Disclosures and Legal Compliance

Financial statements for the year ended 30 June 2007

Certification of financial statements

PARLIAMENTARY COMMISSIONER FOR ADMINISTRATIVE INVESTIGATIONS

CERTIFICATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

The accompanying financial statements relating to 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 2007 and the financial position as at 30 June 2007.

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

Chris Field

Accountable Officer

13 September 2007

Mary White

Principal Accounting Officer

12 September 2007

AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

PARLIAMENTARY COMMISSIONER FOR ADMINISTRATIVE INVESTIGATIONS FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2007

I have audited the accounts, financial statements, controls and key performance indicators of the Parliamentary Commissioner for Administrative Investigations.

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity, Cash Flow Statement, Schedule of Income and Expenses by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

Parliamentary Commissioner's Responsibility for the Financial Statements and Key Performance Indicators
The Parliamentary Commissioner is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role
As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf".

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

Audit Opinion

In my opinion,

(i) the financial statements are based on proper accounts and present fairly the financial position of the Parliamentary Commissioner for Administrative Investigations at 30 June 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;

(ii) the controls exercised by the Parliamentary Commissioner provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and

(iii) the key performance indicators of the Parliamentary Commissioner are relevant and appropriate to help users assess the Parliamentary Commissioner's performance and fairly represent the indicated performance for the year ended 30 June 2007.

COLIN MURPHY
AUDITOR GENERAL
21 September 2007

Income statement

	Note	2007 $	2006 $
COST OF SERVICES			
Expenses			
Employee benefits expense	6	3,778,948	2,483,006
Supplies and services	7	490,240	385,129
Depreciation and amortisation expense	8	167,267	170,976
Accommodation expenses	9	268,673	258,040
Capital user charge	10	46,177	43,823
Other expenses	11	6,017	9,149
Total cost of services		4,757,322	3,350,123
Income			
Revenue			
Users charges and fees	12	725,075	371,498
Commonwealth grants and contributions		14,858	17,832
Total revenue		739,933	389,330
Total income other than income from State Government		739,933	389,330
NET COST OF SERVICES		4,017,389	2,960,793
INCOME FROM STATE GOVERNMENT	13		
Service Appropriation		2,988,000	2,888,000
Resources received free of charge		75,988	84,585
Liabilities assumed by the Treasurer		922,885	17,431
Total income from State Government		3,986,873	2,990,016
(DEFICIT)/SURPLUS FOR THE PERIOD		(30,516)	9,223

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

Balance sheet

	Note	2007 $	2006 $
ASSETS			
Current Assets			
Cash and cash equivalents	24	526,160	1,035,946
Receivables	15	196,431	26,658
Amounts receivable for services	16	106,000	107,000
Total Current Assets		828,591	1,169,604
Non-Current Assets			
Restricted cash and cash equivalents	14	17,126	8,133
Property, plant and equipment	17	341,080	372,469
Intangible assets	18	91,920	-
Amounts receivable for services	16	659,000	479,000
Total Non-Current Assets		1,109,126	859,602
TOTAL ASSETS		1,937,717	2,029,206
LIABILITIES			
Current Liabilities			
Payables	20	43,674	95,485
Provisions	21	568,934	536,132
Other current liabilities	22	9,437	8,707
Total Current Liabilities		622,045	640,324
Non-Current Liabilities			
Provisions	21	140,125	182,819
Total Non-Current Liabilities		140,125	182,819
Total Liabilities		762,170	823,143
Net Assets		1,175,547	1,206,063
Equity	23		
Contributed equity		732,000	732,000
Reserves		5,117	5,117
Accumulated surplus		438,430	468,946
Total equity		1,175,547	1,206,063
TOTAL LIABILITIES AND EQUITY		1,937,717	2,029,206

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

Statement of changes in equity

	Note	2007 $	2006 $
Balance of equity at start of period		1,206,063	1,176,840
CONTRIBUTED EQUITY	23		
Balance at start of period		732,000	732,000
Capital contribution		-	-
Balance at end of period		732,000	732,000
RESERVES	23		
Asset Revaluation Reserve			
Balance at start of period		5,117	5,117
Realised on asset disposal		(5,117)	-
Balance at end of period		-	5,117
ACCUMULATED SURPLUS (RETAINED EARNINGS)	23		
Balance at start of period		468,946	439,723
Realised portion of revaluation reserve on asset disposal		5,117	-
(Deficit)/Surplus for the period		(30,516)	29,223
Balance at end of period		443,547	468,946
Balance of equity at end of period		1,175,547	1,206,063

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

Cash flow statement

	Note	2,007 $	2,006 $
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		2,702,000	2,623,000
Holding account drawdowns		107,000	72,000
Net Cash provided by State Government		2,809,000	2,695,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(2,917,119)	(2,196,819)
Supplies and services		(400,263)	(291,012)
Capital User Charge		(46,177)	(43,823)
Accommodation		(265,685)	(234,474)
GST payments on purchases		(106,978)	(45,556)
GST payments to taxation authority		(49,290)	(27,369)
Other payments		(6,065)	5,305
Receipts			
Other Receipts		564,632	385,295
GST receipts on sales		55,904	38,097
GST receipts from taxation authority		76,748	69,959
Net cash used in operating activities	24	(3,094,293)	(2,340,397)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(215,501)	(33,877)
Net cash used in investing activities		(215,501)	(33,877)
Net (decrease)/increase in cash and cash equivalents		(500,794)	320,726
Cash and cash equivalents at the beginning of period		1,044,080	723,354
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	24	543,286	1,044,080

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

Schedule of income and expenses by service

	Other Public Sector Organisations		Telecommunication Interception Audit		Total	
	2007	2006	2007	2006	2007	2006
	$	$	$	$	$	$
COST OF SERVICES						
Expenses						
Employee benefits expense	3,740,648	2,444,449	38,300	38,557	3,778,948	2,483,006
Supplies and services	488,704	383,438	1,536	1,691	490,240	385,129
Depreciation and amortisation expense	167,267	170,976	-	-	167,267	170,976
Accommodation expenses	268,673	258,040	-	-	268,673	258,040
Capital User Charge	46,177	43,823	-	-	46,177	43,823
Other expenses	6,048	9,149	(31)	-	6,017	9,149
Total cost of services	4,717,517	3,309,875	39,805	40,248	4,757,322	3,350,123
Income						
Other revenue	725,075	371,498	-	-	725,075	371,498
Commonwealth grants and contributions	14,858	17,832	-	-	14,858	17,832
Total income other than income from State Government	739,933	389,330	-	-	739,933	389,330
NET COST OF SERVICES	3,977,584	2,920,545	39,805	40,248	4,017,389	2,960,793
INCOME FROM STATE GOVERNMENT						
Service appropriation	2,936,000	2,836,000	52,000	52,000	2,988,000	2,888,000
Resources received free of charge	74,468	82,894	1,520	1,691	75,988	84,585
Liabilities assumed by the Treasurer	922,885	17,082	-	349	922,885	17,431
Total income from State Government	3,933,353	2,935,976	53,520	54,040	3,986,873	2,990,016
Surplus/(deficit) for the period	(44,231)	15,431	13,715	13,792	(30,516)	29,223

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

Summary of consolidated account appropriations and income estimates

	2007 Estimate $	2007 Actual $	Variance $	2007 Actual $	2006 Actual $	Variance $
DELIVERY OF SERVICES						
Item 4 Net amount appropriated to deliver services	2,489,000	2,581,000	92,000	2,581,000	2,491,000	90,000
Amount authorised by other statutes						
Parliamentary Commissioner Act 1971	389,000	407,000	18,000	407,000	397,000	10,000
Total appropriations provided to deliver services	2,878,000	2,988,000	110,000	2,988,000	2,888,000	100,000
CAPITAL						
Item 120 Capital Contributions	-	-	-	-	-	-
GRAND TOTAL	2,878,000	2,988,000	110,000	2,988,000	2,888,000	100,000
Details Of Expenses by Service						
Other Public Sector Organisations	3,121,000	4,717,517	1,596,517	4,717,517	3,309,875	1,407,642
Telecommunications Interception Audit	52,000	39,805	(12,195)	39,805	40,248	(443)
Total Cost of Services	3,173,000	4,757,322	1,584,322	4,757,322	3,350,123	1,407,199
Less total revenues from ordinary activities	(143,000)	(739,933)	(596,933)	(739,933)	(389,330)	(350,603)
Net Cost of Services	3,030,000	4,017,389	987,389	4,017,389	2,960,793	1,056,596
Adjustments	(152,000)	(1,029,389)	(877,389)	(1,029,389)	(72,793)	(956,596)
Total appropriations provided to deliver services	2,878,000	2,988,000	110,000	2,988,000	2,888,000	100,000
Capital Expenditure						
Purchase of non-current physical assets	-	227,798	227,798	227,798	22,523	205,275
Adjustment for other funding sources	-	(227,798)	(227,798)	(227,798)	(22,523)	(205,275)
Capital Contribution (appropriation)	-	-	-	-	-	-

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

Note 28 “Explanatory statement” provides details of any significant variations between estimates and actual results for 2007 and between the actual results for 2006 and 2007

Notes to the financial statements

1. Mission and funding

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

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

2. Australian Equivalents to International Financial Reporting Standards

General

The Office's financial statements for the year ended 30 June 2007 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Office has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Office cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 "Application of Australian Accounting Standards and Other Pronouncements". No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Office for the annual reporting period ended 30 June 2007.

3. Summary of significant accounting policies

(a) General Statement

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

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

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

(b) Basis of Preparation

The financial statements have been prepared in accordance with Accounting Standard AAS 29 "Financial Reporting by Government Departments" on an accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar.

(c) Reporting Entity

The reporting entity comprises the Office.

(d) Contributed Equity

UIG Interpretations 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) have been designated as contributions by owners by Treasurer's Instruction (TI) 955 "Contributions by Owners made to Wholly Owned Public Sector Entities" and have been credited directly to Contributed Equity.

Transfer of net assets to/from other agencies are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See note 23 "Equity".

(e) Income

Revenue recognition

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

Sale of goods

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

Rendering of Services

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

Service Appropriations

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

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Office. In accordance with the determination specified in the 2006-2007 Budget Statements, the Office retained $739,933 in 2007 ($389,330 in 2006) from the following:

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

Grants, donations, gifts and other non-reciprocal contributions

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

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

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

Gains

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

(f) Property , Plant and Equipment

Capitalisation/Expensing of assets

Items of property, plant and equipment costing over $1,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than $1,000 are immediately expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

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

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

Subsequent measurement

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

Depreciation

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

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

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

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

(g) Intangible Assets

Capitalisation/Expensing of assets

Acquisitions of intangible assets costing over $1,000 and internally generated intangible assets costing over $1,000 are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Income Statement.

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

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

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

- Software - 3 years

Computer Software

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

Web site costs

Web site costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

(h) Impairment of Assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Office is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at each balance sheet date irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at each balance sheet date.

See note 19 'Impairment of assets' for the outcome of impairment reviews and testing.

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

(i) Leases

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

(j) Financial Instruments

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

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

(k) Cash and Cash Equivalents

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

(l) Accrued Salaries

The accrued salaries suspense account (see note 14 'Restricted cash and cash equivalents') consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

Accrued salaries (refer note 22 'Other Liabilities') represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Office considers the carrying amount of accrued salaries to be equivalent to its net fair value.

(m) Amounts Receivable for Services (Holding Account)

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

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

(n) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Office will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See note 3(j) 'Financial Instruments and note 15 'Receivables'.

(o) Payables

Payables are recognised when the Office becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See note 3(j) 'Financial Instruments and note 20 'Payables'.

(p) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance sheet date. See note 21 'Provisions'.

(i) Provisions - Employee Benefits

Annual Leave and Long Service Leave

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

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

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

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

Superannuation

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

Employees commencing employment prior to 16 April 2007 who are not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Office makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

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

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

(ii) Provisions - Other

Employment On-Costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Office's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'. (See note 11 'Other expenses and note 21 'Provisions').

(q) Superannuation Expense

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

(a) Defined benefit plans - Change in the unfunded employer's liability (i.e. current service cost and, actuarial gains and losses) assumed by the Treasurer in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme (GSS); and

(b) Defined contribution plans - Employer contributions paid to the West State Superannuation Scheme (WSS), GESB Super Scheme (GESBS), and the equivalent of employer contributions to the GSS.

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

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided in the current year.

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

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

(r) Resources Received Free of Charge or for Nominal Consideration

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

(s) Comparative Figures

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

4. Judgements made by management in applying accounting policies

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

5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Office has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2006:

1. AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts). The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 'Insurance Contracts' or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'. The Office does not currently undertake these type of transactions, resulting in no financial impact in applying the Standard.

2. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease' as issued in June 2005. This Interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purpose of applying AASB 117 'Leases". At balance sheet date, the Office has not entered into any arrangements as specified in the Interpretation, resulting in no impact in applying the Interpretation.

3. UIG Interpretation 9 'Reassessment of Embedded Derivatives'. This Interpretation requires an embedded derivative that has been combined with a non-derivate to be separated from the host contract and accounted for as a derivative in certain circumstances. At balance sheet date, the Office has not entered into any contracts as specified in the Interpretation resulting in no impact in applying the Interpretation.

The following Australian Accounting Standards and Interpretations are not applicable to the Office as they have no impact or do not apply to not-for-profit entities:

2005-1	'Amendments to Australian Accounting Standard [AASB 139]'
2005-5	'Amendments to Australian Accounting Standards [AASB 1 & AASB 139]'
2006-1	'Amendments to Australian Accounting Standards [AASB 121]'
2006-3	'Amendments to Australian Accounting Standards [AASB 1045]'
2006-4	'Amendments to Australian Accounting Standards [AASB 134]'
2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 AASB 139]' - paragraph 9
UIG 5	'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'
UIG 6	'Liabilities arising from Participating in a Special Market - Waste Electrical and Electronic Equipment'
UIG 7	'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'
UIG 8	'Scope of AASB 2'

Future impact of Australian Accounting Standards not yet operative

The Office cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Office has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. These will be applied from their application date:

1. AASB 7 "Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Office's exposure to risks, enhanced disclosure regarding components of the Office's financial position and performance, and possible changes to the way of presenting certain items in the financial statements. The Office does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

2. AASB 2005-10 'Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 1, AASB 4, AASB 1023 & AASB 1038)'. The amendments are as a result of the issue of AASB 7 'Financial Instruments: Disclosures', which amends the financial instrument disclosure requirements in these standards. The Office does not expect any financial impact when the Standard id first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

3. AASB 101 'Presentation of Financial Statements'. This Standard was revised and issued in October 2006 so that AASB 101 has the same requirements as IAS 1 'Presentation of Financial Statements' (as issued by the IASB) in respect of for-profit entities. The Office is a not-for-profit entity and consequently does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

4. AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and other Amendments (AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038)'. This Standard introduces policy options and modifies disclosures. These amendments arise as a result of the AASB decision that, in principle, all options that currently exist under IFRSs should

be included in the Australian equivalents to IFRSs and additional Australian disclosures should be eliminated, other than those now considered particularly relevant in the Australian reporting environment. The Office of Treasury and Finance has indicated that it will mandate to remove the policy options added by this amending Standard. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.

5. AASB 2007-5 'Amendment to Australian Accounting Standard - Inventories Held for Distribution by Not-for-Profit Entities (AASB 102)'. This amendment changes AASB 102 'Inventories' so that inventories held for distribution by not-for-profit entities are measured at cost, adjusted when applicable for any loss of service potential. The Office does not have any inventories held for distribution so does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.

6. AASB Interpretation 4 'Determining whether an Arrangement Contains a Lease [revised]'. This Interpretation was revised and issued in February 2007 to specify that if a public-to-private service concession arrangement meets the scope requirements of AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007, it would not be within the scope of Interpretation 4. At balance sheet date, the Office has bot entered into any arrangements as specified in the Interpretation or within the scope of Interpretation 12, resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

7. AASB Interpretation 12 'Service Concession Arrangements'. This Interpretation was issued in February 2007 and gives guidance on the accounting by operators (usually a private sector entity) for public-to-private service concession arrangements. It does not address the accounting by grantors (usually a public sector entity). It is currently unclear as to the application of the Interpretation to the Office if and when public-to-private service concession arrangements are entered into in the future. At balance sheet date, the Office has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

8. AASB Interpretation 129 'Service Concession Arrangements: Disclosures [revised]'. This Interpretation was revised and issued in February 2007 to be consistent with the requirements in AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007. Specific disclosures about service concession arrangements entered into are required in the notes accompanying the financial statements, whether as a grantor or an operator. At balance sheet date, the Office has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

The following Australian Accounting Standards and Interpretations are not applicable to the Office as they will have no impact or do not apply to not-for-profit entities:

AASB	Standards and Interpretations
AASB 8	'Operating Segments
AASB 1049	'Financial Reporting of General Government Sectors by Governments'
AASB 2007-1	'Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]'
AASB 2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' - paragraphs 1 to 8
AASB 2007-3	'Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'
Interpretation 10	'Interim Financial Reporting and Impairment'
Interpretation 11	'AASB 2 - Group and Treasury Share Transactions'

6. Employee benefits expense

	2007 $	2006 $
Wages and salaries	2,663,754	2,098,544
Superannuation - defined contribution plans(a)	202,153	185,489
Superannuation - defined benefit plans(b)(c)	922,885	17,431
Long service leave(d)	(42,494)	107,514
Annual leave(d)	32,650	74,028
	3,778,948	2,483,006

(a) Defined contribution plans include West State and Gold State (contributions paid).

(b) Defined benefit plans include Pension scheme and Gold State (pre-transfer benefit).

(c) An equivalent notional income is also recognised (see note 13 'Income from State Government)

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

'Other expenses'. The employment on-costs liability is included at note 21 'Provisions'.

7. Supplies and Services

Travel	22,401	18,202
Other staffing costs	37,601	73,866
Communications	37,839	34,692
Consumables	77,032	55,558
Services and contracts	242,367	121,169
Resources received free of charge (see note 13)	73,000	81,642
	490,240	385,129

8. Depreciation and amortisation expense

Furniture and fittings	1,036	116
Computer equipment	28,271	39,809
Office equipment	11,030	10,070
Office establishment	126,930	120,981
Total Depreciation	167,267	170,976

9. Accommodation expenses

Lease rentals and outgoings	265,685	255,097
Resources received free of charge (see note 13)	2,988	2,943
	268,673	258,040

10. Capital User Charge

	2007 $	2006 $
	46,177	43,823

The charge was a levy applied by Government for the use of its capital. In 2006-07, the final year in which the charge was levied, a single payment was made equal to the appropriation for 2006-07 less any adjustment relating to 2005-06.

11. Other expenses

Employment on-costs	6,017	9,149

Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 21 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

12. User charges and fees

Retained revenue - other	725,075	371,498
	725,075	371,498

13. Income from State Government

Appropriation received during the year:

Service appropriations(a)

Recurrent	2,581,000	2,491,000
Special Acts	407,000	397,000
	2,988,000	2,888,000

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

Superannuation[(b)]	922,885	17,431
Total liabilities assumed by the Treasurer	922,885	17,431

Resources received free of charge(c)

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

Department of Justice	-	11,625
Department of the Premier and Cabinet		
Corporate and Business Services	73,000	70,017
Department of Housing and Works - property management	2,988	2,943
	75,988	84,585

(a) Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(b) The assumption of the superannuation liability by the Treasurer is a notional income to match the notional superannuation expense reported in respect of current employees who are members of the Pension Scheme and current employees who have a transfer benefit entitlement under the Gold State Superannuation Scheme.
(c) Where the Treasurer or other entity has assumed a liability, the Office recognises revenues equivalent to the amount of the liability assumed and an expense relating to the nature of the event or events that initially gave rise to the liability. From 1 July 2002 non-discretionary non-reciprocal transfers of net assets (ie. restructuring of administrative arrangements) have been classified as Contributions by Owners (CBOs) under TI 955 and are taken directly to equity.
(d) Where assets or services have been received free of charge or for nominal consideration, the Office recognises revenues (except where the contributions of assets or services are in the nature of contributions by owners in which case the Office shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

14. Restricted cash and cash equivalents

	2007 $	2006 $
Non-current		
Accrued salaries suspense account [(a)]	17,126	8,133

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

15. Receivables

Current		
GST Receivable	(810)	(5,280)
Other	197,241	5,037
	196,431	(243)

Prepayments

Current	-	26,901
Total Current	196,431	26,658

See note 3(n) and note 29 “Financial Instruments”

16. Amounts receivable for services

Current	106,000	107,000
Non-current	659,000	479,000
	765,000	586,000

Represents the non-cash component of service appropriations. See note 3(m) ‘Amounts Receivable for Services (Holding Account)’. It is restricted in that it can only be used for asset replacement or payment of leave liability.

17. Property, Plant and Equipment

	2007 $	2006 $
Furniture and fittings		
At cost	30,439	17,159
Accumulated depreciation	(14,652)	(16,116)
	15,787	1,043
Computer equipment		
At cost	234,784	342,242
Accumulated depreciation	(151,995)	(290,949)
	82,789	51,293
Office equipment		
At cost	84,598	97,561
Accumulated depreciation	(52,865)	(56,265)
	31,733	41,296
Office establishment		
At cost	719,092	660,229
Accumulated depreciation	(513,286)	(386,357)
	205,806	273,872
Works of Art		
At cost	4,965	4,965
Total		
At cost	1,073,878	1,122,156
Accumulated depreciation	(732,798)	(749,687)
	341,080	372,469

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

2007	Furniture & fittings $	Computer equipment $	Office equipment $	Office establishment $	Art Work $	Total $
Carrying amount at start of year	1,043	51,293	41,296	273,872	4,965	372,469
Additions	15,780	59,767	1,467	58,864	-	135,878
Depreciation	(1,036)	(28,271)	(11,030)	(126,930)	-	(167,267)
Carrying amount at end of year	15,787	82,789	31,733	205,806	4,965	341,080

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

18. Intangible assets

	2007 $	2006 $
Computer Software		
At cost	91,920	-
Accumulated amortisation	-	-
	91,920	-

Reconciliations:

	2007 $	2006 $
Computer Software		
Carrying amount at start of year	-	-
Additions	91,920	-
Amortisation expense	-	-
Carrying amount at end of year	91,920	-

19. Impairment of assets

There were no indications of impairment of property, plant and equipment and intangible assets at 30 June 2007.

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

All surplus assets at 30 June 2007 gave either been classified as assets held for sale or written-off.

20. Payables

	2007 $	2006 $
Current		
Administration expenses	31,377	95,485
Capital expenses	12,297	-
	43,674	95,485

The carrying amount of payables approximates their net fair values.

21. Provisions

	2007 $	2006 $
Current		
Employee benefits provision		
Annual leave(a)	232,599	233,816
48/52 Salary Purchasing	1,255	-
Long service leave(b)	332,456	299,844
	566,310	533,660
Other provisions		
Employment on-costs(c)	2,624	2,472
	2,624	2,472
	568,934	536,132
Non-current		
Employee benefits provision		
Long service leave(b)	139,472	181,966
	139,472	181,966
Other provisions		
Employment on-costs(c)	653	853
	653	853
	140,125	182,819

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

Within 12 months of balance sheet date	232,599	233,816
More than 12 months after balance sheet date	-	-
	233,816	233,816

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

Within 12 months of balance sheet date	332,456	299,844
More than 12 months after balance sheet date	139,472	181,966
	471,928	481,810

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included in note 11 'Other expenses'.

Movement in Other Provisions

Employment on-cost provision		
Carrying amount at start of year	3,325	2,362
Additional provisions recognised	152	963
Payments/other sacrifices of economic benefits	(200)	-
Carrying amount at end of year	3,277	3,325

22. Other Liabilities

	2007 $	2006 $
Current		
Accrued Salaries	9,437	8,707
	9,437	8,707

23. Equity

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

Contributed equity		
Balance at the start of the year	732,000	732,000
Balance at the end of the year	732,000	732,000

(a) Capital Contributions (appropriations) and non-discretionary (non-reciprocal) transfers of net assets from other State government agencies have been designated as contributions by owners in Treasurer's Instruction TI 955 'Contribution by Owners Made to Wholly-Owned Public Sector Entities' and are credited directly to equity.

(b) UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires that where the transferee accounts for a transfer as a contribution by owner, the transferor must account for the transfer as a distribution to owners. Consequently, non-discretionary (non-reciprocal) transfers of net assets to other State government agencies are distribution to owners and are debited directly to equity.

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

Reserves		
Asset revaluation reserve		
Balance at the start of the year	5,117	5,117
Realised on asset disposal	(5,117)	-
Balance at the end of the year	-	5,117

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

Accumulated surplus		
Balance at the start of the year	468,946	439,723
Realised portion of revaluation reserve on asset disposal	5,117	-
Result for the period	(30,516)	29,223
Balance at the end of the year	443,547	468,946

24. Notes to the Cash Flow Statement

Reconciliation of cash

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

	2007 $	2006 $
Cash and cash equivalents	526,160	1,035,946
Restricted cash and cash equivalents (refer to note 14)	17,126	8,133
	543,286	1,044,079
Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services	(4,017,389)	(2,960,793)
Non-cash items:		
Depreciation and amortisation expense	167,267	170,976
Superannuation expense	922,885	17,431
Resources received free of charge	75,988	84,585
(Increase)/decrease in assets:		
Prepayments	26,901	30,170
Receivables	(192,204)	(2,061)
Increase/(decrease) in liabilities:		
Accrued salaries	730	8,707
Provisions	32,802	192,898
Current payables[b]	(64,108)	73,884
Non-current provisions	(42,694)	15,851
Net GST receivables/payables[a]	(4,471)	27,955
Net cash provided by/(used in) operating activities	(3,094,293)	(2,340,397)

25. Commitments

Total lease commitments

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

Within 1 year	18,294	160,283
Later than 1 year and not later than 5 years	9,737	10,026
	28,031	170,309
Representing:		
Non-cancellable operating leases	28,031	170,309

Non-cancellable operating leases commitments

Commitments for motor vehicle lease payments are payable as follows:

Within 1 year	7,302	593
Later than 1 year and not later than 5 years	9,737	-
	17,039	593

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

Commitments for accommodation lease payments are payable as follows:

Within 1 year	10,992	159,690
Later than 1 year and not later than 5 years	-	10,026
	10,992	169,716

26. Remuneration of senior officers

Remuneration

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

$	2007	2006
10,001 - 20,000		1
60,001 - 70,000	1	-
70,001 - 80,000		1
90,001 - 100,000	1	1
100,001 - 110,000	2	1
170,001 - 180,000		1
200,001 - 210,000	1	-
230,001 - 240,000	1	-
250,001 - 260,000		1
The total remuneration of senior officers is:	821,827	723,003

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

No senior officers are members of the Pension Scheme.

27. Remuneration of Auditor

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

Auditing the accounts, financial statements and performance indicators	18,800	15,600

28. Explanatory Statement

The Summary of Consolidated Fund Appropriations and Revenue Estimates discloses appropriations and other statutes expenditure estimates, the actual expenditures made and revenue estimates and payments into the Consolidated Fund are all on an accrual basis.

The following explanations are provided in accordance with Treasurer's Instruction 945:

Significant variations are considered to be those greater 10%.

(i) Significant variances between estimate and actual - Total appropriation to deliver services:

Estimate 2006/07 $	Actual 2006/07 $	Variance $
2,878,000	2,988,000	(110,000)

The increase in appropriation was for additional salary costs for the Ombudsman arising from the review of salaries by the Salaries and Allowances Tribunal and an increase to the CSA Wages Outcome for 2006.

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

	Actual 2006/07 $	Actual 2005/06 $	Variance $
Total appropriation provided to deliver services for the year	2,988,000	2,888,000	100,000

The variation relates to additional salary costs for the Ombudsman arising from the review of salaries by the Salaries and Allowances Tribunal and an increase in salaries due to the CSA Wages Outcome for 2006.

	Actual 2006/07 $	Actual 2005/06 $	Variance $
Total revenues from ordinary activities	739,933	389,330	350,603

The increase in revenue includes payment from the Commonwealth Ombudsman for the Indonesian Project, an increase in revenue to the Energy Ombudsman and outstanding Salary recoups for secondees.

Service Expenditure			
Other Public Sector Organisations	4,717,517	3,309,875	1,407,642
Telecommunications Interception Audit	39,805	40,248	(443)
	4,757,322	3,350,123	1,407,199

The variation relates to additional salary costs arising from the review of salaries by the Salaries and Allowances Tribunal; an increase in salaries due to the CSA Wages Outcome for 2006; final filling of additional positions arising from approved budget increases in previous years; higher accommodation costs and increased expenditure for the Energy Ombudsman function (associated with the increase in revenue).

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

	Estimate 2006/07 $	Actual 2006/07 $	Variance $
Capital Expenditure	107,000	227,798	120,798

The variance is due to the implementation of a new Case Management System to track and report on complaints.

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

	Actual 2006/07 $	Actual 2005/06 $	Variance $
Capital Expenditure	227,798	22,523	205,275

The variance is due to the purchase of a new Case Management System and increased purchase of assets this year under the scheduled asset replacement program.

29. Financial Instruments

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

(a) Financial Risk Management Objectives and Policies

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

Credit risk

The Office trades only with recognised, creditworthy third parties. The Office has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Office's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Liquidity risk

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

Cash flow interest rate risk

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

(b) Financial Instrument disclosures

Interest Rate Risk Exposure

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

	Weighted average effective interest rate	Variable interest rate	Within 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 Years	Non-Interest Bearing	Total
	%	$	$	$	$	$	$	$	$	$
2007										
Financial assets										
Cash Assets		-	-	-	-	-	-	-	526,160	526,160
Restricted Cash Assets		-	-	-	-	-	-	-	17,126	17,126
Receivables		-	-	-	-	-	-	-	196,431	196,431
Amounts receivable for services		-	-	-	-	-	-	-	765,000	765,000
		-	-	-	-	-	-	-	1,504,717	1,504,717
Financial Liabilities										
Payables		-	-	-	-	-	-	-	43,674	43,674
Accrued Salaries		-	-	-	-	-	-	-	9,437	9,437
		-	-	-	-	-	-	-	53,111	53,111

	Weighted average effective interest rate	Variable interest rate	Fixed Interest Rate Maturity						Non-Interest Bearing	Total
			Less than 1 Year		1 to 5 Years		More than 5 Years			
	%	$	$		$		$		$	$
2006										
Financial assets										
Cash Assets		-	-	-	-	-	-	-	1,035,946	1,035,946
Restricted Cash Assets		-	-	-	-	-	-	-	8,133	8,133
Receivables		-	-	-	-	-	-	-	-	0
Amounts receivable for services		-	-	-	-	-	-	-	586,000	586,000
		-	-	-	-	-	-	-	1,630,079	1,630,079
Financial Liabilities										
Payables		-	-	-	-	-	-	-	95,729	95,729
Accrued Salaries		-	-	-	-	-	-	-	8,707	8,707
		-	-	-	-	-	-	-	104,436	104,436

Fair Values

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

30. Indian Ocean Territories

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

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

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

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

	2007 $	2006 $
Opening Balance	10,178	4,939
Receipts	9,351	5,239
Payments	(6,319)	-
Closing Balance	13,210	10,178

31. Contingent liabilities and contingent assets

Contingent Liabilities

The Office has no contingent liabilities.

Contingent Assets

The Office has no contingent assets.

Certification of key performance indicators

I hereby certify that the performance indicators are based on proper records, are relevant and are appropriate for assisting users to assess performance and accurately represent the performance of the Parliamentary Commissioner for Administrative Investigations for the financial year ended 30 June 2007.

Chris Field

Accountable Officer

13 September 2007

[Key performance indicators]

[Independent audit opinion]

Ministerial directives

The Ombudsman reports directly to Parliament and is not under the control of a Minister. Ministers are not able to give directives relating to desired outcomes or operational objectives.

Other financial disclosures

Pricing Policies of Services Provided

The Ombudsman's office currently receives revenue for the following functions:

- Costs for the Energy Ombudsman functions are recouped from Energy Industry Ombudsman (Western Australia) Limited on the basis of full cost recovery. These costs are determined by the actual staffing costs involved in delivering the service plus an allowance for overheads and the direct recovery of capital expenditure and particular operational expenses such as interstate travel.
- Under an agreement with the Commonwealth, the Ombudsman's office handles enquiries and complaints from the Indian Ocean Territories about local governments and Western Australian Government agencies delivering services to the Territories. Each year the office recoups costs from the Commonwealth for any complaints received from these Territories. Cost recovery is based on the average cost per complaint handled by the office over the last two years. This is based on the cost per complaint published in the office's Annual Reports. The costs of any travel to the Territories by the Ombudsman or staff and any promotional materials are also recouped in full.
- The Ombudsman's office is a partner with the Commonwealth Ombudsman and the New South Wales Ombudsman in an AusAID funded program in Indonesia (funded under the AusAID Government Partnership Fund), the principal goal of which is to provide greater access across a larger portion of Indonesia to more effective and sustainable Ombudsman and complaint management services. The Ombudsman's office contributes to this program by supporting placements in Indonesian and Western Australia to share knowledge about complaint handling and investigation procedures and methods to assist build capacity of Indonesian and Australian Ombudsman staff. The Ombudsman's office recoups costs for these activities from the Commonwealth Ombudsman's office in accordance with the Australia Indonesia Partnership for Reconstruction and Development Government Partnership Fund Guidelines.

Capital Works

In 2006-07 the Ombudsman's office commenced the replacement of the case management system that tracks complaints handled by the office. The system will be used to record all enquiries and complaints received by the State Ombudsman and the Energy Ombudsman and to provide statistics for internal management and stakeholders. A tender process was undertaken by the Department of Treasury and Finance and a capital project was approved. The project provides for funding for the initial setup of the system of $260,000 in 2006-07 with additional funds of $28,000 per year for software licences in the next three years.

There were two phases for the setup of the system:

- Phase 1 : Establish and test the system for Energy Ombudsman complaints.
- Phase 2 : Establish and test the system for general complaints handled under the *Parliamentary Commissioner Act (1972)*.

The initial setup phase was largely completed in 2006-07 at a cost of $91,920. The second phase will be completed in 2007-08 using the remaining $168,080 from the funds of $260,000 for the setup of the system.

Employment and Industrial Relations

Over the full year for 2006-07 there were 31.9 FTEs to staff the Ombudsman's office and as at 30 June 2007 there were 36 employees including 28 full time employees and 8 part time employees. This includes people on unpaid leave and contract staff employed on an as needs basis to provide short term expertise and backfill staff during long periods of leave such as maternity leave. All employees are public sector employees operating in policy, enquiry, investigation and clerical roles. The following table provides a breakdown of the categories of employment for staff as at 30 June 2007 compared to the same time in 2006.

	Number of staff as at 30 June	
Employee Category	2005-06	2006-07
Full-time permanent	24	26
Full-time contract	5	2
Part-time permanent	5	7 (4.4 FTEs)
Part-time contract	0	1 (0.2 FTEs)
TOTAL	34	36 (32.6 FTEs)
Employees seconded out (included in numbers above)	Not Available	2
Employees seconded in (not included in numbers above)	Not Available	4 (3.8 FTEs)
NET TOTAL	Not Available	38 (34.4 FTEs)

(a) Staffing policies, including recruitment and staff development

The Ombudsman's office has policies in place to cover a range of human resource management practices. These include policies used by the co-located agencies or by the Department of the Premier and Cabinet who provide human resource management services to the office. Policies are reviewed on a regular basis and there will be a particular emphasis on policy review in the coming year due to the transition to the Office of Shared Services as the bureau service provider.

Recruitment

Recruitment and associated practices for filling short term vacancies through secondment and acting arrangements have a strong focus on merit and equity in the recruitment and selection process. There is a statement in advertisements to encourage people from diverse backgrounds to apply and to provide for negotiation of flexible work arrangements. The office's recruitment and selection practices are designed to meet the requirement of the public sector standards in human resource management and enable both organisational requirements and employee interests to be met.

Performance Management

A consistent performance management process is used across the office and a monitoring system ensures all employees have performance management in place.

Diversity in the Workplace

The office recognises the importance of a diverse workforce in providing services to our diverse Western Australia community. The office has strategies in place to increase the diversity of the workforce and ensure equitable treatment of staff and clients. In addition, the office has policies on equal opportunity and harassment, and is committed to upholding them to ensure that all forms of direct and indirect discrimination are eliminated. There is a balance of men and women in senior positions and increasing cultural diversity and employment of people with disabilities.

Flexible Work Practices

Flexible work options, part-time and job-sharing arrangements are widely accepted as part of a family friendly approach to working conditions. Advertisements for all positions in the office include information that flexible work arrangements, including part-time employment, may be negotiated. Many staff take up these flexible work options, and staff in all areas and at all levels have access to and use part-time or purchased leave arrangements. This year there has also been a successful trial of a work from home arrangement for a senior staff member.

Grievance Management and Public Interest Disclosure

The office has developed and implemented grievance management and harassment policies, details of which are available to all staff at induction and through the office intranet. In 2006–07 there were no formal internal grievances or public interest disclosures about the activities of the Ombudsman's office.

(b) Industrial relations

Staff in the Ombudsman's office are employed under the *Government Officers' Salaries, Allowances and Conditions General Agreement 2006* and the *Government Officers' Salaries, Allowances and Conditions Award 1989*. No industrial disputes were recorded during the year.

(c) Workers' compensation claims, the prevention of occupational injuries and illnesses and the rehabilitation of injured and sick employees.

The office complies with the requirement of the Occupational Safety and Health Act 1984. Training in emergency procedures, including building evacuation and first aid is regularly undertaken. The office regularly updates emergency contact information posters that include information from other collocated agencies. A first aid kit is available and first aid officers have been appointed and trained in the application of first aid techniques.

Security and safety features including policy and procedures are continually reassessed. In 2006-07 a comprehensive Security Policy and Procedures was developed in consultation with the other co-located agencies and staff have been trained in its application. A co-location Occupational Health Safety and Welfare Committee and a Security Committee are also in place to support improved safety in the workplace.

In 2006-07 the office conducted a comprehensive assessment of the set up of individual workstations and purchased the recommended ergonomic aids for staff. All new staff have the opportunity to have their workstation assessed where required and an assessment was undertaken of the home work environment for work from home arrangements.

An employee assistance program provider is available to staff and their immediate family, to access confidential counselling services, if required. Where necessary the Ombudsman's office also provides a rehabilitation program to employees to assist them to rehabilitate into the workplace following an illness.

There were no compensation claims processed during the year.

Governance Disclosures

(i) Shares in Statutory Authority

This is not relevant as the Ombudsman's office is not a statutory authority and does not have shares.

(ii) Shares in Subsidiary Bodies

This is not relevant as the Ombudsman's office does not have any subsidiary bodies.

(iii) Interests in Contracts by Senior Officers

The office's Code of Conduct defines conflict of interest and appropriate action to take where a conflict arises between the employee's public duty and their private interests. Conflict of interest is defined as follows and examples include the tender and purchasing process;

> A conflict of interest arises when an officer is influenced, or the perception may reasonably arise that an officer may be influenced, by personal interests in carrying out official duties. In other words, a conflict of interest may exist (or be perceived to exist) where loyalties are divided (or may reasonably be perceived as likely to be divided). This could occur where the officer's involvement in a work related matter may provide the officer, a family member or friend or other associate (such as a political party or charitable body the officer is closely associated with) with a benefit of any sort from a decision or action that the officer is part of.

The Code also outlines the action the employee should take!

- Employees have an obligation to disclose interests that could reasonably create a perception of bias, or an actual conflict of interest. To reinforce this, staff are asked to declare conflicts of interest prior to meetings.
- Where a conflict arises employees are required to submit, in writing, details of the situation to the Executive Officer or the Deputy Ombudsman.
- The matter is then discussed and a decision made about how the situation can be handled to avoid the conflict. Documentation is maintained on a confidential file.

In addition senior staff are aware of the Conflict of Interest guidelines developed by the Integrity Coordinating Group, of which the Western Australian Ombudsman is a member.

The Office's policy on identifying and addressing conflict of interest includes any interest of :

(a) a senior officer; or

(b) a firm of which a senior officer is a member; or

(c) an entity in which the senior officer has a substantial financial interest

in any existing or proposed contract made with the Ombudsman's office.

There have been no declarations of an interest in any existing or proposed contracts by senior officers in 2006-07.

(iv) Benefits to Senior Officers through Contracts

This is not applicable as no senior officers have received any benefits.

(v) Insurance Premiums to Indemnify Directors

This is not applicable as the Ombudsman's office does not have any directors as defined in Part 3 of the *Statutory Corporations (Liability of Directors) Act 1996*.

Other legal requirements

Advertising and Sponsorship Expenditure (Electoral Act)

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

Disability access and inclusion plan outcomes

The office is committed to providing optimum access and service to people with disabilities, their families and carers. This year the office has undertaken the following initiatives:

1. **People with disabilities have the same opportunities as other people to access the services of, and any events organised by, a public authority**

Any members of the public or staff with a disability have an equal opportunity to participate in consultations, decision making, events organised by the office, grievance processes, complaint handling and other services provided by the office. For events and meetings organised by the office, venues are assessed for suitable access for people with disabilities and where necessary staff will meet with complainants outside the office to provide them with appropriate access to the complaints process. **People with disabilities have the same opportunities as other people to access the buildings and other facilities of a public authority**

The Disability Services Commission guidelines on access were used to design the layout of the offices and the facilities, such as electrical outlets in the new accommodation fit-out in 2003. This means the accommodation and facilities meet the needs of people with disabilities as far as practicable. Subsequently, in response to an identified need, new electronic self-opening doors were installed in the public areas of the office. The building has a lift designed for persons with disabilities and the ground floor is at the same level as St Georges Terrace to assist easy access.

The office is committed to continuing to improve access for people with disabilities. An access audit is planned for early 2007-08 and action will be taken to rectify any areas that need further improvement.

2. **People with disabilities receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it**

The office strives to publish all documents in plain English. Publications are available in alternative formats on request and this information is provided in all new publications. Information published on the office website can be viewed and printed in alternative formats and TTY phone access is available for people with a hearing impairment. In addition, the office has provided suitable equipment to enable employees with vision impairments to access electronic information.

3. **People with disabilities receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority**

The services provided by the office have been adapted to reduce barriers to people with disabilities through better access and the availability of information in various formats on request. The office has increased the employment of people with disabilities this year. This has helped to raise the awareness of staff in relation to their obligations in dealing with people with disabilities.

4. **People with disabilities have the same opportunities as other people to make complaints to a public authority**

A key role of the Ombudsman's office is to handle complaints about the public authorities. Any member of the public with a disability has an equal opportunity to make a complaint to the office. All complaints are investigated free of any bias or discrimination in order to achieve appropriate outcomes quickly and efficiently. Where necessary the complaint process is modified to meet the needs of a person with a disability. This includes meeting with people at a local venue where it is difficult for them to attend the office, and modifying communication strategies, for example by using a translator where required.

5. **People with disabilities have the same opportunities as other people to participate in any public consultation by a public authority**

Any member of the public or staff with a disability has an equal opportunity to participate in consultations, decision making, grievance process and any other consultative process within the office. Most consultation with the office is handled through the website or other electronic means. The office website meets disability access requirements and documents can be viewed and printed in alternative formats.

Equal employment opportunity outcomes

The office's EEO management planning and practices take into account the principles and objectives of the Government's *Equity and Diversity Plan for the Public Sector Workforce 2006–2009*. The office's current representation is shown below along with our achievements for 2006-07 and the areas of focus for 2007-08.

Current Representation

Ombudsman's Office as at 30 June 2007	2006-07		2005-06	
	%	Equity Index*	%	Equity Index*
Women Management Tiers 2&3	50%	92	50%	113
People from Culturally Diverse Backgrounds	5.6%		2.9%	
Indigenous Australians	0.0%		0.0%	
People with Disabilities	8.3%		5.9%	
Youth	2.8%		5.9%	

The Equity Index measures distribution across levels. The ideal Equity Index is 100. A meaningful Equity Index cannot be calculated for a diversity group of less than 10 individuals

Achievements in 2006-07

In 2006-07 there has been an increase in diversity in the office. There continues to be a good distribution of women across all levels and cultural diversity and employment of people with disabilities has increased. The following table shows the initiatives undertaken to achieve these outcomes.

What was the initiative?	What was achieved?	What difference has it made to your agency and how was it evaluated?
Clear policies relating to harassment, grievance and bullying.	The office has an anti-discrimination policy which gives a commitment to ensuring the office is free from racial and sexual harassment. The office also has a bullying in the workplace policy	**Difference Made** Staff have a thorough understanding of acceptable and unacceptable behaviours and practices within the agency and awareness to address issues that arise. **Evaluation** The anti-discrimination policy was created in January 2007. The Bullying in the Workplace policy was implemented on 23 September 2004 and reviewed in May 2007. Both policies were considered to be relevant and appropriate.
Collect demographic data to enable diversity outcomes to be evaluated.	All staff were surveyed in June 2006. All new staff since then have been surveyed as a part of their induction pack and outstanding surveys were followed up to ensure all staff data was available for 2006-07.	**Difference Made** The office is able to access demographic data as needed to ensure it has the diversity of staff to meet client needs and EEO objectives. **Evaluation** All staff of the agency complete a Diversity Survey as part of the induction program and the data is monitored by Human Resources. This showed 100% response to surveys.
Develop new wording for advertisements for vacancies to ensure they contribute to enhanced diversity outcomes. Include changes to enhance diversity outcomes in review of recruitment process and checklist.	All advertising includes an Equity and Diversity statement, including offering flexible work practices.	**Difference Made** The office is in line with Government standards as set out by the Office of EEO and has attracted a number of staff who use flexible work practices. **Evaluation** Evaluation of EEO demographics shows a good distribution of women, an increased level of diversity within the office and an increase in employment of people with disabilities.

What was the initiative?	What was achieved?	What difference has it made to your agency and how was it evaluated?
Review/promote flexible working arrangements policies/ procedures.	Advertising includes a statement that flexible work can be negotiated. A Home Based Work Policy was developed and implemented in May 2006. An Hours of Duty and Flexitime Leave Arrangements policy was implemented in June 2005 providing for flexible work arrangements.	**Difference Made** There is currently one employee using and benefiting from the practice of working from home, eight staff on part time arrangements, and several on purchased leave. This has enabled staff to be attracted and retained. **Evaluation** The office has maintained continuity of work performance and outcomes from employees utilising the Home Base working arrangement. Evaluation shows a high number of staff taking up flexible working arrangements. Both policies were reviewed in 2006 and were considered appropriate and relevant.
Indigenous Cultural Awareness Program.	A two day course was presented by an Indigenous Government employee from the Department for Child Protection, educating staff about the economics of Aboriginal lifestyles and impact of living in today's world	**Difference Made** Staff have acquired skills, through knowledge, to interact with Indigenous clients and staff with a better understanding of the challenges they face within the community. **Evaluation** The majority of staff participated in the course and were presented with a certificate of attendance to recognise their training. Feedback indicated they found the program useful for improving their understanding of issues.

Future Initiatives

The office has a small staff and as such, small changes in staffing can have a significant effect on levels of representation. It is therefore not practical to set specific objectives for representation. However we have identified areas where we will be working to achieve increased representation and have identified key opportunities to achieve these objectives and other equal employment opportunity outcomes.

The opportunities identified for the year ahead are to :

- Explore the possibility of appointing an Indigenous person to undertake liaison with Aboriginal people to improve their access to making complaints to the Ombudsman
- Review current policies and procedures as an ongoing matter
- Ombudsman Induction manual and procedures, reviewed to include ways to cover Office of EEO requirements for a workplace that values diversity and is free of discrimination, harassment and victimisation.
- Train/retrain staff who are involved in selection processes

Compliance with public sector standards and ethical codes

As an accountability agency, the Ombudsman's office has a strong commitment to promoting integrity in official conduct and the Ombudsman is a member of the Integrity Coordinating Group. The office aspires to lead by example and is committed to achieving high standards in monitoring and ensuring compliance with the Public Sector Standards, the *Western Australian Public Sector Code of Ethics* and the office's Code of Conduct.

The following table identifies the significant action taken to monitor and ensure compliance and any compliance issues that have arisen in 2006-07 in each of these areas.

Significant Action to Monitor and Ensure Compliance
Public Sector Standards (PSS) The office's practices relating to public sector standards in human resource management are currently under review to ensure compliance with the Standards and breach claim procedures. Practices include checks of compliance where appropriate. Managers and staff are required to comply with the Standards and they are accessible to all staff. Examples of monitoring provisions include: • For recruitment, selection and appointment, an individual review of each process is undertaken prior to the final decision to ensure compliance with the Recruitment Selection and Appointment Standard • A review process is in place to ensure that for acting and secondments a merit-based process is used and there are no inadvertent extensions that result in long-term opportunities without expressions of interest; and • A monitoring process is in place to ensure there are current performance management processes in place for all employees. Compliance issues: No breach claims were lodged Internal checks have shown compliance with the standards is achieved before any final decision.
Western Australian Public Sector Code of Ethics The Code of Ethics is available on the Intranet and as part of the induction of new staff. Staff awareness has been promoted by the following activities: • All staff were made aware of the revised code issued this year through distribution by email. • Senior staff attended a number of forums relating to ethical conduct. Compliance issues: No evidence of non-compliance with the WA Code of Ethics

Significant Action to Monitor and Ensure Compliance

Code of Conduct

The Code of Conduct includes a core value statement that identifies and defines three key values of justice, equity and efficiency and effectiveness.

The Code of Conduct also addresses a range of issues including dealing with clients, harassment and discrimination, conflict of interest, fraud, intellectual property, confidentiality, public comment by staff, and grievances and allegations against officers. It has a particular emphasis on identifying and addressing conflicts of interest between public duty and private benefits. It also refers to key policies relating to handling of grievances and allegations against staff and internal review of operational decisions.

Based on the standards included in the Public Sector Code of Ethics, the office Code of Conduct is an integral part of the standards of behaviour adhered to by employees. It is available to all staff on the office intranet and is part of the induction of all new staff.

The Code is regularly reviewed along with the policies to which it refers:

Compliance issues:
No evidence of non-compliance with the office's Code of Conduct

Record keeping plans

The Ombudsman's office is committed to continuously improving record keeping practices consistent with the State Records Act 2000 and aims for best practice record keeping practices. The current Office Record Keeping Plan (the plan), was approved by the State Records Commission (SRC) for the maximum period of five years in December 2004 and an electronic document records management system (EDRMS) was implemented in 2005.

Evaluation of Efficiency and Effectiveness of systems

During 2006 the office's recordkeeping processes continued to undergo reviews and significant improvements to demonstrate further compliance with the plan and a commitment to efficient recordkeeping practices.

To assist in this process, record-naming conventions were updated for the creation and registration of files and documents to reflect current business functions. A major review of all Retention and Disposal Schedules for files in all core business function areas has commenced, with the view of this being completed in 2007. The office continues to maintain an offsite storage facility for the storage of all "Significant" complaints files and all other relevant files for the duration of their retention. A regular disposal program targeting division-specific records is undertaken to ensure ongoing on-site storage capacity.

Since November 2005 all incoming, outgoing and significant internal documents have been saved electronically into the EDRMS. This complements the saving of electronic mail (e-mail) and facsimiles directly into the 'TRIM' EDRMS. The latest version of the 'TRIM' EDRMS was implemented on 24 April 2007. An electronic document management training program was attended by records staff just prior to roll-out of the system and specific training was provided to all operational staff once the program had been implemented. The extensive use of the EDRMS means staff have the advantage of viewing a file and its contents electronically and using the document content search facility provided by the 'TRIM' EDRMS to assist in effectively retrieving documents. There has been an increasing noted reduction of physical file retrieval requests from staff due to the implementation of electronic document management.

Nature and extent of training conducted

All staff are required to save their final electronic documents into the EDRMS and a training file is presented to new staff containing relevant procedural manuals and documents to assist in compliance with record keeping requirements. Further training opportunities are identified when regular audits of the quality of the data saved into the EDRMS are assessed and specific training is offered to staff where required. After the update of 'TRIM' staff training was reviewed and upgraded accordingly to incorporate the new functions of the system. Staff training updates targeted all divisions of the office and identified the new functionality of the EDRMS to assist in their recordkeeping needs and compliance.

Review of Efficiency and Effectiveness of systems

The current processes are operating effectively and are regularly reviewed. This year the office focussed on improving the efficiency of record handling for incoming mail as well as continuing improvements the management of electronic documents and effective retrieval of information. This has resulted in a significant increase of 32% in 2006–07 in the number of records captured.

Compliance with record-keeping plan – Induction

All new staff undergo a recordkeeping induction of around 90 minutes and an EDRMS training session. Follow-up training and help desk assistance is also provided.

Government policy requirements

Corruption prevention

The Ombudsman's office is committed to operating with a high level of integrity, consistent with its role in promoting confidence in public administration.

Strategy for identifying, managing and preventing misconduct and corruption and communication to staff about internal corruption or misconduct notification procedures

The office's Code of Conduct has a strong emphasis on identifying, managing and preventing misconduct and ocrruption. This includes detailed definitions and procedures for:

- Conflict of interest - this includes information on improper conduct for personal benefit, such as officers taking advantage of status or power to gain benefits for themselves
- Gifts - this includes how gifts to the office should be handled and registered
- Fraud - this includes information on fraud prevention
- Confidentiality - this includes the requirement that staff take an oath or affirmation on confidentiality.

There is an internal policy and procedures for Public Interest Disclosures which wa simplemented in 2005.

The office investigates complaints about public administration and handles Public Interest Disclosures relating to other agencies, which also raises awareness of these issues.

The high profile of these issues in the work of the office and as a member of the Integrity Coordinating Group and regular discussions on these matters ensures staff are aware of :

- The integrity framework for the office, including our values, Code of Ethics, the Office's Code of Conduct and internal public interest disclosure procedures.
- Internal notification procedures for dealing with complaints relating to misconduct and corruption including the ability to raise matters as a public interest disclosure.
- Those activities which constitute misconduct and corruption and the requirement to refer these matters to the Corruption and Crime Commission.

All staff, particularly those handling complaints and public interest disclosures, are aware that matters may come to their attention from the rest of the sector that relate to misconduct and corruption. They are well informed about requirements to report these matters to the Corruption and Crime Commission. This maintains awareness of the nature of misconduct and corruption and reporting requirements for any of these matters that arise within the office.

Prevention of misconduct and corruption is supported by:

- A strong focus on integrity and conflict of interest issues in the Code of Conduct and a requirement to declare and address conflicts of interest.
- Internal checks and balances including quality checks and sign off of major decisions such as recruitment and major purchases.

Education of staff and inclusion of misconduct and corruption policies in management development activities

Staff are aware of the Code of Ethics and its recent review. We adopt a continuous improvement approach to our Code of Conduct including the conflict of Interest provisions. Both documents are incorporated into the induction manual for new staff and are available on the office's intranet. Ethical awareness is reinforced through attendance by staff at presentations by guest speakers and relevant seminars and workshops. Senior staff are asked to declare any conflicts of interest at the commencement of management meetings and monthly staff meetings focus on and reinforce the application of our values.

Integration of misconduct and corruption prevention into agency's risk management system and amendment of agency policies and procedures

Given the role of the office, the need to maintain our reputation by preventing misconduct and corruption is an important aspect of our risk management. Policies are regularly reviewed with a focus on integrity issues. In addition any identification of a practice which may result in a risk of misconduct or corruption results in a review of relevant policies and practices to prevent it occuring.

Information security is a high priority for the office. Relevant risks and control strategies have been identified and implemented. The office's hard copy and electronic records management system and information technology networks have restricted access to sensitive records. Highly sensitive records are kept in independent lockable storage and are only accessible to relevant staff. Staff are made aware of their obligations relating to information security as part of the induction process and make an oath or affirmation that they will not inappropriately disclose information from the office's confidential records.

Substantive equality

The Ombudsman's office is not a member of the Strategic Management Council and does not currently have obligations under the Substantive Equality Framework. However, the office is committed to the objectives of the policy to eliminate systemic racial discrimination in the delivery of public services and promote sensitivity to the different needs of client groups. EEO initiatives contribute to the elimination of systemic racial discrimination in the delivery of services as well as promoting equal employment opportunity. Cultural diversity in the workforce contributes to increased sensitivity by all staff to the different needs of client groups and the following planned initiatives will address both employment opportunity and improved services to customers:

- Explore the possibility of appointing an Indigenous person to undertake liaison with Aboriginal people to improve their access to making complaints to the Ombudsman.
- Ombudsman Induction manual and procedures reviewed to include ways to cover requirements for a workplace that values diversity and is free of discrimination, harassment and victimisation.

Code of Practice Action	Strategies
Planning, reporting and decision making are conducted in accordance with sustainability principles	• Strategic and business planning is consistent with sustainability principles and actions in *Better Planning: Better Services* • The office engages stakeholders regardless of age, gender, culture, ability and location in policy development
Agency operations support sustainability	• Procurement complies with the sustainability approach as outlined in the State Supply Commission's policies. • Service delivery is integrated with other accountability agencies through co-location arrangements and shared business services. • The office maximises paper recycling through use of recycle bins. • The office is highly conscious of energy consumption and has successfully reduced energy consumption over several years. This resulted in an award for savings of 10% in 2005-06. This year there has been a further 10% reduction in net omissions. • Travel and vehicle use is minimised through use of telephones and teleconference facilities where possible. • Sustainability considerations have been built onto office fitouts, including use of lights that turn off when offices are empty.
Public sector employees are encouraged and empowered to support sustainability	• Paper recycling and minimising use of energy was initially promoted personally by the Ombudsman and has been maintained through signs on recycling bins and light switches. • Employees are supported in their understanding of and respect for diversity through initiatives under the EEO Outcomes • Employees are encouraged to contribute to community development through voluntary initiatives. • Occupational health and safety measures have been implemented as outlined under the Employment and Industrial Relations.

Sustainability

Qualitiative summary describing how achieving targets and priority areas set in sustainability action plans, including but not limited to sustainability procurement

Under the *Sustainability Code of Practice for Government Agencies*, departments of State and SES organisations are required to develop a Sustainability Action Plan. While it is not intended that the code apply to accountability agencies such as the Ombudsman's office, we are committed to the principles in the Code of Practice and to ensuring agency operations support sustainability and encourage and empower staff to support it.