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Financial Statements and Performance Indicators

Independent Audit Opinion



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 2009

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 2009, and the Income Statement, Statement of Changes in Equity, Cash Flow Statement, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities 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 www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.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.

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**Parliamentary Commissioner for Administrative Investigations
Financial Statements and Key Performance Indicators for the year ended 30 June 2009**

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 2009 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 2009.



COLIN MURPHY
AUDITOR GENERAL
17 September 2009

Certification of Financial Statements

Certification of Financial Statements for the year ended 30 June 2009

The accompanying financial statements of the Parliamentary Commissioner for Administrative Investigations have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2009 and the financial position as at 30 June 2009.

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.



Mary White
Chief Finance Officer

8 September 2009



Chris Field
Accountable Authority

8 September 2009

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Financial Statements

Income Statement

For the year ended 30 June 2009

	Note	2009 \$	2008 \$
COST OF SERVICES			
Expenses			
Employee benefits expense	7	3,886,648	3,119,225
Supplies and services	8	864,163	658,700
Depreciation and amortisation expense	9	120,517	116,619
Accommodation expenses	10	618,159	466,339
Other expenses	11	19,344	29,581
Loss on disposal of non-current assets	12	3,418	-
Total cost of services		5,512,249	4,390,464
Income			
Revenue			
Users charges and fees	13	823,376	671,690
Total revenue		823,376	671,690
Total income other than income from State Government		823,376	671,690
NET COST OF SERVICES		4,688,873	3,718,774
INCOME FROM STATE GOVERNMENT	14		
Service Appropriation		4,564,000	3,727,000
Resources received free of charge		42,546	63,120
Liabilities assumed by the Treasurer		-	182,386
Total income from State Government		4,606,546	3,972,506
(DEFICIT)/SURPLUS FOR THE PERIOD		(82,327)	253,732

Balance Sheet

For the year ended 30 June 2009

	Note	2009 \$	2008 \$
ASSETS			
Current Assets			
Cash and cash equivalents	24	420,570	594,419
Receivables	16	424,814	335,725
Amounts receivable for services	17	67,000	143,000
Total Current Assets		912,384	1,073,144
Non-Current Assets			
Restricted cash and cash equivalents	15	52,498	30,731
Property, plant and equipment	18	716,538	667,594
Intangible assets	19	147,965	157,853
Amounts receivable for services	17	1,033,000	600,000
Total Non-Current Assets		1,950,001	1,456,178
TOTAL ASSETS		2,862,386	2,529,322
LIABILITIES			
Current Liabilities			
Payables	21	304,102	376,819
Provisions	22	852,981	638,453
Total Current Liabilities		1,157,083	1,015,272
Non-Current Liabilities			
Provisions	22	251,559	175,980
Total Non-Current Liabilities		251,559	175,980
TOTAL LIABILITIES		1,408,642	1,191,252
Net Assets		1,453,744	1,338,070
EQUITY			
	23		
Contributed equity		930,000	732,000
Reserves		0	-
Accumulated surplus		523,743	606,070
TOTAL EQUITY		1,453,743	1,338,070

See also the 'Schedule of Assets and Liabilities by Service'

Statement of Changes in Equity

For the year ended 30 June 2009

	Note	2009 \$	2008 \$
Balance of equity at start of period		1,338,070	1,084,338
CONTRIBUTED EQUITY	23		
Balance at start of period		732,000	732,000
Capital contribution		198,000	-
Balance at end of period		930,000	732,000
RESERVES	23		
Asset Revaluation Reserve			
Balance at start of period		-	-
Changes in accounting policy or correction of prior period errors		-	-
Restated balance at start of period		-	-
Gains/(losses) from asset revaluation		-	-
Balance at end of period		-	-
ACCUMULATED SURPLUS (RETAINED EARNINGS)	23		
Balance at start of period		606,070	352,338
Change in accounting policy or correction of prior period errors		-	-
Restated balance at start of period		606,070	352,338
Surplus/(deficit) or profit/(loss) for the period		(82,327)	253,732
Gain/(losses) recognised directly in equity		-	-
Balance at end of period		523,743	606,070
Balance of equity at end of period		1,453,743	1,338,070
Total income and expense for the period		(82,327)	253,732

Cash Flow Statement

For the year ended 30 June 2009

	Note	2009 \$	2008 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		4,123,000	3,346,000
Capital contribution		198,000	-
Holding account drawdowns		84,000	403,000
Net Cash provided by State Government		4,405,000	3,749,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(3,579,582)	(2,775,912)
Supplies and services		(898,985)	(511,220)
Accommodation		(618,159)	(511,933)
GST payments on purchases		(135,750)	(48,431)
GST payments to taxation authority		(23,555)	(40,089)
Other payments		(19,343)	(79,915)
Receipts			
User Charges and Fees		721,978	739,084
GST receipts on sales		82,331	26,740
GST receipts from taxation authority		76,974	63,798
Net cash used in operating activities	24	(4,394,091)	(3,137,878)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current physical assets		150	-
Purchase of non-current physical assets		(163,141)	(529,258)
Net cash used in investing activities		(162,991)	(529,258)
Net (decrease)/increase in cash and cash equivalents		(152,082)	81,864
Cash and cash equivalents at the beginning of period		625,150	543,286
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	24	473,068	625,150

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

Schedule of Income and Expenses by Service

For the year ended 30 June 2009

	Investigating Complaints about Public Authorities		Telecommunication Intercept Inspections		Total	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
COST OF SERVICES						
Expenses					(a)	
Employee benefits expense	3,819,490	3,059,761	67,158	59,465	3,886,648	3,119,226
Supplies and services	864,163	658,656	-	43	864,163	658,699
Depreciation and amortisation expense	120,517	116,619	-	-	120,517	116,619
Accommodation expenses	618,159	466,339	-	-	618,159	466,339
Other expenses	19,344	29,531	-	50	19,344	29,581
Loss on disposal of non-current assets	3,418	-	-	-	3,418	-
Total cost of services	5,445,091	4,330,906	67,158	59,558	5,512,249	4,390,464
Income						
Other revenue	823,376	671,690	-	-	823,376	671,690
Total income other than income from State Government	823,376	671,690	-	-	823,376	671,690
NET COST OF SERVICES	4,621,715	3,659,216	67,158	59,558	4,688,873	3,718,774
INCOME FROM STATE GOVERNMENT						
Service appropriation	4,510,000	3,673,000	54,000	54,000	4,564,000	3,727,000
Resources received free of charge	42,546	63,120	-	-	42,546	63,120
Liabilities assumed by the Treasurer	-	182,386	-	-	-	182,386
Total income from State Government	4,552,546	3,918,506	54,000	54,000	4,606,546	3,972,506
Surplus/(deficit) for the period	(69,169)	259,290	(13,158)	(5,558)	(82,327)	253,732

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

- (a) Employee benefits expense and flow on figures for 2008 had been adjusted in this financial year's annual report to reflect changes to prior year's figures.

Schedule of Assets and Liabilities by Service

As at 30 June 2009

	Investigating Complaints about Public Authorities		Telecommunication Intercept Inspections		Total	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
ASSETS						
Current Assets	912,384	1,073,144	-	-	912,384	1,073,144
Non-Current Assets	1,950,001	1,456,178	-	-	1,950,001	1,456,178
Total assets	2,862,385	2,529,322			2,862,385	2,529,322
LIABILITIES						
Current liabilities	1,157,083	1,015,272			1,157,083	1,015,272
Non-current liabilities	251,559	175,980			251,559	175,980
Total liabilities	1,408,642	1,191,252	-	-	1,408,642	1,191,252
NET ASSETS	1,453,743	1,338,070	-	-	1,453,743	1,338,070

The Schedule of Assets and Liabilities by Service should be read in conjunction with the accompanying notes.

Summary of Consolidated Fund Appropriations and Income Estimates

For the year ended 30 June 2009

	2009 Estimate \$	2009 Actual \$	Variance \$	2009 Actual \$	2008 Actual \$	Variance \$
DELIVERY OF SERVICES						
Item 4 Net amount appropriated to deliver services	3,743,000	4,067,000	324,000	4,067,000	3,251,000	816,000
Section 25 transfer of service appropriation	-	-	-	-	-	-
Amount authorised by other statutes						
Parliamentary Commissioner Act 1971	493,000	497,000	4,000	497,000	476,000	21,000
Salaries & Allowances Act 1975			-	-		-
Total appropriations provided to deliver services	4,236,000	4,564,000	328,000	4,564,000	3,727,000	837,000
CAPITAL						
Capital Contributions	198,000	198,000	-	198,000	-	198,000
GRAND TOTAL	4,434,000	4,762,000	328,000	4,762,000		1,035,000
Details Of Expenses by Service						
Investigating Complaints about Public Authorities	4,726,000	5,445,091	719,091	5,445,091	4,330,906	1,114,185
Telecommunications Intercept Inspections	54,000	67,158	13,158	67,158	59,558	7,600
Total Cost of Services	4,780,000	5,512,249	732,249	5,512,249	4,390,464	1,121,785
Less total income	(518,000)	(823,376)	(305,376)	(823,376)	(671,690)	(151,686)
Net Cost of Services	4,262,000	4,688,873	426,873	4,688,873	3,718,774	970,099
Adjustments	(26,000)	(124,873)	(98,873)	(124,873)	8,226	(133,099)
Total appropriations provided to deliver services	4,236,000	4,564,000	328,000	4,564,000	3,727,000	837,000
Capital Expenditure						
Purchase of non-current physical assets	282,000	163,141	(118,859)	163,141	403,000	(239,859)
Adjustment for other funding sources	(84,000)	(84,000)	-	(84,000)	(403,000)	319,000
Item 119 Capital Contribution (appropriation)	198,000	79,141	(118,859)	79,141	0	79,141

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

Note 29 "Explanatory statement" provides details of any significant variations between estimates and actual results for 2009 and between the actual results

Notes to the Financial Statements

1. Mission and funding

The mission 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 is 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 2009 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 2009.

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 on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings and infrastructure which have been measured at fair value.

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.

The judgements that have been made in the process of applying the office's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 4 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at note 5 'Key sources of estimation uncertainty'.

(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:

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 Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited into the Departments bank account or credited to the holding account held at Treasury. See note 14 "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 2008-2009 Budget Statements, the office retained \$823,377 in 2009 (\$671,690 in 2008) from the following:

- Proceeds from fees and charges; 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 \$5,000 or more 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 \$5,000 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 acquired at no cost or for nominal consideration, the cost is their fair value at the date of acquisition.

Subsequent measurement

After recognition as an asset, the Department uses the cost model for all other property, plant and equipment. All items of property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment, any revaluation reserve relating to that asset is retained in the asset revaluation reserve.

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 machinery, 10 years
- Computer hardware, 3 years
- Office equipment, 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 \$5,000 and more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful 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 \$5,000 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 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, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of 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-based evidence. Where fair value is determined by reference to depreciated

replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at each balance sheet date.

(i) Leases

The office holds operating leases for its office buildings 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

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

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

These have been disaggregated into the following classes:

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

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

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

(k) Cash and cash equivalents

For the purpose of the 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 15 '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 21 'Payables') 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 14 'Income from State Government' and note 17 '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 uncollectable are written-off against the allowance account. The allowance for uncollectable 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 16 '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 21 '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 resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date. See note 22 '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 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 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 the 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 22 '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 GSS (concurrent contributions), the West State Superannuation Scheme (WSS), GESB Super Scheme (GESBS).

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 14 'Income from State Government'. Commencing in 2008-09, the reporting of annual movements in these notional liabilities has been discontinued and is no longer recognised in the Income Statement.

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 Account.

The GSS Scheme is a defined benefit scheme for the purposes 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 extinguish 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 cost that can be reliably measured are recognised as income 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. Key sources of estimation uncertainty

There were no estimates or assumptions made concerning the future, or other key sources of estimation uncertainty at the balance sheet data that is likely to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6. 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 2008 that impacted on the office:

Review of AAS 27 "Financial Reporting by Local Governments", AAS 29 "Financial Reporting by Government Departments" and AAS 31 "Financial Reporting by Governments". The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:

- AASB 1004 "Contributions";
- AASB 1050 "Administered Items";
- AASB 1051 "Land Under Roads";
- AASB 1052 "Disaggregated Disclosures";
- AASB 2007-9 "Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 (AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137),
- Interpretation 1038 "Contributions by Owners Made to Wholly-Owned Public Sector Entities"

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and revised topic-based Standards and Interpretation. These requirements remain substantively unchanged. The new and revised Standards and Interpretation make some modifications to disclosures and provide additional guidance (for example, Australian Guidance to AASB 116 "Property, Plant and Equipment" in relation to heritage and cultural assets has been introduced), otherwise there is no financial impact.

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 and which may impact the office but are not yet effective. Where applicable, the office plans to apply these Standards and Interpretations from their application date:

Title	Operative for reporting periods beginning on/after
AASB 101 'Presentation of Financial Statements (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The office does not expect any financial impact when the Standard is first applied.	1 January 2009
AASB 2008-13 "Amendments to Australian Accounting Standards arising from AASB Interpretation 17 - Distributions on Non-Cash Assets to Owners (AASB5 & AASB 110). This Standard amends AASB 5 "Non-current Assts Held for Sale and Discontinued Operations" in respect of the classification, presentation and measurement on non-current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and classification of Crown land held by the Department where the Crown land is to be sold by the Department for Planning and Infrastructure. The Department does not expect any financial impact when the Standard is first applied prospectively.	1 July 2009

	2009 \$	2008 \$
7. Employee benefits expense		
Wages and salaries ^(a)	3,197,834	2,579,134
Superannuation - defined contribution plans ^(b)	314,642	226,860
Superannuation - defined benefit plans ^{(c)(d)}	0	182,386
Long service leave ^(e)	180,857	51,062
Annual leave ^(e)	112,912	56,652
Other employee benefit expense	80,403	23,131
	<u>3,886,648</u>	<u>3,119,225</u>

- (a) Includes the value of the Fringe benefit to the employee plus the fringe benefits tax component
- (b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).
- (c) Defined benefit plans include Pension scheme and Gold State (pre-transfer benefit).
- (d) An equivalent notional income is also recognised (see note 14 'Income from State Government').
- (e) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance are included at note 11 'Other expenses'. The employment on-costs liability is included at note 22 'Provisions'.

	2009	2008
	\$	\$
8. Supplies and Services		
Travel	31,318	35,638
Communications	54,353	37,422
Consumables	185,380	143,259
Services and contracts	351,782	296,798
Resources received free of charge (see note 14)	33,244	63,120
Other	208,086	82,463
	<u>864,163</u>	<u>658,700</u>

9. Depreciation and amortisation expense

Furniture and fittings	25,658	68,205
Computer equipment	6,165	11,015
Communications	4,554	-
Office equipment	8,610	7,215
Plant & Machinery	1,593	1,587
Computer software	73,937	28,597
Total Depreciation & amortisation	<u>120,517</u>	<u>116,619</u>

10. Accommodation expenses

Lease rentals and outgoings	608,200	465,683
Resources received free of charge (see note 14)	9,959	656
	<u>618,159</u>	<u>466,339</u>

11. Other expenses

Employment on-costs ^(a)	-3,661	3,393
Audit Fee ^(b)	23,005	18,800
Bad Debt Write-off	0	7,388
	<u>19,344</u>	<u>29,581</u>

(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 22 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

(b) Audit fee, see also note 32 "Remuneration of auditor".

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

<u>Costs of Disposal of Non-Current Assets</u>		
Property, plant and equipment	3,568	-
<u>Proceeds from Disposal of Non-Current Assets</u>		
Property, plant and equipment	150	-
Net Gain/(loss)	<u>3,418</u>	<u>0</u>

	2009 \$	2008 \$
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13. User charges and fees

Retained revenue - other	823,376	671,690
	<u>823,376</u>	<u>671,690</u>

14. Income from State Government

Appropriation received during the year:

Service appropriations^(a)

Recurrent	4,067,000	3,251,000
Special Acts	497,000	476,000
	<u>4,564,000</u>	<u>3,727,000</u>

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

Superannuation ^(b)	-	182,386
Total liabilities assumed by the Treasurer	<u>-</u>	<u>182,386</u>

The following assets have been assumed from/(transferred to) other State Government agencies during the financial year^(c)

Inventories	-	-
Total assets assumed/(transferred)	<u>-</u>	<u>-</u>

Resources received free of charge^(d)

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

Department of Justice	43	8,297
Department of the Premier and Cabinet		
Corporate and Business Services	33,201	54,823
Department of Housing and Works - property management	9,302	-
	<u>42,546</u>	<u>63,120</u>

- (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) Discretionary transfers of assets between State Government agencies are reported as assets assumed/(transferred) under Income from State Government. Non-discretionary non-reciprocal transfers of net assets, other than those resulting from a restructure 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 cost, the office recognises revenues equivalent to the fair value of the assets and/or the fair value of those services that can be reliably measured and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable. Where the contribution of assets or services are in the nature of contributions by owners, the office makes an adjustment direct to equity.

	2009	2008
	\$	\$

15. Restricted cash and cash equivalents

Non-current

Accrued salaries suspense account ^(a)	52,498	30,731
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- (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.

16. Receivables

Current		
GST Receivable	24,645	36,955
Accrued Revenue	35,769	140,563
Other	364,400	158,207
Total Current	424,814	335,725

See note 3(n) and note 30 "Financial Instruments"

17. Amounts receivable for services

Current	67,000	143,000
Non-current	1,033,000	600,000
	1,100,000	743,000

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.

18. Property, Plant and Equipment

Buildings - Leasehold Improvements (WIP)

At cost	-	494,253
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Furniture and fittings

At cost	1,102,766	611,362
Accumulated depreciation	(509,383)	(483,726)
	593,383	127,636

Computer Hardware

At cost	78,248	78,248
Accumulated depreciation	(72,597)	(66,432)
	5,651	11,816

	2009 \$	2008 \$
Office equipment		
At cost	22,349	44,357
Accumulated depreciation	(3,054)	(23,741)
	19,295	20,616
Plant & machinery		
At cost	15,780	15,780
Accumulated depreciation	(4,100)	(2,507)
	11,680	13,273
Communications		
At cost	109,083	18,000
Accumulated depreciation	(22,554)	(18,000)
	86,529	-
Total		
At cost	1,328,226	1,262,000
Accumulated depreciation	(611,688)	(594,406)
	716,538	667,594

Reconciliations

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.

	Furniture & fittings	Computer Hardware	Office equipment	Communi- cations	Office establish ment	Leasehold improve ments WIP	Plant and Machinery	Art Work	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
2009									
Carrying amount at start of year	127,636	11,816	20,616	-	-	494,253	13,273	-	667,594
Additions	491,404		10,857	91,083					593,344
Transfers			(3,568)			(494,253)			(497,821)
Depreciation	(25,658)	(6,165)	(8,610)	(4,554)			(1,593)		(46,580)
Carrying amount at end of year	593,382	5,651	19,295	86,529	-	-	11,680	-	716,537
	\$	\$	\$	\$	\$	\$	\$	\$	\$
2008									
Carrying amount at start of year	14,859	22,831	16,339	-	195,842	-	-	-	249,871
Additions		-	11,492			494,253		-	505,745
Transfers	180,982				(195,842)	-	14,860		-
Depreciation	(68,205)	(11,015)	(7,215)	-	-	-	(1,587)	-	(88,022)
Carrying amount at end of year	127,636	11,816	20,616	-	-	494,253	13,273	-	667,594

	2009 \$	2008 \$
19. Intangible assets		
Computer Software		
At cost	250,500	186,450
Accumulated amortisation	(102,535)	(28,597)
	147,965	157,853
Reconciliations:		
Computer Software		
Carrying amount at start of year	157,853	91,920
Additions	158,580	94,530
Transfer	(94,530)	-
Amortisation expense	(73,938)	(28,597)
Carrying amount at end of year	147,965	157,853

20. Impairment of assets

There were no indications of impairment of property, plant and equipment and intangible assets at 30 June 2009. 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 2009 have either been classified as assets held for sale or written-off.

21. Payables

Current

Trade payables	35,044	240,434
Accrued Expenses	148,502	109,520
Accrued Salaries	41,275	24,314
Other payables	79,281	2,551
Total Current	304,102	376,819

Non-Current

Trade payables	-	-
Other payables	-	-
Total Non-Current	-	-

22. Provisions

Current

Employee benefits provision		
Annual leave ^(a)	401,852	290,012
Long service leave ^(b)	451,050	345,498
	852,902	635,510

Other provisions

Employment on-costs ^(c)	79	2,943
	79	2,943
	852,981	638,453

	2009 \$	2008 \$
Non-current		
Employee benefits provision		
Long service leave ^(b)	156,862	175,158
	156,862	175,158
Other provisions		
Employment on-costs ^(c)	94,697	822
	94,697	822
	251,559	175,980

- (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	229,747	169,997
More than 12 months after balance sheet date	135,440	120,015
	365,187	290,012

- (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	246,323	221,898
More than 12 months after balance sheet date	410,127	298,758
	656,450	520,656

- (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	3,765	3,325
Additional provisions recognised	91,011	488
Payments/other sacrifices of economic benefits	-	(48)
Carrying amount at end of year	94,776	3,765

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
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	2009 \$	2008 \$
Contributions by owners:		
Capital Contributions ^(b)	198,000	-
Transfer of net assets from other agencies ^{(a) (c)}	-	-
Total contributions by owners	198,000	-
Distributions to owners:		
Transfer of net assets to other agencies ^{(a) (c)}	-	-
Net assets transferred to Government ^(d)	-	-
Total distributions to owners	-	-
Balance at the end of the year	930,000	732,000

- (a) Under AASB 1004 "Contributions", transfers of net assets as a result of a restructure of administrative arrangements are to be accounted for as contributions by owners and distribution to owners.
- (b) Under the Treasurer's instruction TI 955 "Contributions by Owners Made to Wholly Owned Public Sector Entities" Capital Contributions (appropriations) have been designated as contributions by owners in accordance with AASB Interpretation 1038 "Contributions by Owners made to Wholly-Owned Public Sector Entities".
- (c) Under TI 955, non-discretionary (non-reciprocal) transfers of net assets between State Government agencies have been designated as contributions by owners in accordance with AASB Interpretation 1038, where the transferee agency accounts for a non-discretionary (non-reciprocal) transfer of net assets as a contribution by owners and the transferor agency accounts for the transfer as a distribution to owners.
- (d) TI 955 requires non-reciprocal transfers of net assets to Government to be accounted for as distributions to owners in accordance with AASB Interpretation 1038.

	2009 \$	2008 \$
Reserves		
Asset revaluation reserve		
Balance at the start of the year	-	-
Realised on asset disposal	-	-
Balance at the end of the year	-	-
Accumulated surplus		
Balance at the start of the year	606,070	352,338
Result for the period	(82,327)	253,732
Income and expense recognised directly to equity	-	-
Balance at the end of the year	523,743	606,070

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:

	2009 \$	2008 \$
Cash and cash equivalents	420,570	594,419
Restricted cash and cash equivalents (refer to note 15)	52,498	30,731
	<u>473,068</u>	<u>625,150</u>

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

Net cost of services	4,688,873	(3,718,774)
Non-cash items:		
Depreciation and amortisation expense	120,517	116,619
Superannuation expense	0	182,386
Resources received free of charge	42,546	63,120
Other Revenue		(110,800)
(Increase)/decrease in assets:		
Current receivables ^(c)	(241,962)	(101,529)
Amounts receivable for services	(357,000)	-
Increase/(decrease) in liabilities:		
Accrued salaries	16,961	-
Current Provisions	214,528	69,519
Current payables	(72,717)	323,708
Non-current provisions	75,579	35,855
Net GST receipts/(payments) ^(a)	0	2,018
Change in GST in receivables/payables ^(b)	(93,233)	(39,783)
Net cash provided by/(used in) operating activities	<u>4,394,091</u>	<u>(3,137,878)</u>

(a) This is the net GST paid/received, i.e cash transaction.

(b) This reverses out the GST in receivables and payables.

(c) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

25. Resources provided free of charge

The office did not provide any resources to other agencies free of charge.

	2009 \$	2008 \$
26. Commitments		
Non-cancellable operating leases commitments		
Commitments for accommodation and motor vehicle lease payments are payable as follows:		
Within 1 year	461,472	475,111
Later than 1 year and not later than 5 years	923,995	1,407,332
Later than 5 years	-	-
	<u>1,385,467</u>	<u>1,882,443</u>

The non cancellable operating leases represent the office's property lease and leases on its motor vehicles. The property lease is a non-cancellable lease with a five year term with a further option to renew the lease. Rent is payable monthly. Contingent rent provisions within the lease agreement allow for the minimum lease payments to be reviewed and increased in line with movements in market rents.

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

Other commitments

Other expenditure commitments for operational expenditure contracted for at the balance sheet date but not recognised as liabilities, are payable as follows:

Within 1 year	-	682
Later than 1 year and not later than 5 years	-	-
	<u>-</u>	<u>682</u>

These commitments are all inclusive of GST.

27. Contingent liabilities and contingent assets

Contingent Liabilities

The office has no contingent liabilities.

Contingent Assets

The office has no contingent assets.

28. Events occurring after the balance sheet date.

There were no events occurring after the reporting date that impact on the financial statements.

29. Explanatory Statement

Significant variations between estimates and actual results for 'total appropriations provided to deliver services', 'total income', 'expenses by service' and 'capital expenditure' as presented in the financial statement titled 'Summary of Consolidated Fund Appropriations and Income Estimates' are shown below. Significant variations are considered to be those greater than 10% or \$423,600.

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

(i) Significant variances between estimated and actual 2009 total appropriation provided to deliver services:

	Estimate 2009	Actual 2009	Variance
	\$	\$	\$

Total Appropriation Provided to Deliver Services

Total Appropriation Provided to Deliver Services	4,236,000	4,564,000	(328,000)
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The variation relates to approved increases in appropriation during the year of \$90,000 for salary increases (primarily the CSA wages outcome) and \$238,000 for the establishment of the child death review function (primarily for accrual costs for leave liability and depreciation).

(i) Significant variances between estimated and actual 2009 expenses for public sector organisations:

	Estimate 2009	Actual 2009	Variance
	\$	\$	\$

Service Expenditure

Public Sector Organisations	4,726,000	5,445,091	(719,091)
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The variation relates primarily to increased expenses associated with the increased appropriation of \$328,000 as described above; \$166,000 for the Energy Ombudsman function (as a result of a review to identify and recognise work done in a range of positions across the office); \$60,000 for minor equipment (under \$5,000) that was previously budgeted as capital; \$60,000 for furniture and equipment associated with the fitout to accommodate the new child death review function; and \$100,000 for additional staffing costs to enable a reduction in the number of older cases. These additional expenses were mostly offset by an approved increase in appropriation of \$328,000 and increased revenue of \$305,000 (including \$166,000 to offset the full costs identified for the Energy function).

(iii) Significant variances between actual 2008 and actual 2009 expenses for public sector organisations:

	Estimate 2009	Actual 2009	Variance
	\$	\$	\$

Service Expenditure

Public Sector Organisations	4,330,906	5,445,091	(1,114,185)
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The variation relates primarily to increased expenses in 2009 above the initial estimate, as described above, and \$395,000 additional expenses (primarily salaries) to undertake functions for which there was additional approved funding in the 2009 estimate including: \$202,000 partial funding of the child death review function pending the transfer of remaining funds from the Department for Child Protection; \$124,000 to handle appeals from overseas students under the National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007; and salary escalation.

30. Financial Instruments

(a) Financial Risk Management Objectives and Policies

Financial Instruments held by the office are cash and cash equivalents, restricted cash and cash equivalents and receivables and payables. All of the office's cash is held in the public bank account

(non-interest bearing) apart from restricted cash held in a special purpose account. The office has limited exposure to financial risks. The office's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the office's receivables defaulting on their contractual obligations resulting in financial loss to the office. The office measures credit risk on a fair value basis and monitors risk on a regular basis.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 30(c).

Credit risk associated with the office's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than Government, the office trades only with recognised, creditworthy third parties. 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.

Allowance for impairment of financial assets is calculated based on past experience, and current and expected changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 16 'Receivables'.

Liquidity risk

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

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

Market risk

The office does not trade in foreign currency and is not materially exposed to other price risks. Other than as detailed in the interest rate sensitivity analysis table at Note 30(c), the office is not exposed to interest rate risk because all other cash and cash equivalents and restricted cash are non-interest bearing, and the office has no borrowings.

(b) Categories of Financial Instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:

	2009 \$	2008 \$
Financial Assets		
Cash and cash equivalents	420,570	594,419
Restricted cash and cash equivalents	52,498	30,731
Receivables ^(a)	1,500,169	1,041,770
Financial Liabilities		
Financial liabilities measured at amortised cost	304,102	376,819

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

(c) Financial Instrument disclosures

Credit Risk, Liquidity Risk and interest Rate Risk Exposure

The following table discloses the office's maximum exposure to liquidity risk and interest rate risk as at the balance sheet date. The office's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown on the following table. The table is based on information provided to senior management of the office. The contractual maturity amounts in the table are representative of the undiscounted amounts at the balance sheet date. An adjustment for discounting has been made where material.

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

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

	Weighted average effective interest rate	Carrying Amount	Variable interest rate	Non- Interest Bearing	Contractual Maturity Dates			Adjustment for Discounting
					Within 1 Year	4-5 Years	More than 5 Years	
	%	\$	\$	\$	\$	\$	\$	\$
2009								
Financial assets								
Cash Assets		420,570	-	420,570	-	-	-	-
Restricted Cash Assets		52,498	-	52,498	-	-	-	-
Receivables ^(a)		400,169	-	400,169	-	-	-	-
Amounts receivable for services		1,100,000	-	1,100,000	-	-	-	-
		1,973,237	-	1,973,237	-	-	-	-
Financial Liabilities								
Payables		304,102	-	304,102	-	-	-	-
		304,102	-	304,102	-	-	-	-

	Weighted average effective interest rate	Carrying Amount	Variable interest rate	Non- Interest Bearing	Contractual Maturity Dates			Adjustment for Discounting
					Within 1 Year	4-5 Years	More than 5 Years	
	%	\$	\$	\$	\$	\$	\$	\$
2008								
Financial assets								
Cash Assets		594,419	-	594,419	-	-	-	-
Restricted Cash Assets		30,731	-	30,731	-	-	-	-
Receivables ^(a)		298,770	-	298,770	-	-	-	-
Amounts receivable for services		743,000	-	743,000	-	-	-	-
		<u>1,666,920</u>	<u>-</u>	<u>1,666,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial Liabilities								
Payables		376,819	-	376,819	-	-	-	-
		<u>376,819</u>	<u>-</u>	<u>376,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Interest rate sensitivity analysis

None of the office's financial assets and liabilities at the balance sheet date are sensitive to movements in interest rates, hence movements in interest rates have no bottom line impact on the office's surplus or equity.

Fair Values

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

	2009	2008
	\$	\$

31. Remuneration of senior officers

Remuneration

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

1,001 - 2,000		1
60,001 - 70,000		
70,001 - 80,000	1	
80,001 - 90,000		1
90,001 - 100,000		1
100,001 - 110,000	1	

	2009 \$	2008 \$
110,001 - 120,000		1
120,001 - 130,000	3	
130,001 - 140,000	1	1
200,001 - 210,000		
230,001 - 240,000		
270,001 - 280,000		1
280,001 - 290,000	1	1
330,000 - 340,000		1

The total remuneration of senior officers is: 976,632 1,035,782

The total remuneration includes the superannuation expense incurred by the office in respect of senior officers. One senior officer is a member of the Pension Scheme.

32. Remuneration of Auditor

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

Auditing the accounts, financial statements and performance indicators	14,500	20,700
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33. Related bodies

The office had no related bodies during the financial year.

34. Affiliated bodies

The office had no affiliated bodies during the financial year.

35. 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.

11,174	13,210
-	-
(1,140)	(2,036)
10,034	11,174

36. Supplementary financial information

Write-Offs

There was no write-off during the financial year.

Losses Through Theft, Defaults and Other Causes

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

Gifts of public property

There were no gifts of public property provided by the Department during the financial year.

Key Performance Indicators

Certification of Key Performance Indicators

Certification of Key Performance Indicators for the year ended 30 June 2009

I 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 2009.



Mary White
Chief Finance Officer
8 September 2009



Chris Field
Accountable Authority
8 September 2009

Key Effectiveness Indicators

The key effectiveness indicators of the Ombudsman's office report on the extent to which public sector agencies have improved their decision making, practices and conduct as a result of recommendations and suggestions made by the Ombudsman.

In 2008-09 there were 1,238 complaints received and 1,277 complaints finalised (including 1,479 separate allegations). During the year agencies responded to 29 recommendations and suggestions for improvement made by the Ombudsman.

The effectiveness of the Ombudsman in achieving improved administrative decision making and practices in agencies is shown by the high levels of acceptance of recommendations and suggestions for improvement over the last four years, with all 29 being accepted by agencies in 2008-09.

Table 1 - Key Effectiveness Indicators	2005-06	2006-07	2007-08	2008-09 Target	2008-09 Actual
Of allegations where Ombudsman made recommendations to improve practices or procedures, percentage of recommendations accepted by agencies (a)	88%	94%	100%	95%	100%
Number of improvements to practices or procedures as a result of Ombudsman action (b)	57	50	34	25	29

- (a) For public authority responses each year, the percentage of recommendations and suggestions relating to improved practices and procedures that were accepted by the public authority.
- (b) For public authority responses each year, the number of recommendations and suggestions relating to improved practices and procedures that were accepted by the public authority.

Comparison of Actual Results and Budget Targets

The percentage of recommendations accepted has improved significantly over the last two years, with 100 per cent of recommendations being accepted in both 2007-08 and 2008-09. This is above the target figure for 2008-09 of 95 per cent. The office has now set an ongoing target for 2009-10 of 100 per cent.

The number of accepted recommendations and suggestions for improvements to practices or procedures was 29 in 2008-09, above the target of 25. A very pleasing observation is that there has been a decreasing need for recommendations and suggestions in the past two years due to agencies initiating improvements to their practices prior to the conclusion of an investigation. In 2008-09 agencies advised the Ombudsman of 40 voluntary actions by agencies compared to 27 in 2007-08.

Key Efficiency Indicators

The Ombudsman's key efficiency indicators for Service 1: *Investigation of Complaints about Administrative Actions of Public Sector Organisations* relate to timeliness of complaint handling and the cost per finalised allegation.

Service 1: Public Sector Organisations

Table 2 – Public Sector Organisations	2005-06	2006-07	2007-08	2008-09 Target	2008-09 Actual
Percentage of allegations finalised within three months	63%	69%	78%	75%	82%
Percentage of allegations finalised within 12 months	90%	89%	95%	95%	96%
Percentage of allegations on hand at 30 June less than three months old	34%	33%	51%	50%	71%
Percentage of allegations on hand at 30 June less than 12 months old	77%	78%	85%	86%	96%
Cost per finalised allegation (a)	\$1,582 (b)	\$2,579	\$2,941	\$3,095	\$2,759

(a) This is the net cost of complaint resolution services divided by the number of allegations finalised.

(b) Cost figures from 2005-06 onwards do not include capital user charges. To allow comparison, the 2005-06 figures are those shown in the 2006-07 Budget Papers and differ from those shown in the 2005-06 Annual Report, which did include capital user charges.

Comparison of Actual Results and Budget Targets

These indicators show a substantial improvement in the timeliness of complaint handling in 2008-09, with all indicators exceeding the target. In particular, there has been a significant increase in the allegations on hand less than three months old (71% in 2008-09 compared to 51% in 2007-08). This has arisen due to a strong focus in recent years on efficiency and timeliness of the complaint handling process. The office will continue to build on this achievement in the future and has raised the target for allegations finalised within three months to 80 per cent for 2009-10.

In 2008-09 there were 1,479 allegations finalised compared to 1,244 in 2007-08. As resources for complaint resolution have remained similar to last year, the increase in finalised allegations has contributed to a decline in the cost per finalised allegation in 2008-09. This year the office has received additional funding but these funds have been used to establish two new specialist teams:

- The Child Death Review Team has been established to review the deaths of certain children known to the Department for Child Protection and investigate complaints related to the wellbeing of children, with the aim of identifying strategies to improve public sector administration and collaboration between agencies in relation to preventable child deaths; and
- The Administrative Improvement Team has been established to improve public administration through reviews and investigations initiated by the Ombudsman and working with public authorities on good administrative practices.

These new teams are not directly related to complaint resolution and the associated costs have not been included when calculating the cost per finalised allegation.

Service 2: Telecommunications Intercept Audit

The Ombudsman's key efficiency indicator for Service 2: *Inspection of Eligible Authorities to Ensure Compliance with Statutory Provisions When They Intercept Telecommunications* relates to the cost per inspection.

Table 3 – Telecommunications Intercept Audit	2005-06	2006-07	2007-08	2008-09 Target	2008-09 Actual
Average cost per inspection (a)	\$3,333(b)	\$2,341	\$4,254	\$4,909	\$2,583

(a) This is the net cost of telecommunications intercept audits divided by the number of inspections conducted that examined warrants issued in 2008-09.

(b) Cost figures from 2006 onwards do not include capital user charges. To allow comparison the 2006 figures are those shown in the 2007 Budget Papers and differ from those shown in the 2005-06 Annual Report, which did include capital user charges.

Comparison of Actual Results and Budget Targets

The cost per inspection has declined in 2008-09 and is considerably lower than the target. The Principal Inspector (and Inspecting Officers) must do an inspection at least twice per year; however it can be more often. The office has an internal policy that all warrants are to be inspected. This year the Ombudsman updated our inspection process and guidelines to underpin the operation of the inspection function and enhance the efficiency and effectiveness of the inspection process. The changes to the nature and frequency of inspections under the enhanced process have led to an increased number of inspections this year, resulting in a decline in the cost per inspection.

Other Disclosures and Legal Compliance

Ministerial Directives

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

Other Financial Disclosures

Pricing Policies of Services Provided

The Ombudsman's office currently receives revenue for the functions outlined below.

- 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 travel.
- Under an agreement with the Australian Government, the Ombudsman's office handles enquiries and complaints from the Indian Ocean Territories about local governments and Western Australian Government public authorities delivering services to the Territories. Each year the office recoups costs from the Australian Government for any complaints received from these Territories. Cost recovery is based on the average cost per complaint in the last two years as 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 Indonesia, to more effective and sustainable Ombudsman services. 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

Case Management System

In 2008-09, the Ombudsman's office finalised the project to replace the case management system that tracks complaints handled by the office. The new system is used to record all enquiries and complaints received by the Ombudsman and the Energy Ombudsman and to provide statistics for internal management, and reports to Parliament and stakeholders. A tender process was undertaken by the Department of Treasury and Finance and a capital project was approved. The project had funding for \$260,000 for the initial setup of the system in 2006-07 with additional funds of \$28,000 per year for software licences in the following three years.

There were two phases for the setup of the system:

Phase 1: Establish the system for Energy Ombudsman complaints.

Phase 2: Establish the system for general complaints handled under the **Parliamentary Commissioner Act 1971**.

Phase 1 was largely completed in 2006-07 at a cost of \$91,920. Phase 2 was completed on 30 June 2008. Progress payments of \$94,530 were made during 2007-08 with final payments of \$64,050 made in 2008-09, following the successful implementation of the system. The total cost of the new system for general complaints was \$158,580.

New Telephone System

In 2008-09, the Ombudsman's office and the Office of the Public Sector Standards Commissioner issued a joint Request for Quotation for the provision of a new, shared telephone system. Separate contracts were issued by each office to purchase their own components of the required equipment and handsets for the new system.

The total cost to the Ombudsman's office was \$91,083.36. The system became operational in April 2009 and was paid for in full during 2008-09.

Employment and Industrial Relations

The Ombudsman's office has grown significantly over the past three years. Over the full year 2008-09 there were 38 full-time equivalent positions (FTEs), and as at 30 June 2009, there were 46 employees, including 35 full time employees and 11 part time employees. This includes people on unpaid leave and contract staff employed to provide short term expertise and backfill staff during extended leave periods, such as maternity leave. There were also three people seconded to the office. All employees are public sector employees operating in executive, policy, enquiry, investigation and administrative roles. The table below provides a breakdown of the categories of employment for staff as at 30 June 2009 over the past three years.

Employee Category	2006-07	2007-08	2008-09
Full-time permanent	26	30	30
Full-time contract	2	2	5
Part-time permanent	7 (4.4 FTEs)	5 (3.2 FTEs)	11 (7.4 FTEs)
Part-time contract	1 (0.2 FTEs)	1 (0.8 FTEs)	0
TOTAL	36 (32.6 FTEs)	38 (36 FTEs)	46 (42.4 FTEs)
Employees seconded out (included in numbers above)	2	0	0
Employees seconded in (not included in numbers above)	4 (3.8 FTEs)	2 (1.5 FTEs)	3 (3 FTEs)
NET TOTAL (Full-time Equivalent)	34.4	37.5	45.4
NET TOTAL (Head Count)	38	40	49

Staff Policies and Procedures, Recruitment and Staff Development

The Ombudsman's office has policies in place to cover a range of human resource management practices. All human resources related policies are developed in consultation with a Joint Consultative Committee for the purpose of setting a framework for the interpretation of awards, agreements and legislative requirements. A comprehensive review of policies was undertaken during the 2008-09 year, predominantly to ensure that policies were consistent with the updated **Government Officers' Salaries, Allowances and Conditions General Agreement 2008 (GOSAC GA)**, and the **Government Officers' Salaries, Allowances and Conditions Award 1989**.

Flexible Work Practices

Flexible work options, part-time and job-sharing arrangements are widely accepted as part of the office's work-life balance approach. Advertisements for all positions in the office include information that flexible work arrangements, including part-time employment, may be negotiated. Many staff choose flexible work options, and staff in all areas and at all levels have access to, and use, part-time or purchased leave arrangements. Opportunities are also available for staff to work from home.

Diversity in the Workplace

The office recognises the importance of a diverse workforce in providing services to the diverse Western Australian 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 will not tolerate any form of direct or indirect discrimination.

The office's Equal Employment Opportunity (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 has good representation of people with disabilities and a good balance of women and men in management positions.

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

The opportunities identified for the year ahead are to:

- Increase the representation of youth (staff in the age range 17 to 24 years);
- Appoint a Principal Indigenous Liaison Advisor to the Child Death Review Team to undertake liaison with Indigenous people to improve their access to making complaints to the Ombudsman;
- Train/retrain staff who are involved in selection processes; and
- Update the office's EEO/Diversity Management Plan.

Recruitment

There is a strong focus on merit and equity in all recruitment and selection processes, whether the process is to fill a permanent position or short term secondment or acting vacancy. All job advertisements encourage people from diverse backgrounds to apply and provide for negotiation of flexible work arrangements. The office's recruitment and selection practices are designed to meet the requirements of the public sector standards in human resource management and enable both organisational requirements and employee interests to be met.

Training and Development

The Ombudsman's office values learning and encourages staff to take advantage of training and development opportunities. A Human Resource Strategy is being developed which will incorporate the office's training and development priorities.

Performance Management

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

The Ombudsman's performance management process is current being reviewed as part of an overall Human Resources Strategy.

Grievance Management

The office is committed to creating a work environment free from all forms of discrimination and harassment and to resolving grievances promptly. Grievance management and harassment policies are available to all staff at induction and through the office intranet. In 2008-09 there were no formal internal grievances.

Public Interest Disclosure

The Ombudsman's office has a public interest disclosure policy and strongly supports disclosures being made by staff. The Ombudsman will take all reasonable steps to provide protection to staff who make such disclosures from any detrimental action in reprisal for making a public interest disclosure. The office provides guidelines to staff wishing to make such disclosures. In 2008-09 there were no public interest disclosures about the activities of the Ombudsman's office.

Industrial Relations

Staff in the Ombudsman's office are employed under the **Government Officers' Salaries, Allowances and Conditions General Agreement 2008** and the **Government Officers' Salaries, Allowances and Conditions Award 1989**. No industrial disputes were recorded during the year.

Governance Disclosures

Governance Disclosures	Disclosures in 2008-09
Shares in Statutory Authorities	This is not relevant as the Ombudsman's office is not a statutory authority and does not have shares.
Shares in Subsidiary Bodies	This is not relevant as the Ombudsman's office does not have any subsidiary bodies.
Interests in Contracts by Senior Officers	<p>The office's Code of Conduct and Conflict of Interest Policy defines conflict of interest and appropriate action to take where a conflict arises between the employee's public duty and their private interests, including during tender and purchasing processes.</p> <p>Employees are aware through the Code of Conduct that they have an obligation to disclose interests that could reasonably create a perception of bias, or an actual conflict of interest, and members of Corporate Executive are asked to declare any interests at each Corporate Executive meeting.</p> <p>In addition, senior staff are aware of the Conflict of Interest guidelines developed by the Integrity Coordinating Group, of which the Ombudsman Western Australia is a member.</p> <p>The office's policy on identifying and addressing conflict of interest includes any interest of:</p> <ul style="list-style-type: none"> (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 <p>in any existing or proposed contract made with the Ombudsman's office.</p> <p>There have been no declarations of an interest in any existing or proposed contracts by senior officers in 2008-09.</p>
Benefits to Senior Officers through Contracts	This is not applicable as no senior officers have received any benefits.
Insurance Paid to Indemnify Directors	This is not applicable as the Ombudsman's office does not have any directors as defined in Part 3 of the <u>Statutory Corporations (Liability of Directors) Act 1996</u> .

Other Legal Requirements

Advertising and Sponsorship Expenditure

During 2008-09, the office incurred the following expenditure in relation to advertising, market research, polling, direct mail or media advertising that require disclosure under s.175ZE of the **Electoral Act 1907**.

Total expenditure was \$20,352 for advertising vacant positions and promoting regional visits.

Category of expenditure	Total	Company	
Advertising agencies	Nil	Nil	
Market research organisations	Nil	Nil	
Polling organisations	Nil	Nil	
Direct mail organisations	Nil	Nil	
Media advertising organisations	\$20,352	Adcorp	\$15,642
		Media Decisions	\$4,710

Disability Access and Inclusion Plan Outcomes

The office is committed to providing optimum access and service to people with disabilities, their families and carers. The Ombudsman's **Disability Access and Inclusion Plan** includes the following initiatives.

Initiative	Action
People with disabilities have the same opportunities as other people to access the services of, and any events organised by, a public authority	Any member of the public or staff with a disability has 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 Ombudsman's office is located within the St Martins Tower building, which has access for people with disabilities. This includes a lift to accommodate people in wheelchairs, an accessible toilet on the ground floor, and electronic door openers within the Ombudsman's office area.

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.

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. This has helped to raise the awareness of staff in relation to their obligations in dealing with people with disabilities.

A Disability Access Awareness training DVD was presented to all staff on 2 June 2009.

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 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.

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 within the office is handled through the website or other electronic means. The office website meets disability access requirements. Upon request, documents can be made available in alternative formats to meet the needs of people with disabilities.

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 2008-09 in each of these areas.

Significant Action to Monitor and Ensure Compliance with Public Sector Standards

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. Awareness has been promoted by senior staff attending a number of forums relating to ethical conduct.

Compliance issues: There has been no evidence of non-compliance with the Public Sector Code of Ethics.

Public Sector Standards

Managers and staff are required to comply with the Public Sector Standards in Human Resource Management. 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 secondment positions, 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:

- Internal checks have shown compliance with the standards is achieved before any final decision; and
- No breach claims were lodged.

Code of Conduct

The Code of Conduct includes a core value statement that identifies and defines the key values of justice, equity, 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: There has been no evidence of non-compliance with the office's Code of Conduct.

Recordkeeping Plans

Records Management Framework

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, was approved by the State Records Commission for five years in March 2006 and an electronic document records management system (**EDRMS**) called TRIM (**Tower Records Information Management**) was implemented in 2005. The office's Retention and Disposal Schedule was approved in December 2005.

Evaluation and Review of Efficiency and Effectiveness of Systems

During 2008-09, the office's record keeping processes continued to undergo reviews to demonstrate compliance with the framework and a commitment to efficient practices. The reviews show that current processes are operating effectively and have resulted in ongoing improvements.

Records, Plans and Policies

During the year the office's Records Management Policy, Records Management and TRIM User Manual and Records File Classification Plan were reviewed and updated. In addition a one-page summary – available on the office's intranet - defining significant and ephemeral records was produced to assist in maintaining consistency and efficiency in record handling by staff.

In the review of the File Classification Plan the areas of Administrative Improvement, Child Death Review and Industry Ombudsman were added to reflect the growth of the office functions.

Offsite Storage and Disposal

The office also 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 is undertaken to ensure ongoing on-site storage capacity.

Electronic Records Management

All incoming, outgoing and significant internal documents are being saved electronically into the EDRMS. All staff are required to save their final electronic documents into the EDRMS. This complements the saving of electronic mail and facsimiles directly into the TRIM EDRMS.

A new complaints management system named RESOLVE, which was installed in April 2008, has been successfully integrated with TRIM, increasing efficiency as all records are saved automatically into the records management system.

Induction and Training

The Coordinator Records Management conducts individual training sessions with new staff members within the first week of arrival. Follow-up training and help desk assistance is provided to all staff as required. A short instruction leaflet was produced and the Records Management and TRIM User Manual was updated to assist staff to comply with their record keeping requirements.

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 Ombudsman's office Code of Conduct has a strong emphasis on identifying, managing and preventing misconduct and corruption. 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; and
- 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 was implemented 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, the office's membership of the Integrity Coordinating Group and regular discussion on these matters ensures staff are aware of:

- The integrity framework for the office, including the office's values, Code of Ethics, 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; and
- Those activities that 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; and
- Internal checks and balances including quality checks and sign off of major decisions, such as recruitment and major purchases, in accordance with the office's Instrument of Delegation for Chief Executive Officer functions.

Education of Staff and Inclusion of Misconduct and Corruption Policies in Management Development Activities

Staff are aware of the revised Code of Ethics developed by the Commissioner for Public Sector Standards. The office adopts a continuous improvement approach to its Code of Conduct, including the conflict of interest provisions. Information about these documents is provided to new staff and is 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 the office's 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 its reputation by preventing misconduct and corruption is an important aspect of the office's risk management. Policies are regularly reviewed with a focus on integrity issues. In addition, any identification of a practice that may result in a risk of misconduct or corruption results in a review of relevant policies and practices to prevent it occurring.

Information security is a high priority for the office. The office has an Information Security Policy and 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. The office has an Internet Usage Policy that informs staff about their responsibilities in using the internet.

Substantive Equality

The Ombudsman's office does not currently have obligations under the Substantive Equality Framework as it is not a member of the Strategic Management Council. 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.

The office's *EEO/Diversity Management Plan 2007-2009* includes initiatives designed to eliminate systemic racial discrimination in the delivery of services, as well as promoting equal employment opportunity. The Ombudsman's office understands that cultural diversity in the workforce contributes to increased sensitivity by all staff to the different needs of client groups.

Planned initiatives to address both employment opportunity and improved services to customers include a review of the induction manual and procedures to include ways to cover requirements for a workplace that values diversity and is free of discrimination, harassment and victimisation.

The office understands the importance of appropriate service delivery for people from diverse backgrounds. To ensure that services provided by the Ombudsman's office are as accessible as possible, all publications are available in alternative formats on request. Information published on the office website can be viewed and printed in alternative formats and TTY phone access is available for people with hearing impairment. The office also provides interpreter services to people whose first language is not English.

Occupational Safety and Health

The office is committed to providing a safe and healthy work environment for all staff and visitors to the office. The office's goal is to have a workplace that is free from work-related injuries and diseases by developing and implementing safe systems of work and by continuing to identify hazards and to control risks as far as practicable.

The office promotes a consultative environment in which management, staff and other stakeholders work together to continually improve occupational safety and health practices. Formal mechanisms for consultation with employees on occupational safety and health matters include:

- Management and staff representation at a co-located agency Occupational Safety and Health Committee. This committee includes membership from each of the co-located agencies within the St Martins Tower building and meets on a regular basis;
- A Joint Consultative Committee; and
- Dissemination of information and discussion at whole of staff meetings.

During the year, the Joint Consultative Committee developed an Occupational Safety and Health framework that includes an Occupational Health and Safety Policy and the following supporting documents:

- Managing and Reporting Workplace Hazards, Incidents and Injuries;
- Safe Work Practices;
- Workers' Compensation and Injury Management;
- Emergency Procedures; and
- General Employee Health and Wellbeing, including an Employee Assistance Program.

The injury management system was developed in accordance with the **Workers' Compensation and Injury Management Act 1981** and extends to assisting employees with non-work related injuries.

There were no compensation claims processed during the year.

The Ombudsman's office Occupational Health and Safety Statistics for 2008-09 are shown below.

Occupational Health and Safety Statistics	2008-09 Target	2008-09 Actual
Number of fatalities	0	0
Lost time injury/diseases (LTI/D) incidence rate	0	0
Lost time injury severity rate	0	0
Percentage of injured workers returned to work within 28 weeks	Annual percentage result	n/a
Percentage of managers trained in occupational safety, health and injury management responsibilities	Greater than or equal to 50%	60%