

Financial Statements

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Financial Statements

Certification of Financial Statements

For the reporting period ended 30 June 2019

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 2019 and the financial position as at 30 June 2019.

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

22 August 2019



Chris Field
Accountable Authority

22 August 2019

Parliamentary Commissioner for Administrative Investigations Statement of Comprehensive Income

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
COST OF SERVICES			
Expenses			
Employee benefits expense	3.1(a)	7,785,780	9,191,283
Supplies and services	3.2	995,913	1,072,897
Depreciation and amortisation expense	5.1.1, 5.2.1	183,358	203,730
Accommodation expenses	3.2	1,404,080	1,391,978
Other expenses	3.2	42,757	70,792
Total cost of services		10,411,888	11,930,680
Income			
<i>Revenue</i>			
Other revenue	4.2	2,438,393	2,213,574
Total revenue		2,438,393	2,213,574
Total income other than income from State Government		2,438,393	2,213,574
NET COST OF SERVICES		7,973,495	9,717,106
Income from State Government			
Service appropriation	4.1	7,410,000	7,859,000
Services received free of charge	4.1	448,339	452,391
Total income from State Government		7,858,339	8,311,391
DEFICIT FOR THE PERIOD		(115,156)	(1,405,715)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(115,156)	(1,405,715)

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

Parliamentary Commissioner for Administrative Investigations Statement of Financial Position

As at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7.1	639,538	468,134
Restricted cash and cash equivalents	7.1	7,487	1,783
Other current assets	6.3	-	95,923
Receivables	6.1	49,989	78,522
Amounts receivable for services	6.2	208,000	208,000
Total Current Assets		905,015	852,362
Non-Current Assets			
Restricted cash and cash equivalents	7.1	85,816	63,743
Amounts receivable for services	6.2	1,955,000	1,948,000
Plant and equipment	5.1	82,019	64,740
Intangible assets	5.2	128,363	235,916
Total Non-Current Assets		2,251,198	2,312,400
TOTAL ASSETS		3,156,213	3,164,762
LIABILITIES			
Current Liabilities			
Payables	6.4	166,193	110,776
Provisions	3.1(b)	1,489,014	1,537,588
Other current liabilities	6.5	11,913	48,184
Total Current Liabilities		1,667,121	1,696,548
Non-Current Liabilities			
Provisions	3.1(b)	561,645	437,524
Other non-current liabilities	6.5	11,913	-
Total Non-Current Liabilities		573,558	437,524
TOTAL LIABILITIES		2,240,679	2,134,073
NET ASSETS		915,534	1,030,689
EQUITY			
Contributed equity	9.6	1,206,000	1,206,000
Accumulated surplus/(deficit)	9.6	(290,466)	(175,311)
TOTAL EQUITY		915,534	1,030,689

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

Parliamentary Commissioner for Administrative Investigations Statement of Changes in Equity

For the year ended 30 June 2019

	Notes	Contributed equity \$	Reserves \$	Accumulated surplus/(deficit) \$	Total equity \$
Balance at 1 July 2017	9.6	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
Balance at 1 July 2018		1,206,000	-	(175,311)	1,030,689
Deficit		-	-	(115,156)	(115,156)
Total comprehensive income for the year		-	-	(115,156)	(115,156)
Balance at 30 June 2019		1,206,000	-	(290,466)	915,533

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

Parliamentary Commissioner for Administrative Investigations Statement of Cash Flows

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		7,195,000	7,644,000
Holding account drawdown		208,000	238,000
Net cash provided by State Government		7,403,000	7,882,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(7,748,888)	(9,180,715)
Supplies and services		(753,956)	(941,107)
Accommodation		(1,031,588)	(1,111,860)
GST payments on purchases		(193,657)	(219,896)
GST payments to taxation authority		(42,450)	(44,557)
Other payments		(25,700)	(25,400)
Receipts			
GST receipts on sales		261,962	212,559
GST receipts from taxation authority		3,791	55,206
Other receipts		2,447,919	2,212,879
Net cash used in operating activities		(7,082,565)	(9,042,892)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(121,253)	(189,782)
Net cash used in investing activities		(121,253)	(189,782)
Net increase/(decrease) in cash and cash equivalents		199,182	(1,350,675)
Cash and cash equivalents at the beginning of the period		533,659	1,884,334
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7.1.1	732,841	533,659

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

Parliamentary Commissioner for Administrative Investigations Statement of Consolidated Account

For the year ended 30 June 2019

	2019 Estimate \$	2019 Actual \$	Variance \$	2019 Actual \$	2018 Actual \$	Variance \$
<u>Delivery Services</u>						
Item 4 Net amount appropriated to deliver services	6,751,000	6,751,000	-	6,751,000	7,200,000	(449,000)
Amount Authorised by Other Statutes						
- Parliamentary Commissioner Act 1971	659,000	659,000	-	659,000	659,000	-
Total appropriations provided to deliver services	7,410,000	7,410,000	-	7,410,000	7,859,000	(449,000)
<u>Capital</u>						
Item 118 Capital appropriations	-	-	-	-	-	-
GRAND TOTAL	7,410,000	7,410,000	-	7,410,000	7,859,000	(449,000)

Details of Expenses by Service

Resolving complaints about decision making of public authorities and improving the standard of public administration	9,985,000	10,411,888	426,888	10,411,888	11,930,680	(1,518,792)
Total Cost of Services	9,985,000	10,411,888	426,888	10,411,888	11,930,680	(1,518,792)
Less Total Income	(2,135,000)	(2,438,393)	(303,393)	(2,438,393)	(2,213,574)	(224,819)
Net Cost of Services	7,850,000	7,973,495	123,495	7,973,495	9,717,106	(1,743,611)
Adjustments	(440,000)	(563,495)	(123,495)	(563,495)	(1,858,106)	1,294,611
Total appropriations provided to deliver services	7,410,000	7,410,000	-	7,410,000	7,859,000	(449,000)
<u>Capital Expenditure</u>						
Purchase of non-current assets	208,000	121,253	(86,747)	121,253	189,782	(68,529)
Adjustments for other funding sources	(208,000)	-	208,000	-	-	-

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 2019 and between the actual results for 2019 and 2018.

Parliamentary Commissioner for Administrative Investigations

Notes to the Financial Statements

For the year ended 30 June 2019

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 22 August 2019.

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	<u>2.1</u>

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	2019 \$	2018 \$
Employee benefits expenses	3.1(a)	7,785,780	9,191,283
Employee related provisions	3.1(b)	2,050,659	1,975,112
Other expenditure	3.2	2,442,750	2,535,667

3.1(a) Employee benefits expense

	2019 \$	2018 \$
Wages and salaries	6,954,751	7,676,244
Termination benefits	-	688,774
Superannuation - defined contribution plans ^(a)	696,249	759,234
Other related expenses	134,779	67,031
	7,785,780	9,191,283

(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.

	2019	2018
	\$	\$
Current		
<i>Employee benefits provision</i>		
Annual leave ^(a)	520,562	527,658
Long service leave ^(b)	944,132	992,653
Purchased leave scheme ^(c)	17,581	10,300
	1,482,275	1,530,611
<i>Other provisions</i>		
Employment on-costs ^(d)	6,739	6,977
	6,739	6,977
Total current employee related provisions	1,489,014	1,537,588

	2019	2018
	\$	\$
Non-current		
<i>Employee benefits provision</i>		
Long service leave ^(b)	559,113	435,547
	559,113	435,547
<i>Other provisions</i>		
Employment on-costs ^(d)	2,532	1,977
	2,532	1,977
Total non-current employee related provisions	561,645	437,524
Total employee related provisions	2,050,659	1,975,112

- (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

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.

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'.

	2019	2018
	\$	\$
Employment on-cost provision		
Carrying amount at start of period	8,954	8,782
Additional provisions recognised	317	172
Carrying amount at end of period	9,271	8,954

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

	2019 \$	2018 \$
Supplies and services		
Communications	74,619	87,892
Consumables	65,697	84,024
Services and contracts	343,016	377,138
Services received free of charge ^(a)	168,283	171,526
Insurance	132,070	49,299
Travel	45,525	68,412
Other ^(b)	166,703	234,605
Total supplies and services expenses	995,913	1,072,897
Accommodation expenses		
Lease rentals	1,123,935	1,111,113
Repairs and maintenance	89	-
Services received free of charge ^(c)	280,056	280,865
Total accommodation expenses	1,404,080	1,391,978
Other		
Employment on-costs	317	172
Audit fee	26,086	25,700
Bad debts ^(d)	11,394	25,981
Loss on disposal on non-current assets	60	-
Other	4,900	18,939
Total other expenses	42,757	70,792
Total other expenditure	2,442,750	2,535,667

(a) Relates to the provision of human resources services by the Department of the Premier and Cabinet (Note 4.1).

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

(c) 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).

(d) Relates to the write-off of irrecoverable salary overpayments (Note 9.7(a)).

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	2019 \$	2018 \$
Income from State Government	4.1	7,858,339	8,311,391
Other revenue	4.2	2,438,393	2,213,574

4.1 Income from State Government

	Notes	2019 \$	2018 \$
Appropriation received during the period			
Service appropriation ^(a)			
- Recurrent		6,751,000	7,200,000
Special Acts		659,000	659,000
		7,410,000	7,859,000
Services received free of charge from other State government agencies during the period:			
Department of the Premier and Cabinet	3.2	168,283	171,526
Department of Finance	3.2	280,056	280,865
Total services received		448,339	452,391
Total income from State Government		7,858,339	8,311,391

- (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

	2019 \$	2018 \$
Other revenue - general	46,063	66,960
Other recoup ^(a)	2,392,330	2,146,614
	2,438,393	2,213,574

(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	2019 \$	2018 \$
Plant and equipment	5.1	82,019	64,740
Intangibles	5.2	128,363	235,916
Total key assets		210,382	300,656

5.1 Plant and equipment

	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

	Furniture and Fittings	Computer Hardware	Office Equipment	Communications	Total
Year ended 30 June 2019	\$	\$	\$	\$	\$
1 July 2018					
Gross carrying amount	6,814	264,548	48,863	213,050	533,275
Accumulated depreciation	(4,258)	(225,315)	(25,911)	(213,050)	(468,535)
Carrying amount at start of period	2,556	39,233	22,952	-	64,740
Additions	-	-	-	-	-
Other disposals	-	44,184	9,573	-	53,757
Depreciation	(681)	(27,473)	(8,265)	-	(36,419)
Carrying amount at 30 June 2019	1,874	55,944	24,201	-	82,019

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

The cost model is applied for subsequent measurement of plant and equipment, requiring all items of plant and equipment to be carried at historical cost less accumulated depreciation and accumulated impairment losses.

5.1.1 Depreciation and impairment

Charge for the period

	2019	2018
	\$	\$
<u>Depreciation</u>		
Furniture fixtures and fittings	681	681
Computer hardware	27,473	40,063
Office equipment	8,265	9,509
Total depreciation for the period	36,419	50,253

As at 30 June 2019 there were no indications of impairment to plant and equipment.

All surplus assets at 30 June 2019 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.

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 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

	Computer Software	Total
Year ended 30 June 2019	\$	\$
1 July 2018		
Gross carrying amount	1,646,454	1,646,454
Accumulated amortisation	(1,410,538)	(1,410,538)
Carrying amount at start of period	235,916	235,916
Additions	39,386	39,386
Amortisation	(146,939)	(146,939)
Carrying amount at 30 June 2019	128,363	128,363

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

	2019	2018
	\$	\$
Computer software	146,939	153,478
Total amortisation for the period	146,939	153,478

As at 30 June 2019 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	2019	2018
		\$	\$
Receivables	6.1	49,989	78,522
Amounts receivable for services	6.2	2,163,000	2,156,000
Other current assets	6.3	-	95,923
Payables	6.4	166,193	110,776
Other liabilities	6.5	23,826	48,184

6.1 Receivables

	2019	2018
	\$	\$
<u>Current</u>		
Receivables	41,567	59,543
Purchased leave receivable	8,422	18,978
Total current	49,989	78,522

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

6.2 Amounts receivable for services (Holding Account)

	2019	2018
	\$	\$
Current	208,000	208,000
Non-current	1,955,000	1,948,000
Balance at end of period	2,163,000	2,156,000

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.

Amounts Receivable for services are considered not impaired (i.e. there is no expected credit loss of the holding accounts).

6.3 Other assets

	2019	2018
	\$	\$
<u>Current</u>		
Prepayments	-	95,923
Total current	-	95,923
Balance at end of period	-	95,923

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

	2019	2018
	\$	\$
Current		
Trade payables	47,247	27,584
Accrued expenses	61,611	48,566
Accrued salaries	27,017	27,378
Accrued superannuation	2,689	2,717
GST payable	27,619	1,529
Other payables	11	3,002
Total current	166,193	110,776
Balance at end of period	166,193	110,776

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

	2019	2018
	\$	\$
Current		
Software contracts ^(a)	11,913	48,184
Total current	11,913	48,184
Non-current		
Software contracts ^(a)	11,913	-
Total non-current	11,913	-
Balance at end of period	23,826	48,184

(a) Contract for right-of-use software for the Records 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>
Commitments	<u>7.2</u>
Non-cancellable operating lease commitments	<u>7.2.1</u>
Capital commitments	<u>7.2.2</u>

7.1 Cash and cash equivalents

7.1.1 Reconciliation of cash

	Notes	2019 \$	2018 \$
<u>Current</u>			
Cash and cash equivalents	<u>8.1</u>	639,538	468,134
Restricted cash and cash equivalents			
– Indian Ocean Territories	<u>9.8</u>	7,487	1,783
<u>Non-current</u>			
Restricted cash and cash equivalents			
– Accrued salaries suspense account ^(a)		85,816	63,743
Balance at end of period		<u>732,841</u>	<u>533,660</u>

- (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.

7.2. Commitments

All commitments are presented inclusive of GST.

7.2.1 Non-cancellable operating lease commitments

	2019 \$	2018 \$
Commitments for minimum lease payments are payable as follows:		
Within 1 year	1,282,802	1,286,814
Later than 1 year and not later than 5 years	3,837,570	5,115,648
Later than 5 years	-	-
	<u>5,120,372</u>	<u>6,402,462</u>

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

	2019	2018
	\$	\$
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year ^(a)	124,519	14,105
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	124,519	14,105

(a) Due to the timing of the replacement of Office assets, some intangible assets were committed in 2018-19 but not paid until 2019-20.

Judgements made by management in applying accounting policies –

The Office has entered into a lease for a building for branch office accommodation. The lease relates to a building of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, the lease has been classified as an operating lease.

8. Risks and contingencies

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

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

8.1 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:

	2019 \$	2018 \$
Financial Assets		
Cash and cash equivalents	639,538	468,134
Restricted cash and cash equivalents	93,303	65,526
Receivables	-	78,522
Amount receivable for services	-	2,156,000
Financial assets at amortised cost ^(a)	2,212,989	-
Financial Liabilities		
Payables ^(a)	138,574	109,247
Other liabilities	23,826	48,184

(a) The amount of payables excludes GST payable to the ATO (no GST receivable in both years).

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 the best estimate.

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
Initial Application of Australian Accounting Standards	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. Initial Application of Australian Accounting Standards

Operative for
reporting
periods
beginning
on/after

AASB 9

Financial Instruments

1 Jan 2019

AASB 9 *Financial instruments* replaces AASB 139 *Financial instruments: Recognition and Measurements* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Office applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies but no adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Office has not restated the comparative information which continues to be reported under AASB 139.

The effect of adopting AASB 9 was assessed as not material, and therefore no adjustment was required to be recognised directly in Accumulated Surplus.

The nature of the change is described below.

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: The Office's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Office's business model was made as of the date of initial application, 1 July 2019. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have significant impact to the Office. The following are the changes in the classification of the Office's financial assets:

- Receivables and Amounts Receivable for Services classified as Loans and Receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Office did not designate any financial assets as at fair value through P/L.

In summary, upon adoption of AASB 9, the Office had the following reclassifications as at 1 July 2018.

	<u>AASB 9 category</u>			
	\$	Amortised cost \$	Fair value through OCI \$	Fair value through P/L \$
AASB 139 category				
Loans and receivables				
Receivables	78,522	78,522	-	-
Amounts receivable for services	2,156,000	2,156,000	-	-
	2,234,522	2,234,522	-	-

(b) Impairment

The adoption of AASB 9 has fundamentally changed accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

Upon adoption of AASB 9, the effect was assessed as not material, and therefore no adjustment was made.

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 (\$)	2019	2018
1 - 10,000	1 ^(a)	-
40,001 - 50,000	-	1
120,001 - 130,000	1	1
160,001 - 170,000	-	1
170,001 - 180,000	1	-
180,001 - 190,000	1	1
190,001 - 200,000	1	1
200,001 - 210,000	1	2
210,001 - 220,000	2	1
260,001 - 270,000	-	1
280,001 - 290,000	1	-
410,001 - 420,000	1	-
420,001 - 430,000	-	1
	2019	2018
	\$	\$
Total compensation of senior officers	2,027,343	2,020,955

(a) The senior officer within the 1 - 10,000 band for 2019 ceased employment in July 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).

Material transactions with other related parties

Other than superannuation payments to GESB (Note 3.1 (a)) 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:

	2019 \$	2018 \$
Auditing the accounts, financial statements, controls, and key performance indicators	26,086	25,700
	26,086	25,700

9.6 Equity

	2019 \$	2018 \$
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

	2019 \$	2018 \$
Accumulated surplus		
Balance at start of period	(175,311)	1,230,404
Result for the period	(115,156)	(1,405,715)
Balance at end of period	(290,466)	(175,311)
Total equity at end of period	915,534	1,030,689

9.7 Supplementary financial information

(a) Write-offs

During the financial year, \$11,394 (2018: \$25,981) was written off under the authority of:

	2019 \$	2018 \$
The Accountable Authority	11,394	25,981
	11,394	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.

	2019	2018
	\$	\$
Opening Balance	1,783	2,873
Receipts	31,564	30,108
Payments	(25,860)	(31,198)
Closing Balance	7,487	1,783

9.9 Explanatory statement

All variances between estimates (original budget) and actual results for 2019, and between the actual results for 2019 and 2018 are shown below. Narratives are provided for key major variances, which are generally greater than:

- 5% and \$199,000 for the Statements of Comprehensive Income and Cash Flows; and
- 5% and \$63,000 for the Statement of Financial Position.

9.9.1 Statement of Comprehensive Income Variances

	Variance Note	Estimate 2019 \$	Actual 2019 \$	Actual 2018 \$	Variance between estimate and actual \$	Variance between actual results for 2019 and 2018 \$
Statement of Comprehensive Income						
Employee benefits expense	1, A	6,738,000	7,785,780	9,191,283	1,047,780	(1,405,503)
Supplies and services	2	1,213,000	995,913	1,072,897	(217,087)	(76,984)
Depreciation and amortisation expense		215,000	183,358	203,730	(31,642)	(20,372)
Accommodation expenses		1,542,000	1,404,080	1,391,978	(137,920)	12,102
Other expenses	3	277,000	42,757	70,792	(234,243)	(28,035)
Total cost of services		9,985,000	10,411,888	11,930,680	426,888	(1,518,792)
Income						
<i>Revenue</i>						
Other revenue	4, B	2,135,000	2,438,393	2,213,574	303,393	224,819
Total revenue		2,135,000	2,438,393	2,213,574	303,393	224,819
Total income other than income from State Government		2,135,000	2,438,393	2,213,574	303,393	224,819
NET COST OF SERVICES		7,850,000	7,973,495	9,717,106	123,495	(1,743,611)
Income from State Government						
Service appropriation	C	7,410,000	7,410,000	7,859,000	-	(449,000)
Services received free of charge		440,000	448,339	452,391	8,339	(4,052)
Total income from State Government		7,850,000	7,858,339	8,311,391	8,339	(453,052)
DEFICIT FOR THE PERIOD		-	(115,156)	(1,405,715)	(115,156)	1,290,559
OTHER COMPREHENSIVE INCOME		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	(115,156)	(1,405,715)	(115,156)	1,290,559

Major Estimate and Actual (2019) Variance Narratives

- 1) The variance in employee benefits expense is primarily due to some expenses, included in supplies and services or other expenses for the estimate, being included in employee benefits for the actual and additional staffing costs to enable the Office to meet the workload associated with the role of the Energy and Water Ombudsman. The increase in Energy and Water Ombudsman staffing was fully offset by an increase in revenue (see Note 4).
- 2) The variance in supplies and services expenses is primarily due to some expenses, included in supplies and services for the estimate, being included in employee benefits for the actual.
- 3) The variance in other expenses is primarily due to some expenses, included in other expenses for the estimate, being included in employee benefits for the actual.
- 4) The variance in other revenue is primarily due to additional funding approved by the Board of the Energy and Water Ombudsman (Western Australia) Limited to enable the Office to meet the workload associated with the role of the Energy and Water Ombudsman.

Major Actual (2019) and Comparative (2018) Variance Narratives

- A) The variance in employee benefits expense is primarily due to additional staffing required in 2017-18 to manage the workload associated with an increase in complaints within the Ombudsman jurisdiction and one-off costs in 2017-18 associated with voluntary separations to enable changes to further enhance the efficiency of complaint resolution services.
- B) The variance in other revenue is primarily due to additional funding approved by the Board of the Energy and Water Ombudsman (Western Australia) Limited to enable the Office to meet the workload associated with the role of the Energy and Water Ombudsman.
- C) The reduction in service appropriation is primarily due to one-off costs in 2017-18 associated with voluntary severances and associated salary savings in 2018-19.

9.9.2 Statement of Financial Position Variances

	Variance Note	Estimate 2019 \$	Actual 2019 \$	Actual 2018 \$	Variance between estimate and actual \$	Variance between actual results for 2019 and 2018 \$
Statement of Financial Position						
ASSETS						
Current Assets						
Cash and cash equivalents	5, D	835,000	639,538	468,134	(195,462)	171,404
Restricted cash and cash equivalents		3,000	7,487	1,783	4,487	5,704
Other current assets	6, E	95,000	-	95,923	(95,000)	(95,923)
Receivables	7	231,000	49,989	78,522	(181,011)	(28,533)
Amounts receivable for services		208,000	208,000	208,000	-	-
Total Current Assets		1,372,000	905,015	852,362	(466,985)	52,653
Non-Current Assets						
Restricted cash and cash equivalents		72,000	85,816	63,743	13,816	22,073
Amounts receivable for services		1,955,000	1,955,000	1,948,000	-	7,000
Plant and equipment		83,000	82,019	64,740	(981)	17,279
Intangible assets	8, F	267,000	128,363	235,916	(138,637)	(107,553)
Total Non-Current Assets		2,377,000	2,251,198	2,312,400	(125,802)	(61,202)
TOTAL ASSETS		3,749,000	3,156,213	3,164,762	(592,787)	(8,549)
LIABILITIES						
Current Liabilities						
Payables		187,000	166,193	110,776	(20,807)	55,417
Provisions		1,520,000	1,489,014	1,537,588	(30,986)	(48,574)
Other current liabilities	9	102,000	11,913	48,184	(90,087)	(36,271)
Total Current Liabilities		1,809,000	1,667,121	1,696,548	(141,879)	(29,427)
Non-Current Liabilities						
Provisions	10, G	462,000	561,645	437,524	99,645	124,121
Other non-current liabilities		56,000	11,913	-	(44,087)	11,913
Total Non-Current Liabilities		518,000	573,558	437,524	55,558	136,034
TOTAL LIABILITIES		2,327,000	2,240,679	2,134,073	(86,321)	106,606
NET ASSETS		1,422,000	915,534	1,030,689	(506,466)	(115,155)
EQUITY						
Contributed equity		1,206,000	1,206,000	1,206,000	-	-
Accumulated surplus/(deficit)		216,000	(290,466)	(175,311)		
TOTAL EQUITY		1,422,000	915,534	1,030,689	(506,466)	(115,155)

Major Estimate and Actual (2019) Variance Narratives

- 5) The variance in cash and cash equivalents is primarily due to a lower cash balance at the beginning of 2018-19 compared to the estimate.
- 6) The variance in other current assets is due to an estimated prepayment for accommodation in 2018-19 which was not required due to the capitalisation of lease payments arising from the implementation of the new standard, AASB16 - Leases.
- 7) The variance in receivables is primarily due to GST receivables and payables being netted off in actual receivables and paid parental leave receivable and payable being netted off in actual payables.
- 8) The variance in intangible assets is due to the timing of asset purchases committed in 2018-19 but paid in 2019-20.

- 9) The variance in other current liabilities is primarily due to some liabilities, included in other current liabilities for the estimate, being included in payables for the actual.
- 10) The variance in non-current provisions is primarily due to fluctuations in the timing of when leave falls due and a reduction in the discount rate from 2.1% to 1.0% in 2018-19.

Major Actual (2019) and Comparative (2018) Variance Narratives

- D) The variance in cash and cash equivalents is primarily due to operational costs incurred and capital costs committed in 2018-19 but not paid till 2019-20.
- E) The variance in other current assets is due to a prepayment for accommodation in 2017-18 which was not required in 2018-19 due to the capitalisation of lease payments arising from the implementation of the new standard, AASB16 - Leases.
- F) The variance in intangible assets is due to reduced amortisation and the timing of asset purchases committed in 2018-19 but paid in 2019-20.
- G) The variance in non-current provisions is primarily due to fluctuations in the timing of when leave falls due and a reduction in the discount rate from 2.1% to 1.0% in 2018-19.

9.9.3 Statement of Cash Flows Variances

	Variance Note	Estimate 2019	Actual 2019	Actual 2018	Variance between estimate and actual	Variance between actual results for 2019 and 2018
		\$	\$	\$	\$	\$
Statement of Cash Flows						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	H	7,195,000	7,195,000	7,644,000	-	(449,000)
Capital appropriations		-	-	-	-	-
Holding account drawdown		208,000	208,000	238,000	-	(30,000)
Net cash provided by State Government		7,403,000	7,403,000	7,882,000	-	(479,000)
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	11, I	(6,718,000)	(7,748,888)	(9,180,715)	(1,030,888)	1,431,827
Supplies and services	12	(1,072,000)	(753,956)	(941,107)	318,044	187,151
Accommodation	13	(1,163,000)	(1,031,588)	(1,111,860)	131,412	80,272
GST payments on purchases		(271,000)	(193,657)	(219,896)	77,343	26,239
GST payments to taxation authority		-	(42,450)	(44,557)	(42,450)	2,107
Other payments	14	(357,000)	(25,700)	(25,400)	331,300	(300)
Receipts						
GST receipts on sales		271,000	261,962	212,559	(9,038)	49,403
GST receipts from taxation authority		-	3,791	55,206	3,791	(51,415)
Other receipts	15, J	2,135,000	2,447,919	2,212,879	312,919	235,040
Net cash used in operating activities		(7,175,000)	(7,082,565)	(9,042,892)	92,435	1,960,327
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets		(208,000)	(121,253)	(189,782)	86,747	68,529
Net cash used in investing activities		(208,000)	(121,253)	(189,782)	86,747	68,529
Net increase/(decrease) in cash and cash equivalents		20,000	199,182	(1,350,675)	179,182	1,549,857
Cash and cash equivalents at the beginning of the period		890,000	533,659	1,884,334	(356,341)	(1,350,675)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		910,000	732,841	533,659	(177,159)	199,182

Major Estimate and Actual (2019) Variance Narratives

- 11) The variance in employee benefits is primarily due to some payments, included in supplies and services or other payments for the estimate, being included in employee benefits for the actual and additional staffing costs to enable the Office to meet the workload associated with the role of the Energy and Water Ombudsman. The increase in Energy and Water Ombudsman costs was fully offset by an increase in revenue (see Note 15).
- 12) The variance in supplies and services expenses is primarily due to some payments, included in supplies and services for the estimate, being included in employee benefits for the actual.
- 13) The variance in accommodation is due to a prepayment for accommodation in 2019 which was not required in 2018-19 due to the capitalisation of lease payments arising from the implementation of the new standard, AASB16 - Leases.
- 14) The variance in other expenses is primarily due to some expenses, included in other expenses for the estimate, being included in employee benefits for the actual.

- 15) The variance in other receipts is primarily due to additional funding approved by the Board of the Energy and Water Ombudsman (Western Australia) Limited to enable the Office to meet the workload associated with the role of the Energy and Water Ombudsman.

Major Actual (2019) and Comparative (2018) Variance Narratives

- H) The reduction in service appropriation is primarily due to one-off costs in 2017-18 associated with voluntary severances and associated salary savings in 2018-19.
- I) The variance in employee benefits is primarily due to additional staffing required in 2017-18 to manage the workload associated with an increase in complaints within the Ombudsman jurisdiction and one-off costs in 2017-18 associated with voluntary separations to enable changes to further enhance the efficiency of complaint resolution services.
- J) The variance in other receipts is primarily due to additional funding approved by the Board of the Energy and Water Ombudsman (Western Australia) Limited to enable the Office to meet the workload associated with the role of the Energy and Water Ombudsman.