,971,000	(30,000)	(23,000)
Plant and equipment		97,000	64,740	96,572	(32,260)	(31,832)
Intangible assets	5	125,000	235,916	267,279	110,916	(31,363)
Total Non-Current Assets		2,240,000	2,312,400	2,367,053	72,400	(54,653)
TOTAL ASSETS		4,611,000	3,164,762	4,566,759	(1,446,238)	(1,401,997)
LIABILITIES						
Current Liabilities						
Payables		52,000	110,776	83,715	58,776	27,061
Provisions		1,563,000	1,537,588	1,479,979	(25,412)	57,609
Other current liabilities		108,000	48,184	48,184	(59,816)	-
Total Current Liabilities		1,723,000	1,696,548	1,611,877	(26,452)	84,671
Non-Current Liabilities						
Provisions		360,000	437,524	464,679	77,524	(27,155)
Other non-current liabilities		-	-	53,798	-	(53,798)
Total Non-Current Liabilities		360,000	437,524	518,477	77,524	(80,953)
TOTAL LIABILITIES		2,083,000	2,134,072	2,130,354	51,072	3,718
NET ASSETS		2,528,000	1,030,689	2,436,404	(1,497,311)	(1,405,715)
EQUITY						
Contributed equity		1,206,000	1,206,000	1,206,000	-	-
Accumulated surplus/(deficit)		1,322,000	(175,311)	1,230,404		
TOTAL EQUITY		2,528,000	1,030,689	2,436,404	(1,497,311)	(1,405,715)

Major Estimate and Actual (2018) Variance Narratives

- 4) The variance in cash and cash equivalents is primarily due to the use of cash balances, approved by Parliament through the budget papers, to meet the additional employee benefits expense set out in Variance Note 1.
- 5) The variance in intangible assets is primarily due to asset purchases committed in 2017-18 but paid in 2018-19 and fluctuations in the value and timing of the amortisation of assets.

Major Actual (2018) and Comparative (2017) Variance Narratives

- C) The variance in cash and cash equivalents is primarily due to the approved use of cash balances to meet the additional employee benefits expense set out in Variance Note 1.

9.9.3 Statement of Cash Flows Variances

	Variance Note	Estimate 2018	Actual 2018	Actual 2017	Variance between estimate and actual	Variance between actual results for 2018 and 2017
		\$	\$	\$	\$	\$
Statement of Cash Flows						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation		7,504,000	7,644,000	7,945,000	140,000	(301,000)
Capital appropriations		-	-	-	-	-
Holding account drawdown		208,000	238,000	208,000	30,000	30,000
Net cash provided by State Government		7,712,000	7,882,000	8,153,000	170,000	(271,000)
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	6, D	(6,867,000)	(9,180,715)	(8,385,880)	(2,313,715)	(794,835)
Supplies and services		(1,075,000)	(941,107)	(866,505)	133,893	(74,602)
Accommodation		(1,163,000)	(1,111,860)	(1,112,101)	51,140	241
GST payments on purchases	7	-	(219,896)	(230,234)	(219,896)	10,338
GST payments to taxation authority	7	-	(44,557)	-	(44,557)	(44,557)
Other payments	7	(639,000)	(25,400)	(25,100)	613,600	(300)
Receipts						
GST receipts on sales		271,000	212,559	197,407	(58,441)	15,152
GST receipts from taxation authority		-	55,206	48,736	55,206	6,470
Other receipts	8	1,989,000	2,212,879	2,061,435	223,879	151,444
Net cash used in operating activities		(7,484,000)	(9,042,892)	(8,312,241)	(1,558,892)	(730,651)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets		(208,000)	(189,782)	(298,480)	18,218	108,698
Net cash used in investing activities		(208,000)	(189,782)	(298,480)	18,218	108,698
Net (decrease)/increase in cash and cash equivalents		20,000	(1,350,675)	(457,721)	(1,370,675)	(892,954)
Cash and cash equivalents at the beginning of the period		1,959,000	1,884,334	2,342,055	(74,666)	(457,721)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,979,000	533,659	1,884,334	(1,445,341)	(1,350,675)

Major Estimate and Actual (2018) Variance Narratives

- 6) The variance in employee benefits payments is primarily due to additional staffing costs as set out in Variance Note 1.
- 7) The variance in GST payments on purchases, GST payments to the taxation authority and other payments is primarily due to some payments, included as other payments for the estimate, being included in GST payments on purchases and GST payments to the taxation authority in the actual.
- 8) The variance in other receipts is primarily due to additional funding approved by the Board of the Energy and Water Ombudsman (Western Australia) as set out in Variance Note 3.

Major Actual (2018) and Comparative (2017) Variance Narratives

- D) The variance in employee benefits payments is primarily due to changes in staffing costs as set out in Variance Note A.

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