

# Financial Statements

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30 June 2020

## Financial Statements

### Certification of Financial Statements

#### For the reporting period ended 30 June 2020

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 2020 and the financial position as at 30 June 2020.

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

27 August 2020



Chris Field  
Accountable Authority

27 August 2020

# Parliamentary Commissioner for Administrative Investigations Statement of Comprehensive Income

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	3.1(a)	8,679,248	7,785,780
Supplies and services	3.2	944,727	995,913
Depreciation and amortisation expense	5.1.1. 5.3.1	204,658	183,358
Accommodation expenses	3.2	1,475,246	1,404,080
Finance costs	7.2	1,188	-
Other expenses	3.2	27,112	42,757
<b>Total cost of services</b>		<b>11,332,179</b>	<b>10,411,888</b>
<b>Income</b>			
<i>Revenue</i>			
Other revenue	4.2	2,492,550	2,438,393
<b>Total revenue</b>		<b>2,492,550</b>	<b>2,438,393</b>
<b>Total income other than income from State Government</b>		<b>2,492,550</b>	<b>2,438,393</b>
<b>NET COST OF SERVICES</b>		<b>8,839,629</b>	<b>7,973,495</b>
<b>Income from State Government</b>			
Service appropriation	4.1	8,684,000	7,410,000
Services received free of charge	4.1	445,024	448,339
<b>Total income from State Government</b>		<b>9,129,024</b>	<b>7,858,339</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>289,395</b>	<b>(115,156)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>289,395</b>	<b>(115,156)</b>

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 2020

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7.3	952,631	639,538
Restricted cash and cash equivalents	7.3	35,808	7,487
Other current assets	6.3	30,127	-
Receivables	6.1	101,137	49,989
Amounts receivable for services	6.2	208,000	208,000
<b>Total Current Assets</b>		<b>1,327,703</b>	<b>905,014</b>
<b>Non-Current Assets</b>			
Restricted cash and cash equivalents	7.3	127,529	85,816
Amounts receivable for services	6.2	1,982,000	1,955,000
Plant and equipment	5.1	109,517	82,019
Intangible assets	5.3	208,190	128,363
Right-of-use assets	5.2	48,367	-
<b>Total Non-Current Assets</b>		<b>2,475,603</b>	<b>2,251,198</b>
<b>TOTAL ASSETS</b>		<b>3,803,306</b>	<b>3,156,212</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	6.4	230,807	166,193
Employee related provisions	3.1(b)	1,741,537	1,489,014
Lease liabilities	7.1	20,968	-
Contract liabilities	6.5	34,756	11,913
<b>Total Current Liabilities</b>		<b>2,028,068</b>	<b>1,667,120</b>
<b>Non-Current Liabilities</b>			
Employee related provisions	3.1(b)	517,971	561,645
Lease liabilities	7.1	28,228	-
Contract liabilities	6.5	3,110	11,913
<b>Total Non-Current Liabilities</b>		<b>549,309</b>	<b>573,558</b>
<b>TOTAL LIABILITIES</b>		<b>2,577,377</b>	<b>2,240,678</b>
<b>NET ASSETS</b>		<b>1,225,929</b>	<b>915,534</b>
<b>EQUITY</b>			
Contributed equity	9.6	1,227,000	1,206,000
Accumulated surplus/(deficit)	9.6	(1,071)	(290,466)
<b>TOTAL EQUITY</b>		<b>1,225,929</b>	<b>915,534</b>

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 2020

	Notes	Contributed equity €	Accumulated surplus/(deficit) €	Total equity €
<b>Balance at 1 July 2018</b>	<u>9.6</u>	<b>1,206,000</b>	<b>(175,310)</b>	<b>1,030,690</b>
Deficit		-	(115,156)	(115,156)
Total comprehensive income for the period		-	(115,156)	(115,156)
<b>Balance at 30 June 2019</b>		<b>1,206,000</b>	<b>(290,466)</b>	<b>915,534</b>
<b>Balance at 1 July 2019</b>		<b>1,206,000</b>	<b>(290,466)</b>	<b>915,534</b>
Surplus		-	289,395	289,395
Total comprehensive income for the period			289,395	289,395
Transactions with owners in their capacity as owners:				
Capital appropriations		21,000		21,000
Total		21,000	-	21,000
<b>Balance at 30 June 2020</b>		<b>1,227,000</b>	<b>(1,071)</b>	<b>1,225,929</b>

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 2020

	Notes	2020 \$	2019 \$
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		8,449,000	7,195,000
Holding account drawdown		208,000	208,000
Capital appropriations		21,000	-
<b>Net cash provided by State Government</b>		<b>8,678,000</b>	<b>7,403,000</b>
Utilised as follows:			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(8,424,667)	(7,748,888)
Supplies and services		(876,794)	(753,956)
Accommodation		(1,181,627)	(1,031,588)
GST payments on purchases		(227,721)	(193,657)
GST payments to taxation authority		(112,220)	(42,450)
Finance costs		(1,188)	-
Other payments		(26,136)	(25,700)
<b>Receipts</b>			
GST receipts on sales		248,442	261,962
GST receipts from taxation authority		79,383	3,791
Other receipts		2,492,550	2,447,919
<b>Net cash used in operating activities</b>		<b>(8,029,978)</b>	<b>(7,082,565)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Payments</b>			
Purchase of non-current assets		(245,737)	(121,253)
<b>Net cash used in investing activities</b>		<b>(245,737)</b>	<b>(121,253)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Principal elements of lease payments		(19,158)	-
<b>Net cash used in financing activities</b>		<b>(19,158)</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		383,127	199,182
Cash and cash equivalents at the beginning of the period		732,841	533,659
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	8.1	<b>1,115,968</b>	<b>732,841</b>

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

# Parliamentary Commissioner for Administrative Investigations Summary of consolidated account appropriations

For the year ended 30 June 2020

	2020 Budget Estimate \$	2020 Supplementary Funding \$	2020 Mid-year Review Adjustment \$	2020 Revised Budget \$	2020 Actual \$	2020 Variance \$
<u>Delivery Services</u>						
Item 4 Net amount appropriated to deliver services	7,431,000	-	-	7,431,000	7,379,000	(52,000)
Section 25 Transfer of service appropriation	627,000	-	-	627,000	627,000	-
Amount Authorised by Other Statutes						
- <i>Parliamentary Commissioner Act 1971</i>	659,000	-	19,000	678,000	678,000	-
<b>Total appropriations provided to deliver services</b>	<b>8,717,000</b>	<b>-</b>	<b>19,000</b>	<b>8,736,000</b>	<b>8,684,000</b>	<b>(52,000)</b>
<u>Capital</u>						
Item 92 Capital appropriations	783,000	-	-	783,000	21,000	(762,000)
<b>GRAND TOTAL</b>	<b>9,500,000</b>	<b>-</b>	<b>19,000</b>	<b>9,519,000</b>	<b>8,705,000</b>	<b>(814,000)</b>

Note 9.9 "Explanatory statement" provides details of any significant variations between revised budget and actual results for 2020

# Parliamentary Commissioner for Administrative Investigations

## Notes to the Financial Statements

### For the year ended 30 June 2020

#### 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 27 August 2020.

#### 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.

## 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	<a href="#">2.1</a>

### 2.1 Agency objectives

#### Mission

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

- Receiving, investigating and resolving complaints about State Government agencies, local governments and universities;
- Reviewing certain child deaths and family and domestic violence fatalities;
- Improving public administration for the benefit of all Western Australians through own motion investigations and education and liaison programs with public authorities; and
- Undertaking a range of additional functions, including statutory inspection and monitoring functions.

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	2020 \$	2019 \$
Employee benefits expenses	<a href="#">3.1(a)</a>	8,679,248	7,785,780
Employee related provisions	<a href="#">3.1(b)</a>	2,259,508	2,050,659
Other expenditure	<a href="#">3.2</a>	2,447,085	2,442,750

#### 3.1(a) Employee benefits expense

	2020 \$	2019 \$
Employee benefits	7,921,373	6,954,751
Termination benefits	30	-
Superannuation - defined contribution plans	768,509	696,249
Other related expenses	(10,664)	134,779
<b>Total employee benefits expenses</b>	<b>8,679,248</b>	<b>7,785,780</b>
Add: AASB 16 Non-monetary benefits	20,269	-
Less: Employee Contributions	11,682	-
<b>Net benefits expenses</b>	<b>8,687,835</b>	<b>7,785,780</b>

**Employee benefits:** Include wages, salaries, accrued and paid leave entitlements and paid sick leave; and non-monetary benefits (such as cars) for employees.

**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.

	2020	2019
	\$	\$
<b>Current</b>		
<i>Employee benefits provision</i>		
Annual leave <sup>(a)</sup>	580,040	520,562
Long service leave <sup>(b)</sup>	1,129,699	944,132
Purchased leave scheme <sup>(c)</sup>	23,941	17,581
	<b>1,733,680</b>	<b>1,482,275</b>
<i>Other provisions</i>		
Employment on-costs <sup>(d)</sup>	7,857	6,739
	<b>7,857</b>	<b>6,739</b>
<b>Total current employee related provisions</b>	<b>1,741,537</b>	<b>1,489,014</b>
	2020	2019
	\$	\$
<b>Non-current</b>		
<i>Employee benefits provision</i>		
Long service leave <sup>(b)</sup>	515,644	559,113
	<b>515,644</b>	<b>559,113</b>
<i>Other provisions</i>		
Employment on-costs <sup>(d)</sup>	2,327	2,532
	<b>2,327</b>	<b>2,532</b>
<b>Total non-current employee related provisions</b>	<b>517,971</b>	<b>561,645</b>
<b>Total employee related provisions</b>	<b>2,259,508</b>	<b>2,050,659</b>

(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.

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'.

	2020 \$	2019 \$
<u>Employment on-cost provision</u>		
Carrying amount at start of period	9,271	8,954
Additional provisions recognised	913	317
<b>Carrying amount at end of period</b>	<b>10,184</b>	<b>9,271</b>

#### 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

	2020 \$	2019 \$
<b>Supplies and services</b>		
Communications	65,600	74,619
Consumables	104,673	65,697
Services and contracts	331,148	343,016
Services received free of charge <sup>(a)</sup>	151,405	168,283
Insurance	84,621	132,070
Travel	53,467	45,525
Other <sup>(b)</sup>	153,813	166,703
<b>Total supplies and services expenses</b>	<b>944,727</b>	<b>995,913</b>
<b>Accommodation expenses</b>		
Rentals	1,176,279	1,123,935
Repairs and maintenance	5,348	89
Services received free of charge <sup>(c)</sup>	293,619	280,056
<b>Total accommodation expenses</b>	<b>1,475,246</b>	<b>1,404,080</b>
<b>Other</b>		
Employment on-costs	913	317
Audit fee	26,086	26,086
Bad debts <sup>(d)</sup>	52	11,394
Loss on disposal on non-current assets	61	60
Other	-	4,900
<b>Total other expenses</b>	<b>27,112</b>	<b>42,757</b>
<b>Total other expenditure</b>	<b>2,447,085</b>	<b>2,442,750</b>

(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 expense:

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.

#### Rental expenses include:

- i) Short-term leases with a lease term of 12 months or less;
- ii) Low-value leases with an underlying value of \$5,000 or less; and
- iii) Variable lease payments, recognised in the period in which the event or condition that triggers those payments occurs.

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

## 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	2020 \$	2019 \$
Income from State Government	4.1	9,129,024	7,858,339
Other revenue	4.2	2,492,550	2,438,393

#### 4.1 Income from State Government

	Notes	2020 \$	2019 \$
<b>Appropriation received during the period</b>			
Service appropriation <sup>(a)</sup>			
- Recurrent		8,006,000	6,751,000
Special Acts		678,000	659,000
		<b>8,684,000</b>	<b>7,410,000</b>
Services received free of charge from other State government agencies during the period:			
Department of the Premier and Cabinet	3.2	151,405	168,283
Department of Finance	3.2	293,619	280,056
<b>Total services received</b>		<b>445,024</b>	<b>448,339</b>
<b>Total income from State Government</b>		<b>9,129,024</b>	<b>7,858,339</b>

- (a) **Service Appropriations** are recognised as revenues at fair value of consideration received 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 application of AASB 15 and AASB 1058 from 1 July 2019 has had no impact on the treatment of income from State Government.

#### 4.2 Other revenue

	2020 \$	2019 \$
Other revenue - general	70,925	46,063
Other recoup <sup>(a)</sup>	2,421,625	2,392,330
	<b>2,492,550</b>	<b>2,438,393</b>

- (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	2020 \$	2019 \$
Plant and equipment	5.1	109,517	82,019
Right-of-use assets	5.2	48,367	-
Intangibles	5.3	208,190	128,363
<b>Total key assets</b>		<b>366,074</b>	<b>210,382</b>

#### 5.1 Plant and equipment

	Furniture and Fittings	Computer Hardware	Office Equipment	Communications	Total
Year ended 30 June 2019	\$	\$	\$	\$	\$
<b>1 July 2018</b>					
Gross carrying amount	6,814	264,548	48,863	213,050	533,275
Accumulated depreciation	(4,259)	(225,315)	(25,910)	(213,050)	(468,534)
<b>Carrying amount at start of period</b>	<b>2,555</b>	<b>39,233</b>	<b>22,953</b>	<b>-</b>	<b>64,741</b>
Additions	-	44,184	9,573	-	53,757
Other disposals	-	-	(60)	-	(60)
Depreciation	(681)	(27,473)	(8,265)	-	(36,419)
<b>Carrying amount at 30 June 2019</b>	<b>1,874</b>	<b>55,944</b>	<b>24,201</b>	<b>-</b>	<b>82,019</b>



	Furniture and Fittings	Computer Hardware	Office Equipment	Communications	Total
<b>Year ended 30 June 2020</b>	\$	\$	\$	\$	\$
<b>1 July 2019</b>					
Gross carrying amount	6,814	308,732	46,347	213,050	574,943
Accumulated depreciation	(4,940)	(252,788)	(22,146)	(213,050)	(492,924)
<b>Carrying amount at start of period</b>	<b>1,874</b>	<b>55,944</b>	<b>24,201</b>	<b>-</b>	<b>82,019</b>
Additions	-	55,774	10,150	-	65,923
Other disposals	-	-	(61)	-	(61)
Depreciation	(681)	(29,874)	(7,809)	-	(38,364)
<b>Carrying amount at 30 June 2020</b>	<b>1,193</b>	<b>81,844</b>	<b>26,481</b>	<b>-</b>	<b>109,517</b>

#### 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

Plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

#### 5.1.1 Depreciation and impairment

##### Charge for the period

	2020	2019
	\$	\$
<u>Depreciation</u>		
Furniture fixtures and fittings	681	681
Computer hardware	29,874	27,473
Office equipment	7,809	8,265
<b>Total depreciation for the period</b>	<b>38,364</b>	<b>36,419</b>

As at 30 June 2020 there were no indications of impairment to plant and equipment.

All surplus assets at 30 June 2020 have either been classified as assets held for sale or have been written-off.

Please refer to note 5.3 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
Motor vehicles	3 - 5 years
Software <sup>(a)</sup>	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 Right-of-use assets

	2020 \$	2019 \$
<b>Right-of-use assets</b>		
Vehicles	48,367	-
<b>Net carrying amount at 30 June</b>	<b>48,367</b>	<b>-</b>

Additions to right-of-use assets during the 2020 financial year were \$68,354.

## Initial recognition

Right-of-use assets are measured at cost including the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs, including dismantling and removing the underlying asset.

The Office has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

## Subsequent measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

## Depreciation and impairment of right-of-use-assets

Right-of-use assets are depreciated on a straight line basis over the shorter of the asset's useful life and the lease term. If the Office is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 5.1.1.

The following amounts relating to leases have been recognised in the statement of comprehensive income:

	2020	2019
	\$	\$
Vehicles	19,987	-
<b>Total right-of-use depreciation for the period</b>	<b>19,987</b>	<b>-</b>
Lease interest expense	1,188	-

Total cash outflow for leases in 2020 was \$20,345.

### *The Office's leasing activities and how these are accounted for:*

The Office has leases for vehicles.

The Office has also entered into a Memorandum of Understanding Agreements (MOU) with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

Up to 30 June 2019, the Office classified leases as either finance leases or operating leases. From 1 July 2019, at 1 July 2019, the Office recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 7.1.

### 5.3 Intangible assets

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

	Computer Software	Total
Year ended 30 June 2020	\$	\$
<b>1 July 2019</b>		
Gross carrying amount	1,685,840	1,685,840
Accumulated amortisation	(1,557,477)	(1,557,477)
<b>Carrying amount at start of period</b>	<b>128,363</b>	<b>128,363</b>
Additions	226,134	226,134
Amortisation	(146,307)	(146,307)
<b>Carrying amount at 30 June 2020</b>	<b>208,190</b>	<b>208,190</b>

#### Initial recognition

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.

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.

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.

### 5.3.1 Amortisation and impairment

#### Charge for the period

	2020	2019
	\$	\$
Computer software	146,307	146,939
<b>Total amortisation for the period</b>	<b>146,307</b>	<b>146,939</b>

As at 30 June 2020 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 <sup>(a)</sup>	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	2020 \$	2019 \$
Receivables	<a href="#">6.1</a>	101,137	49,989
Amounts receivable for services	<a href="#">6.2</a>	2,190,000	2,163,000
Other current assets	<a href="#">6.3</a>	30,127	-
Payables	<a href="#">6.4</a>	230,807	166,193
Contract liabilities	<a href="#">6.5</a>	37,866	23,826

### 6.1 Receivables

	2020 \$	2019 \$
<u>Current</u>		
Receivables	92,831	41,567
Purchased leave receivable	8,306	8,422
<b>Total current</b>	<b>101,137</b>	<b>49,989</b>

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)

	2020 \$	2019 \$
Current	208,000	208,000
Non-current	1,982,000	1,955,000
<b>Balance at end of period</b>	<b>2,190,000</b>	<b>2,163,000</b>

**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

	2020 \$	2019 \$
<u>Current</u>		
Prepayments	30,127	-
<b>Total current</b>	<b>30,127</b>	<b>-</b>
<b>Balance at end of period</b>	<b>30,127</b>	<b>-</b>

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

	2020	2019
	\$	\$
<b>Current</b>		
Trade payables	44,560	47,247
Accrued expenses	71,264	61,610
Accrued salaries	87,608	27,017
Accrued superannuation	10,262	2,689
GST payable	17,102	27,619
Other payables	11	11
<b>Total current</b>	<b>230,807</b>	<b>166,193</b>
<b>Balance at end of period</b>	<b>230,807</b>	<b>166,193</b>

**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 7.3 '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 Contract liabilities

	2020	2019
	\$	\$
<b>Current</b>		
Software contracts <sup>(a)</sup>	34,756	11,913
<b>Total current</b>	<b>34,756</b>	<b>11,913</b>
<b>Non-current</b>		
Software contracts <sup>(a)</sup>	3,110	11,913
<b>Total non-current</b>	<b>3,110</b>	<b>11,913</b>
<b>Balance at end of period</b>	<b>37,866</b>	<b>23,826</b>

(a) Software contracts for finance, records management and email system that are over a 2 year period.

## 7. Financing

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

	Notes
Lease liabilities	<u>7.1</u>
Finance costs	<u>7.2</u>
Cash and cash equivalents	<u>7.3</u>
Commitments	<u>7.4</u>
Capital commitments	<u>7.4.1</u>

## 7.1 Lease liabilities

	Notes	2020 \$	2019 \$
<u>Lease liabilities</u>			
Current		20,968	-
Non-current		28,228	-
		<b>49,196</b>	-

The Office measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Office uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Office as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate initially measured using the index or rate at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised);
- Payments for penalties for terminating a lease, where the lease term reflects the agency exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Office if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales are recognised by the Office in profit and loss in the period in which the condition that triggers those payments occurs.

This section should be read in conjunction with note 5.2

### Subsequent measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

## 7.2 Finance costs

	2020	2019
	\$	\$
<b>Finance costs</b>		
Lease interest expense	1,188	-
<b>Total finance costs</b>	<b>1,188</b>	<b>-</b>

Finance cost' includes the interest component of lease liability repayments, and the increase in financial liabilities and non-employment provisions due to the unwinding of discounts to reflect the passage of time.

## 7.3 Cash and cash equivalents

	Notes	2020	2019
		\$	\$
<u>Current</u>			
Cash and cash equivalents	8.1	952,631	639,538
Restricted cash and cash equivalents			
– Indian Ocean Territories	9.8	35,808	7,487
<u>Non-current</u>			
Restricted cash and cash equivalents			
– Accrued salaries suspense account <sup>(a)</sup>		127,529	85,816
<b>Balance at end of period</b>		<b>1,115,968</b>	<b>732,841</b>

- (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.

## 7.4. Commitments

All commitments are presented inclusive of GST.

### 7.4.1 Capital commitments

	2020	2019
	\$	\$
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year <sup>(a)</sup>	89,764	124,519
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<b>89,764</b>	<b>124,519</b>

- (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.



## 8. Financial instruments and Contingencies

	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:

	2020 \$	2019 \$
<b>Financial Assets</b>		
Cash and cash equivalents	1,115,968	732,841
Financial assets at amortised cost <sup>(a)</sup>	2,291,137	2,212,989
<b>Financial Liabilities</b>		
Financial liabilities at amortised cost <sup>(b)</sup>	251,571	162,400

- (a) The amount of Financial assets at amortised costs excludes GST recoverable to the ATO (statutory receivable).
- (b) The amount of Financial liabilities at amortised costs excludes GST payable to the ATO (statutory payable).

### 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	<u>9.1</u>
Initial application of Australian Accounting Standards	<u>9.2</u>
Key management personnel	<u>9.3</u>
Related party transactions	<u>9.4</u>
Remuneration of auditors	<u>9.5</u>
Equity	<u>9.6</u>
Supplementary financial information	<u>9.7</u>
Indian Ocean Territories	<u>9.8</u>
Explanatory statement	<u>9.9</u>

### 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

### (a) AASB 15 Revenue from Contract with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* for annual reporting periods on or after 1 January 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service and is based upon the transfer of control rather than transfer of risks and rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- Identifying contracts with customers
- Identifying separate performance obligations
- Determining the transaction price
- Allocating the transaction price to each of the performance obligations
- Recognising revenue when or as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, income other than from contracts with customers are subject to AASB 1058 *Income of Not-for-Profit Entities*. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners, related to an asset (such as cash or another asset) recognised by an agency.

The Office adopts the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information will be restated under this approach, and the Office recognises the cumulative effect of initially applying the Standards as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 July 2019).

Under this transition method, an agency elects to not to apply the standards retrospectively to non-completed contracts at the date of initial application.

Refer to Note 4.1 and 4.2 for the revenue and income accounting policies adopted from 1 July 2019.

The application of AASB 15 and AASB 1058 from 1 July 2019 has had no impact on the treatment of income from State Government and Other Revenue.

### (b) AASB 16 Leases

AASB 16 *Leases* supersedes AASB 117 *Leases* and related interpretations. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The Office applies AASB 16 *Leases* from 1 July 2019 using the modified retrospective approach on initial adoption. As permitted under the specific transition provisions, comparatives are not restated. The cumulative effect of initially applying this Standard as an adjustment to the opening balance of accumulated surplus/(deficit).

The main changes introduced by this Standard include identification of lease within a contract and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) on the Statement of Financial Position as right-of-use assets and lease liabilities, except for short term leases (lease terms of 12 months or less at commencement date) and low-value assets (where the underlying asset is valued less than \$5,000). The operating lease and finance lease distinction for lessees no longer exists.

Under AASB 16, the Office takes into consideration all operating leases that were off balance sheet under AASB 117 and recognises:

- (a) right of use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of future lease payments, discounted using the incremental borrowing rate 2.5% on 1 July 2019;
- (b) depreciation of right-of-use assets and interest on lease liabilities in the Statement of Comprehensive Income; and
- (c) the total amount of cash paid as principal amount, which is presented in the cash flows from financing activities, and interest paid, which is presented in the cash from operating activities, in the Statement of Cash Flows.

In relation to leased vehicles that were previously classified as finance leases, their carrying amount before transition is used as the carrying amount of the right-of-use assets and the lease liabilities as of 1 July 2019.

The Office measure concessionary leases that are of low value terms and conditions at cost of inception. There is no financial impact as the Office is not in possession of any concessionary leases at the date of transition.

The right-of-use assets are assessed for impairment at the date of transition and the Office has not identified any impairments to its right-of-use assets.

On transition, the Office has elected to apply the following practical expedients in the assessment of their leases that were previously classified as operating leases under AASB 117:

- (a) A single discount rate has been applied to the portfolio of leases with reasonably similar characteristics;
- (b) The Office has relied on its assessment of whether existing leases were onerous in applying AASB 137 Provisions, *Contingent Liabilities and Contingent Assets* immediately before the date of initial application as an alternative to performing an impairment review. The Office has adjusted the ROU asset at 1 July 2019 by the amount of any provisions included for onerous leases recognised in the statement of financial positions at 30 June 2019;
- (c) Where the lease term at initial application ended within 12 months, the Agency has accounted for these as short-term leases;
- (d) Initial direct costs have been excluded from the measurement of the right-of-use asset;
- (e) Hindsight has been used to determine if the contracts contained options to extend or terminate the lease.

The Office has not reassessed whether existing contracts are, or contained a lease at the 1 July 2019. The requirements of paragraphs 9-11 of AASB 16 are applied to contracts that came into existence post 1 July 2019.

<b>a. Measurement of lease liabilities</b>	
Operating Lease Commitments disclosed as at 30 June 2019	66,366
Discounted using incremental borrowing rate at date of initial application <sup>1</sup>	63,882
Add: Finance lease liabilities recognised as at 30 June 2019	-
(Less): Short term leases not recognised as liability	-
(Less): Low value leases not recognised as liability	-
<b>Lease liability recognised at 1 July 2019</b>	<b>63,882</b>
Current lease liabilities	18,142
Non-current lease liabilities	45,740

<sup>1</sup>The WATC incremental borrowing rate was used for the purposes of calculating the lease transition opening balance.

### 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 (\$)	2020	2019
1 - 10,000		1 <sup>(a)</sup>
110,001 - 120,000	1	-
120,001 - 130,000	-	1
160,001 - 170,000	-	-
170,001 - 180,000	1	1
180,001 - 190,000	1	1
190,001 - 200,000	1	1
200,001 - 210,000	3	1
210,001 - 220,000	-	2
230,001 - 240,000	1	-
280,001 - 290,000	-	1
410,001 - 420,000	-	1
420,001 - 430,000	1	-
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Total compensation of senior officers</b>	<b>1,954,303</b>	<b>2,027,343</b>

(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;
- All senior officers and their close family members, and their controlled or jointly controlled entities;
- Other agencies 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:

	2020 \$	2019 \$
Auditing the accounts, financial statements, controls, and key performance indicators	26,086	26,086
	<b>26,086</b>	<b>26,086</b>

## 9.6 Equity

	2020 \$	2019 \$
<b>Contributed equity</b>		
Balance at start of period	1,206,000	1,206,000
<i>Contributions by owners</i>		
Capital appropriation	21,000	-
<b>Total contributions by owners</b>	<b>21,000</b>	<b>-</b>
<b>Balance at end of period</b>	<b>1,227,000</b>	<b>1,206,000</b>

	2020 \$	2019 \$
<b>Accumulated surplus</b>		
Balance at start of period	(290,466)	(175,310)
Result for the period	289,395	(115,156)
<b>Balance at end of period</b>	<b>(1,071)</b>	<b>(290,466)</b>
<b>Total equity at end of period</b>	<b>1,225,929</b>	<b>915,534</b>

## 9.7 Supplementary financial information

### (a) Write-offs

During the financial year, \$52 (2019: \$11,394) was written off under the authority of:

	2020 \$	2019 \$
The Accountable Authority	52	11,394
	<b>52</b>	<b>11,394</b>

### (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.

	2020 \$	2019 \$
Opening Balance	7,487	1,783
Receipts	59,497	31,564
Payments	(31,176)	(25,860)
<b>Closing Balance</b>	<b>35,808</b>	<b>7,487</b>

## 9.9 Explanatory statement

All variances between estimates (original budget) and actual results for 2020, and between the actual results for 2020 and 2019 are shown below. Narratives are provided for key major variances, which are generally greater than:

- 10% and \$1,000,000 for the Statements of Comprehensive Income and Cash Flows; and
- 10% and \$1,000,000 for the Statement of Financial Position.

### 9.9.1 Statement of Comprehensive Income Variances

	Variance Note	Estimate 2020 \$	Actual 2020 \$	Actual 2019 \$	Variance between estimate and actual \$	Variance between actual results for 2020 and 2019 \$
<b>Statement of Comprehensive Income</b>						
Employee benefits expense	1	7,674,000	8,679,248	7,785,780	1,005,248	893,468
Supplies and services	2	2,039,000	944,727	995,913	(1,094,273)	(51,186)
Depreciation and amortisation expense		1,052,000	204,658	183,358	(847,342)	21,300
Accommodation expenses	3	45,000	1,475,246	1,404,080	1,430,246	71,166
Finance costs		104,000	1,188	-	(102,812)	1,188
Other expenses		444,000	27,112	42,757	(416,888)	(15,645)
<b>Total cost of services</b>		<b>11,358,000</b>	<b>11,332,179</b>	<b>10,411,888</b>	<b>(25,821)</b>	<b>920,291</b>
<b>Income</b>						
<i>Revenue</i>						
Other revenue		2,201,000	2,492,550	2,438,393	291,550	54,157
<b>Total revenue</b>		<b>2,201,000</b>	<b>2,492,550</b>	<b>2,438,393</b>	<b>291,550</b>	<b>54,157</b>
<b>Total income other than income from State Government</b>		<b>2,201,000</b>	<b>2,492,550</b>	<b>2,438,393</b>	<b>291,550</b>	<b>54,157</b>
<b>NET COST OF SERVICES</b>		<b>9,157,000</b>	<b>8,839,629</b>	<b>7,973,495</b>	<b>(317,371)</b>	<b>866,134</b>
<b>Income from State Government</b>						
Service appropriation	A	8,717,000	8,684,000	7,410,000	(33,000)	1,274,000
Services received free of charge		440,000	445,024	448,339	5,024	(3,315)
<b>Total income from State Government</b>		<b>9,157,000</b>	<b>9,129,024</b>	<b>7,858,339</b>	<b>(27,976)</b>	<b>1,270,685</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>-</b>	<b>289,395</b>	<b>(115,156)</b>	<b>289,395</b>	<b>404,551</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>-</b>	<b>289,395</b>	<b>(115,156)</b>	<b>289,395</b>	<b>404,551</b>

### Major Estimate and Actual (2020) Variance Narratives

- 1) The variance in employee benefits expense is primarily due to additional staffing costs to enable the Office to meet the workload associated with the role of the Energy and Water Ombudsman, and some expenses, included in supplies and services or other expenses for the estimate, being included in employee benefits for the actual. The increase in Energy and Water Ombudsman staffing was fully offset by an increase in revenue.
- 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 accommodation expenses is primarily due to the determination during 2019-20 that inter-agency lease agreements do not fall into the scope of AASB 16 - Leases. As a result costs of leases which were treated as capital in the estimate have been included in accommodation expenses for the actual.



## Major Actual (2020) and Comparative (2019) Variance Narratives

- A) The variance in service appropriation is primarily due to appropriation to plan and develop a reportable conduct scheme in 2019-20 and for an expanded Child Death Review function that commenced in 2019-20.

### 9.9.2 Statement of Financial Position Variances

Variance Note	Estimate 2020 \$	Actual 2020 \$	Actual 2019 \$	Variance between estimate and actual \$	Variance between actual results for 2020 and 2019 \$
<b>Statement of Financial Position</b>					
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	420,000	952,631	639,538	532,631	313,093
Restricted cash and cash equivalents	2,000	35,808	7,487	33,808	28,321
Other current assets	96,000	30,127	-	(65,873)	30,127
Receivables	309,000	101,137	49,989	(207,863)	51,148
Amounts receivable for services	208,000	208,000	208,000	-	-
<b>Total Current Assets</b>	<b>1,035,000</b>	<b>1,327,703</b>	<b>905,014</b>	<b>292,703</b>	<b>422,689</b>
<b>Non-Current Assets</b>					
Restricted cash and cash equivalents	104,000	127,529	85,816	23,529	41,713
Amounts receivable for services	2,774,000	1,982,000	1,955,000	(792,000)	27,000
Plant and equipment	4	2,596,000	109,517	82,019	(2,486,483)
Intangible assets	249,000	208,190	128,363	(40,810)	79,827
Right-of-use assets	-	48,367	-	48,367	48,367
<b>Total Non-Current Assets</b>	<b>5,723,000</b>	<b>2,475,603</b>	<b>2,251,198</b>	<b>(3,247,397)</b>	<b>224,405</b>
<b>TOTAL ASSETS</b>	<b>6,758,000</b>	<b>3,803,306</b>	<b>3,156,212</b>	<b>(2,954,694)</b>	<b>647,094</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Payables	263,000	230,807	166,193	(32,193)	64,614
Employee related provisions	1,605,000	1,741,537	1,489,014	136,537	252,523
Lease liabilities	-	20,968	-	20,968	20,968
Contract liabilities	100,000	34,756	11,913	(65,244)	22,843
<b>Total Current Liabilities</b>	<b>1,968,000</b>	<b>2,028,068</b>	<b>1,667,120</b>	<b>60,068</b>	<b>360,948</b>
<b>Non-Current Liabilities</b>					
Employee related provisions	410,000	517,971	561,645	107,971	(43,674)
Lease liabilities	4	2,565,000	28,228	-	(2,536,772)
Contract liabilities	2,000	3,110	11,913	1,110	(8,803)
<b>Total Non-Current Liabilities</b>	<b>2,977,000</b>	<b>549,309</b>	<b>573,558</b>	<b>(2,427,691)</b>	<b>(24,249)</b>
<b>TOTAL LIABILITIES</b>	<b>4,945,000</b>	<b>2,577,377</b>	<b>2,240,678</b>	<b>(2,367,623)</b>	<b>336,699</b>
<b>NET ASSETS</b>	<b>1,813,000</b>	<b>1,225,929</b>	<b>915,534</b>	<b>(587,071)</b>	<b>310,395</b>
<b>EQUITY</b>					
Contributed equity	1,989,000	1,227,000	1,206,000	(762,000)	21,000
Accumulated surplus/(deficit)	(176,000)	(1,071)	(290,466)		
<b>TOTAL EQUITY</b>	<b>1,813,000</b>	<b>1,225,929</b>	<b>915,534</b>	<b>(587,071)</b>	<b>310,395</b>

### Major Estimate and Actual (2020) Variance Narratives

- 4) The variance in plant and equipment and lease liabilities is primarily due to the determination during 2019-20 that inter-agency lease agreements do not fall into the scope of AASB 16 - Leases. As a result costs of leases which were treated as capital in the estimate have been included in accommodation expenses for the actual.



## 9.9.3 Statement of Cash Flows Variances

	Variance Note	Estimate 2020 \$	Actual 2020 \$	Actual 2019 \$	Variance between estimate and actual \$	Variance between actual results for 2020 and 2019 \$
<b>Statement of Cash Flows</b>						
<b>CASH FLOWS FROM STATE GOVERNMENT</b>						
Service appropriation	B	7,665,000	8,449,000	7,195,000	784,000	1,254,000
Capital appropriations		783,000	21,000	-	(762,000)	21,000
Holding account drawdown		208,000	208,000	208,000	-	-
<b>Net cash provided by State Government</b>		<b>8,656,000</b>	<b>8,678,000</b>	<b>7,403,000</b>	<b>22,000</b>	<b>1,275,000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
Employee benefits		(7,654,000)	(8,424,667)	(7,748,888)	(770,667)	(675,779)
Supplies and services		(1,304,000)	(876,794)	(753,956)	427,206	(122,838)
Accommodation	5	(45,000)	(1,181,627)	(1,031,588)	(1,136,627)	(150,039)
GST payments on purchases		(271,000)	(227,721)	(193,657)	43,279	(34,064)
GST payments to taxation authority		-	(112,220)	(42,450)	(112,220)	(69,770)
Finance costs		(104,000)	(1,188)	-	102,812	(1,188)
Other payments		(739,000)	(26,136)	(25,700)	712,864	(436)
<b>Receipts</b>						
GST receipts on sales		271,000	248,442	261,962	(22,558)	(13,520)
GST receipts from taxation authority		-	79,383	3,791	79,383	75,592
Other receipts		2,201,000	2,492,550	2,447,919	291,550	44,631
<b>Net cash used in operating activities</b>		<b>(7,645,000)</b>	<b>(8,029,978)</b>	<b>(7,082,565)</b>	<b>(384,978)</b>	<b>(947,413)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Payments</b>						
Purchase of non-current assets		(242,000)	(245,737)	(121,253)	(3,737)	(124,484)
<b>Net cash used in investing activities</b>		<b>(242,000)</b>	<b>(245,737)</b>	<b>(121,253)</b>	<b>(3,737)</b>	<b>(124,484)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Payments</b>						
Principal elements of lease payments		(783,000)	(19,158)	-	763,842	(19,158)
<b>Net cash used in financing activities</b>		<b>(783,000)</b>	<b>(19,158)</b>	<b>-</b>	<b>763,842</b>	<b>(19,158)</b>
Net increase/(decrease) in cash and cash equivalents		(14,000)	383,127	199,182	397,127	183,945
Cash and cash equivalents at the beginning of the period		540,000	732,841	533,659	192,841	199,182
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>526,000</b>	<b>1,115,968</b>	<b>732,841</b>	<b>589,968</b>	<b>383,127</b>

### Major Estimate and Actual (2020) Variance Narratives

- 5) The variance in accommodation is primarily due to the determination during 2019-20 that inter-agency lease agreements do not fall into the scope of AASB 16 - Leases. As a result costs of leases which were treated as capital in the estimate have been included in accommodation costs for the actual.

### Major Actual (2020) and Comparative (2019) Variance Narratives

- B) The variance in service appropriation is primarily due to appropriation to plan and develop a reportable conduct scheme and for an expanded Child Death Review function.