# FINANCIAL STATEMENTS

This page has been left blank intentionally

# Disclosures and Legal Compliance

## Financial Statements

### Certification of Financial Statements

**For the year ended 30 June 2011**

The accompanying financial statements for the Office of the Information Commissioner have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the transactions for the financial year ended 30 June 2011 and the financial position as at 30 June 2011.

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

M Fitzgerald
Michelle Fitzgerald
Chief Finance Officer
Date: 26/8/11

Sven Bluemmel
Information Commissioner
Date: 26/8/11

OAG
AUDITED
26

Auditor General

INDEPENDENT AUDITOR'S REPORT

**To the Parliament of Western Australia**

**OFFICE OF THE INFORMATION COMMISSIONER**

**Report on the Financial Statements**
I have audited the accounts and financial statements of the Office of the Information Commissioner.

The financial statements comprise the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, 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, and Notes comprising a summary of significant accounting policies and other explanatory information.

*Information Commissioner's Responsibility for the Financial Statements*
The Information Commissioner is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Information Commissioner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*
As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Information Commissioner's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Information Commissioner, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*
In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Office of the Information Commissioner at 30 June 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.



4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664

**Office of the Information Commissioner**

**Report on Controls**
I have audited the controls exercised by the Office of the Information Commissioner. The Information Commissioner is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Information Commissioner based on my audit conducted in accordance with Australian Auditing Standards.

***Opinion***
In my opinion, the controls exercised by the Office of the Information Commissioner are sufficiently adequate to 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.

**Report on the Key Performance Indicators**
I have audited the key performance indicators of the Office of the Information Commissioner. The Information Commissioner is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing Standards.

***Opinion***
In my opinion, the key performance indicators of the Office of the Information Commissioner are relevant and appropriate to assist users to assess the Information Commissioner's performance and fairly represent indicated performance for the year ended 30 June 2011.

**Independence**
In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.

C Murphy

COLIN MURPHY
AUDITOR GENERAL
31 August 2011

Page 2 of 2

**Statement of Comprehensive Income**
**For the year ended 30 June 2011**

| | Note | 2011 | 2010 |
|---|---|---|---|
| | | $ | $ |
| **COST OF SERVICES** | | | |
| **Expenses** | | | |
| Employee benefits expense | 6. | 1,270,654 | 1,079,720 |
| Supplies and services | 7. | 174,789 | 168,709 |
| Depreciation expense | 8. | 7,850 | 7,850 |
| Accommodation expenses | 9. | 234,002 | 189,370 |
| Loss on disposal of non-current assets | 12. | 18 | - |
| Other expenses | 10. | 85,162 | 116,032 |
| **Total cost of services** | | **1,772,475** | **1,561,681** |
| **Income** | | | |
| ***Revenue*** | | | |
| Other Revenue | 11. | 1,963 | 4,291 |
| **Total Revenue** | | 1,963 | 4,291 |
| **Total income other than income from State Government** | | 1,963 | 4,291 |
| **NET COST OF SERVICES** | | **1,770,512** | **1,557,390** |
| **Income from State Government** | | | |
| Service Appropriation | 13. | 1,582,000 | 1,704,000 |
| Resources received free of charge | 13. | 6,295 | 5,411 |
| **Total income from State Government** | | 1,588,295 | 1,709,411 |
| **SURPLUS/(DEFICIT) FOR THE PERIOD** | | (182,217) | 152,021 |
| **OTHER COMPREHENSIVE INCOME** | | - | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | | (182,217) | 152,021 |

See also the 'Schedule of Income and Expenses by Service'.

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

**Statement of Financial Position**
**As at 30 June 2011**

| | Note | 2011<br>$ | 2010<br>$ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 22. | 88,206 | 271,479 |
| Receivables | 15. | 14,188 | 18,726 |
| Other current assets | 17. | 7,032 | 7,046 |
| **Total Current Assets** | | 109,426 | 297,251 |
| **Non-Current Assets** | | | |
| Restricted cash and cash equivalents | 14.22. | 22,254 | 15,910 |
| Amounts receivable for services | 16. | 30,000 | 30,000 |
| Plant and equipment | 18. | 11,558 | 19,408 |
| **Total Non-Current Assets** | | 63,812 | 65,318 |
| **TOTAL ASSETS** | | 173,238 | 362,569 |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Payables | 19. | 56,501 | 53,587 |
| Provisions | 20. | 168,961 | 184,488 |
| **Total Current Liabilities** | | 225,462 | 238,075 |
| **Non-Current Liabilities** | | | |
| Provisions | 20. | 56,937 | 51,438 |
| **Total Non-Current Liabilities** | | 56,937 | 51,438 |
| **TOTAL LIABILITIES** | | 282,399 | 289,513 |
| **NET ASSETS** | | (109,161) | 73,056 |
| **EQUITY** | | | |
| Contributed Equity | 21. | 37,000 | 37,000 |
| Accumulated surplus/(deficiency) | 21. | (146,161) | 36,056 |
| **TOTAL EQUITY** | | (109,161) | 73,056 |

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

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

**Statement of Changes in Equity**
**For the year ended 30 June 2011**

| | Note | Contributed Equity $ | Reserves $ | Accumulated surplus/(deficit) $ | Total Equity $ |
|---|---|---|---|---|---|
| **Balance at 1 July 2009** | 21. | 32,000 | - | (116,626) | (84,626) |
| Changes in accounting policy or correction of prior period errors | | - | - | 661 | 661 |
| **Restated balance at 1 July 2009** | | 32,000 | - | (115,965) | (83,965) |
| Total Comprehensive Income for the year | | - | - | 152,021 | 152,021 |
| Transactions with owners in their capacity as owners: | | | | | |
| Capital appropriations | | 5,000 | - | - | 5,000 |
| Total | | 5,000 | - | - | 5,000 |
| **Balance at 30 June 2010** | | 37,000 | - | 36,056 | 73,056 |
| **Balance at 1 July 2010** | | 37,000 | - | 36,056 | 73,056 |
| Total comprehensive income for the year | | - | - | (182,217) | (182,217) |
| Transactions with owners in their capacity as owners: | | | | | |
| Capital appropriations | | - | - | - | - |
| Total | | - | - | - | - |
| **Balance at 30 June 2011** | | 37,000 | - | (146,161) | (109,161) |

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

**Statement of Cash Flows**
**For the year ended 30 June 2011**

| | Note | 2011 | 2010 |
|---|---|---|---|
| | | $ | $ |
| **CASH FLOWS FROM STATE GOVERNMENT** | | | |
| Service appropriations | | 1,582,000 | 1,704,000 |
| Capital contributions | | - | 5,000 |
| **Net cash provided by State Government** | | 1,582,000 | 1,709,000 |
| | | | |
| Utilised as follows: | | | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Payments** | | | |
| Employee benefits | | (1,265,282) | (1,026,349) |
| Supplies and services | | (501,501) | (522,820) |
| GST payments on purchases | | (60,368) | (46,208) |
| | | | |
| **Receipts** | | | |
| Receipts from service | | 4,816 | 35,078 |
| GST receipts on sales | | 147 | 2,650 |
| GST receipts from taxation authority | | 63,259 | 40,815 |
| **Net cash provided by/(used in) operating activities** | 22. | (1,758,929) | (1,516,834) |
| | | | |
| Net increase/(decrease) in cash and cash equivalents | | (176,929) | 192,166 |
| Cash and cash equivalents at the beginning of period | | 287,389 | 95,223 |
| **CASH AND CASH EQUIVALENTS AT THE END OF PERIOD** | 22. | 110,460 | 287,389 |

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

**Schedule of Income and Expenses By Service**
**For the year ended 30 June 2011**

| | Resolution of complaints | | Advice and Awareness | | Total | |
|---|---|---|---|---|---|---|
| | 2011 $ | 2010 $ | 2011 $ | 2010 $ | 2011 $ | 2010 $ |
| **COST OF SERVICES** | | | | | | |
| Expenses | | | | | | |
| Employee benefit expense | 864,045 | 734,210 | 406,609 | 345,510 | 1,270,654 | 1,079,720 |
| Supplies and services | 118,857 | 114,722 | 55,932 | 53,987 | 174,789 | 168,709 |
| Depreciation and amortisation expense | 5,338 | 5,338 | 2,512 | 2,512 | 7,850 | 7,850 |
| Accommodation expenses | 159,121 | 128,772 | 74,881 | 60,598 | 234,002 | 189,370 |
| Loss on disposal of non-current assets | 12 | 0 | 6 | 0 | 18 | 0 |
| Other expenses | 57,910 | 78,902 | 27,252 | 37,130 | 85,162 | 116,032 |
| **Total cost of services** | 1,205,283 | 1,061,944 | 567,192 | 499,737 | 1,772,475 | 1,561,681 |
| Income | | | | | | |
| Other revenue | 1,963 | 4,291 | 0 | 0 | 1,963 | 4,291 |
| **Total income other than income from State Government** | 1,963 | 4,291 | 0 | 0 | 1,963 | 4,291 |
| **NET COST OF SERVICES** | 1,203,320 | 1,057,653 | 567,192 | 499,737 | 1,770,512 | 1,557,390 |
| **Income from Statement Government** | | | | | | |
| Service appropriation | 1,075,760 | 1,158,720 | 506,240 | 545,280 | 1,582,000 | 1,704,000 |
| Resources received free of charge | 4,281 | 3,679 | 2,014 | 1,732 | 6,295 | 5,411 |
| **Total income from State Government** | 1,080,041 | 1,162,399 | 508,254 | 547,012 | 1,588,295 | 1,709,411 |
| **SURPLUS/DEFICIT FOR THE PERIOD** | -123,279 | 104,746 | -58,938 | 47,275 | -182,217 | 152,021 |

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

**Schedule of Assets and Liabilities by Service**
**For the year ended 30 June 2011**

| | Resolution of complaints | | Advice and Awareness | | Total | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | $ | $ | $ | $ | $ | $ |
| Assets | | | | | | |
| Current assets | 74,410 | 202,131 | 35,016 | 95,120 | 109,426 | 297,251 |
| Non-current assets | 43,392 | 44,416 | 20,420 | 20,902 | 63,812 | 65,318 |
| **Total assets** | 117,802 | 246,547 | 55,436 | 116,022 | 173,238 | 362,569 |
| Liabilities | | | | | | |
| Current liabilities | 153,314 | 161,891 | 72,148 | 76,184 | 225,462 | 238,075 |
| Non-current liabilities | 38,717 | 34,978 | 18,220 | 16,460 | 56,937 | 51,438 |
| **Total liabilities** | 192,031 | 196,869 | 90,368 | 92,644 | 282,399 | 289,513 |
| **NET ASSETS** | -74,229 | 49,678 | -34,932 | 23,378 | -109,161 | 73,056 |

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

**Summary of Consolidated Account Appropriations and Income Estimates**
**For the year ended 30 June 2011**

| | 2011 Estimate $ | 2011 Actual $ | Variance $ | 2011 Actual $ | 2010 Actual $ | Variance $ |
|---|---|---|---|---|---|---|
| Delivery of Services | | | | | | |
| Item 90 Net amount appropriated to deliver services | 1,362,000 | 1,362,000 | - | 1,362,000 | 1,518,000 | (156,000) |
| Amount Authorised by Other Statutes | | | | | | |
| -Freedom of Information Act 1992 | 217,000 | 220,000 | 3,000 | 220,000 | 186,000 | 34,000 |
| **Total appropriations provided to deliver services** | **1,579,000** | **1,582,000** | **3,000** | **1,582,000** | **1,704,000** | **(122,000)** |
| Capital | | | | | | |
| Capital appropriations | - | - | - | - | 5,000 | (5,000) |
| **GRAND TOTAL** | **1,579,000** | **1,582,000** | **3,000** | **1,582,000** | **1,709,000** | **(127,000)** |
| Details of Expenses by Service | | | | | | |
| Resolution of Complaints | 1,103,000 | 1,205,283 | 102,283 | 1,205,283 | 1,061,944 | 143,339 |
| Advice and Awareness | 472,000 | 567,192 | 95,192 | 567,192 | 499,737 | 67,455 |
| Total Cost of Services | 1,575,000 | 1,772,475 | 197,475 | 1,772,475 | 1,561,681 | 210,794 |
| Less Total Income | (4,000) | (1,963) | 2,037 | (1,963) | (4,291) | 2,328 |
| Net Cost of Services | 1,571,000 | 1,770,512 | 199,512 | 1,770,512 | 1,557,390 | 213,122 |
| Adjustment | 8,000 | (188,512) | (196,512) | (188,512) | 146,610 | (335,122) |
| **Total appropriations provided to deliver services** | **1,579,000** | **1,582,000** | **3,000** | **1,582,000** | **1,704,000** | **(122,000)** |
| Capital Expenditure | | | | | | |
| Purchase of non-current physical assets | - | - | - | - | - | - |
| Adjustments for other funding sources | - | - | - | - | 5,000 | (5,000) |
| **Capital appropriations** | **-** | **-** | **-** | **-** | **5,000** | **(5,000)** |

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

Note 27 *'Explanatory statement'* provides details of any significant variations between estimates and actual results for 2011 and between the actual results for 2010 and 2011.

**Notes to the Financial Statements**
**For the year ended 30 June 2011**

## Note 1. Australian Accounting Standards

### General

The Office of the Information Commissioner (the “Commission” for the purpose of these notes), financial statements for the year ended 30 June 2011 have been prepared in accordance with Australian Accounting Standards. The term ‘Australian Accounting Standards’ includes Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The Commission has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

### Early adoption of standards

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. No Australian Accounting Standards that have been issued or amended [but not operative] have been early adopted by the Commission for the annual reporting period ended 30 June 2011.

## Note 2. Summary of significant accounting policies

### (a) General statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB 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 Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

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

### (b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

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

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

Note 3 ‘Judgements made by management in applying accounting policies’ discloses judgements that have been made in the process of applying the Commission’s accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 ‘Key sources of estimation uncertainty’ discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### (c) Reporting entity

The reporting entity comprises the Commission and no other related bodies.

Mission

The Commission's mission is to promote public understanding and confidence in the decision making process of government agencies through access to relevant information. The Commission is predominantly funded by Parliamentary appropriations. It does not provide services on a fee-for-service basis. The financial statements encompass all funds through which the Commission controls resources to carry on its functions.

Services

The Commission provides the following services:

*Service 1: Resolution of complaints*

Provides an independent review and complaint resolution process.

*Service 2: Advice and Awareness*

Provides objective advice, information and training to members of the public and agencies to assist in the proper lodgement and processing of applications under the *Freedom of Information Act 1992*.

**(d) Contributed equity**

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

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

**(e) Income**

Revenue recognition

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

*Sale of goods*

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

*Provision of services*

Revenue is recognised on 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 at fair value in the period in which the Commission gains control of the appropriated funds. The Commission gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

*Net Appropriation Determination*

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Commission. In accordance with the determination specified in the 2010-2011 Budget Statements, the Commission retained $1,963 in 2011 ($4,291 in 2010) from the following:

- other receipts.

*Grants, donations, gifts and other non-reciprocal contributions*

Revenue is recognised at fair value when the Commission obtains control over the assets comprising the contributions, 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 recognised when fair value can be reliably determined and the services would be purchased if not donated.

<u>Gains</u>
Realised or unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets.

**(f) Plant and equipment**

<u>Capitalisation/expensing of assets</u>
Items of 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 plant and equipment costing less than $5,000 are immediately expensed direct to the Statement of Comprehensive Income *[other than where they form part of a group of similar items which are significant in total].*

<u>Initial recognition and measurement</u>
Plant and equipment are initially recognised at cost.

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

<u>Subsequent measurement</u>
Subsequent to initial recognition as an asset, the historical cost model is used for plant and equipment. All items of plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

<u>Derecognition</u>
Upon disposal or derecognition of an item of plant and equipment, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

<u>Depreciation</u>
All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

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

| | |
|---|---|
| Office equipment | 5 years |
| Computer | 2 years |

**(g) Impairment of assets**

Plant and equipment assets are tested for any indication of impairment at the end of each reporting period. 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 Commission 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 the 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 the end of each reporting period 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 the end of each reporting period.

**(h) Leases**

The Commission has not entered into any finance leases.

The Commission holds operating leases for buildings and motor vehicles. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

**(i) Financial instruments**

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

- Loans and receivables; and
- Financial liabilities measured at amortised cost.

Financial instruments 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.

**(j) Cash and cash equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

**(k) Accrued salaries**

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are generally settled within a fortnight of the financial year end. For the current financial year a component of accrued salaries relates to settlement of liability in relation to the Public Service General Agreement 2011 (PSGA) pay award. Settlement of this component of accrued salaries is within a month of the financial year end. The Commission considers the carrying amount of accrued salaries to be equivalent to its net fair value.

The accrued salaries suspense account 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.

### (l) Amounts receivable for services (holding accounts)

The Commission receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

### (m) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Commission 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.

### (n) Payables

Payables are recognised at the amounts payable when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is the equivalent to fair value, as settlement is generally within 30 days.

### (o) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal 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 the end of each reporting period.

<u>Provisions - employee benefits</u>

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

*Annual leave*

The liability for annual leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Annual leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

*Long service leave*

The liability for long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Long service leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Conditional long service leave provisions are classified as non-current liabilities because the Commission has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

*Purchased Leave*

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional ten weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the nominal amounts expected to be paid when the liabilities are settled. The liability is measured on the same basis as annual leave.

*Superannuation*

The Government Employees Superannuation Board (GESB) administers public sector superannuation arrangements in Western Australia in accordance with legislative requirements.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

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

The Commission has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Commission to the GESB.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS became non-contributory members of the West State Superannuation (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 Commission 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.

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

<u>Provisions – other</u>

*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 Commission's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

**(p) Superannuation expense**

The superannuation expense in the Statement of Comprehensive Income comprises of employer contributions paid to the GSS (concurrent contributions), the WSS, and the GESBS. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

**(q) Resources received free of charge or for nominal cost**

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income at fair value. Where the resource received represents a service that the Commission would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services are received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

**(r) Comparative figures**

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

**Note 3. Judgements made by management in applying accounting policies**

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Commission evaluates these judgements regularly.

**Note 4. Key sources of estimation uncertainty**

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

**Long Service Leave**

Several estimations and assumptions used in calculating the Commission's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

**Note 5. Disclosure of changes in accounting policy and estimates**

**Initial application of an Australian Accounting Standard**

The Commission has applied the following Australia Accounting Standards effective for annual reporting beginning on or after 1 July 2010 that impacted on the Commission.

2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.* [AASB 5, 8, 101, 107, 118, 136, & 139]

Under amendments to AASB 107, only expenditures that result in a recognised asset are eligible for classification as investing activities in the Statement of Cash Flows. All investing cashflows reported in the Commission's Statement of Cash Flows relate to increases in recognised assets

**Future impact of Australian Accounting Standards not yet operative**

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Commission has not applied early any following Australian Accounting Standards that have been issued that may impact the Commission. Where applicable, the Commission plans to apply these Australian Standards from their application date:

| | | Operative for reporting periods beginning on/after |
|---|---|---|
| *AASB 2009-11* | *Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].*<br><br>The amendment to AASB 7 *Financial Instruments: Disclosures* requires modification to the disclosure of categories of financial assets. The Commission does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change. | 1 Jan 2013 |
| *AASB 2009-12* | *Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2,4,16,1039 & 1052]*<br><br>This Standards introduces a number of terminology changes. There is no financial impact resulting from the application of this revised Standard. | 1 Jan 2011 |
| *AASB 1053* | *Application of Tiers of Australian Accounting Standards*<br><br>This Standards establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.<br><br>The Standard does not have any financial impact on the Commission. However it may affect disclosures in the financial statements of the Commission if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies. | 1 July 2013 |
| *AASB 2010-2* | *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*<br><br>This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.<br><br>This Standard is not expected to have any financial impact on the Commission. However this Standard may reduce some note disclosures in the financial statements of the Commission. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies. | 1 July 2013 |

| | | |
|---|---|---|
| *AASB 2011-2* | *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]*<br><br>This Amending Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies. | 1 July 2013 |
| *AASB 2010-5* | *Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]* (October 2010)<br><br>This Standard introduces a number of terminology changes as well as minor presentation changes to the Notes to the Financial Statements. There is no financial impact resulting from the application of this revised Standard. | 1 Jan 2011 |
| *AASB 2010-6* | *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]*<br><br>This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets.<br><br>The Standard is not expected to have any financial impact on the Commission. DTF has not yet determined the application of the potential impact of the amendments to theses Standards for agencies. | 1 July 2011 |
| *AASB 9* | *Financial Instruments*<br><br>This Standard supersedes AASB 139 *Financial Instruments: Recognition and Measurement*, introducing a number of changes to accounting treatments.<br><br>The Standard was reissued on 6 Dec 2010 and the Department is currently determining the impact of the Standard. DTF has not yet determined the application or the potential impact of the Standard for agencies. | 1 Jan 2013 |
| *AASB 2010-7* | *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]*<br><br>This Amending Standard makes consequential adjustments to other Standards as a result of issuing *AASB 9 Financial Instruments* in December 2010. DTF has not yet determined the application or the potential impact of the Standard for agencies. | 1 Jan 2013 |
| *AASB 1054* | *Australian Additional Disclosures*<br><br>This Standard, in conjunction with *AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*, removes disclosure requirements for other Standards and | 1 July 2011 |

| | | |
|---|---|---|
| | incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. | |
| *AASB 2011-1* | *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Interpretations 2, 112 & 113]*<br><br>This Amending Standard, in conjunction with *AASB 1054 Australian Additional Disclosures*, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. | 1 July 2011 |

### *Note 6. Employee benefits expense*

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Wages and salaries[(a)] | 1,149,839 | 985,279 |
| Superannuation - defined contribution plans[(b)] | 120,815 | 94,441 |
| | **1,270,654** | 1,079,720 |

(a) Includes the value of the fringe benefit to the employee plus the fringe benefit tax component, leave entitlements including superannuation contribution component.

(b) Defined contribution plans include West State and Gold State and GESB Super Scheme (contributions paid).

Employment on-costs such as workers' compensation insurance are included at note 10 *'Other Expenses'.* The employment on-costs liability is included in note 20 *'Provisions'.*

### *Note 7. Supplies and Services*

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Goods and supplies | 34,489 | 32,256 |
| Services and contracts [(a)] | 140,300 | 136,453 |
| | **174,789** | **168,709** |

(a) Comparative figures for Audit fees have been reclassified from the 'Services and contracts' category to the category 'Other expenses' to be comparable with the figures presented in the current financial year.

### *Note 8. Depreciation and amortisation expense*

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Depreciation | | |
| Equipment | 7,850 | 7,850 |
| | **7,850** | **7,850** |

### *Note 9. Accommodation expenses*

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Building rental operating lease expense | 234,002 | 189,370 |
| | **234,002** | **189,370** |

### *Note 10. Other expenses*

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Communication expenses | 12,724 | 12,904 |
| Printing and binding | 714 | 744 |
| Equipment and vehicles operating lease expense | 5,193 | 6,462 |
| Electricity | 4,098 | 2,442 |
| Insurance | 5,978 | 5,383 |
| Repairs and Maintenance | 1,818 | 2,393 |
| Other expenses [(a),(b)] | 54,637 | 85,704 |
| | **85,162** | **116,032** |

(a) Includes workers compensation insurance; other employment on-costs; Auditor fees; and other costs.

(b) Comparative figures for Audit fees have been reclassified from the 'Services and contracts' category to the category 'Other expenses' to be comparable with the figures presented in the current financial year.

### *Note 11. Other revenue*

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Other revenue | 1,963 | 4,291 |
| | **1,963** | **4,291** |

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

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| **Costs of disposal of non-current assets** | | |
| Plant and equipment | (18) | - |
| **Net gain/(loss)** | **(18)** | **-** |

### *Note 13. Income from State Government*

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Appropriation received during the year: | | |
| Service appropriations[(a)] | 1,582,000 | 1,704,000 |
| | **1,582,000** | **1,704,000** |

| | | |
|---|---|---|
| Resources received free of charge [b] | | |
| Determined on the basis of the following estimates provided by agency: | | |
| DTF- Building Management Works | 6,295 | 5,411 |
| | 6,295 | 5,411 |
| | **1,588,295** | **1,709,411** |

(a) Service appropriations fund the net 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) Assets or services received free of charge or for nominal cost are recognised revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contribution of assets or services in the nature of contributions by owners are recognised direct to equity.

***Note 14. Restricted cash and cash equivalents***

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Non-current | | |
| Accrued salaries suspense account [a] | 22,254 | 15,910 |
| | **22,254** | **15,910** |

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

***Note 15. Receivables***

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Current | | |
| Receivables | - | 2,853 |
| GST receivable | 14,188 | 15,873 |
| **Total current** | **14,188** | **18,726** |
| **Total receivables** | **14,188** | **18,726** |

***Note 16. Amounts receivable for services (Holding Account)***

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Non-Current | 30,000 | 30,000 |
| | **30,000** | **30,000** |

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

## *Note 17. Other Assets*

| | 2011 | 2010 |
|---|---|---|
| Current | $ | $ |
| Prepayments | 7,032 | 7,046 |
| **Total current** | 7,032 | **7,046** |

## *Note 18. Plant and Equipment*

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Office equipment and computers | | |
| At cost | 74,048 | 120,444 |
| Accumulated depreciation | (62,490) | (101,036) |
| | **11,558** | **19,408** |

**Reconciliation**
Reconciliations of the carrying amounts of, plant and equipment at the beginning and end of the reporting period are set out below:

| | | |
|---|---|---|
| Carrying amount at start of year | 19,408 | 27,258 |
| Depreciation | (7,850) | (7,850) |
| Carrying amount at end of year | **11,558** | **19,408** |

## *Note 19. Payables*

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Current | | |
| Trade payables | 25,220 | 37,706 |
| Accrued Salaries | 31,281 | 15,881 |
| **Total current** | **56,501** | **53,587** |

## *Note 20. Provisions*

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Current | | |
| *Employee benefits provision* | | |
| Annual leave[(a)] | 45,668 | 35,023 |
| Long service leave[(b)] | 122,510 | 148,615 |
| | **168,178** | **183,638** |
| | | |
| *Other provisions:* | | |
| Employment on-costs [(c)] | 783 | 850 |
| | **168,961** | **184,488** |

| | | |
|---|---|---|
| Non-current | | |
| *Employee benefits provision* | | |
| Long service leave[b] | 56,680 | 51,200 |
| | 56,680 | 51,200 |
| *Other provisions* | | |
| Employee on-costs [c] | 257 | 238 |
| | 257 | 238 |
| | **56,937** | **51,438** |

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

| | 2011 $ | 2010 $ |
|---|---|---|
| Within 12 months of the end of the reporting period | 45,241 | 33,055 |
| More than 12 months after the reporting period | 427 | 1,968 |
| | **45,668** | **35,023** |

(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 end of the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

| | 2011 $ | 2010 $ |
|---|---|---|
| Within 12 months of the end of the reporting period | 47,333 | 78,908 |
| More than 12 months after the reporting period | 131,857 | 120,907 |
| | **179,190** | **199,815** |

(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 is disclosed in Note 10 *'Other expenses'*.

**Movements in other provisions**
Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

| | 2011 $ | 2010 $ |
|---|---|---|
| Employment on-cost provision | | |
| Carrying amount at start of year | 1,088 | 869 |
| Additional provisions recognised | (48) | 219 |
| **Carrying amount at end of year** | **1,040** | **1,088** |

***Note 21. Equity***

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

**Contributed equity**

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Balance at the start of period | 37,000 | 32,000 |
| Contribution by owners | | |
| Capital contributions | - | 5,000 |
| **Total contributions by owners** | - | 5,000 |
| **Balance at end Of Period** | **37,000** | **37,000** |

**Accumulated surplus/(deficit)**

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Balance at the start of the year | 36,056 | (115,965) |
| Result for the period | (182,217) | 152,021 |
| **Balance at end of the period** | **(146,161)** | **36,056** |
| **Total Equity at end of period** | (109,161) | 73,056 |

***Note 22. 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:

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Cash and cash equivalents | 88,206 | 271,479 |
| Restricted cash and cash equivalents (refer to Note 14 *'Restricted cash and cash equivalents'*) | 22,254 | 15,910 |
| | **110,460** | **287,389** |

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

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Net cost of services | (1,770,512) | (1,557,390) |

| | | |
|---|---|---|
| Non-cash items: | | |
| Depreciation and amortisation expense (Note 8 *'Depreciation and amortisation expense'*) | 7,850 | 7,850 |
| Resources received free of charge (Note 13 *' Income from State Government'*) | 6,295 | 5,411 |
| (Increase)/decrease in assets: | | |
| Current receivables[(a)] | 2,853 | 30,788 |
| Other current assets | 14 | (1,086) |
| Increase/(decrease) in liabilities: | | |
| Current payables | 2,914 | (46,487) |
| Current provisions | (15,527) | 48,607 |
| Non-current provisions | 5,499 | (1,803) |
| Net GST receipts/(payments)[(b)] | 3,038 | (2,743) |
| Change in GST in receivables/payables[(c)] | (1,353) | 19 |
| **Net cash provided by/(used in) operating activities** | **(1,758,929)** | **(1,516,834)** |

(a) 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.
(b) This is the net GST paid/received, i.e. cash transaction.
(c) This reverses out the GST in receivables and payables.

### *Note 23. Resources provided free of charge*

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

### *Note 24. Commitments*

The commitments below are inclusive of GST where relevant

**Non cancellable operating lease commitments**

| | **2011** | **2010** |
|---|---|---|
| | **$** | **$** |
| Commitments for minimum lease payments are payable as follows: | | |
| Within 1 year | 221,426 | 212,264 |
| Later than 1 year and not later than 5 years | 13,666 | 213,254 |
| | **235,092** | **425,518** |

The non cancellable operating leases represent the Commission's property lease and leases on its motor vehicles. The property lease is a non-cancellable lease with a term expiring July 2012. Rent, outgoings and car parking rental are 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 Commission's operational needs.

### *Note 25. Contingent liabilities and contingent assets*

There are no contingent liabilities and contingent Assets for the financial year 2010-2011.

***Note 26. Event occuring after the balance sheet date.***

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

***Note 27. Explanatory Statement***

Significant variations between estimates and actual results for income and expenses as presented in the financial statement 'Summary of Consolidated Account Appropriations and Income Estimates' are shown below: Significant variations are considered to be those greater than 10% or $150,000.

**Total appropriation to deliver services for the year**

Significant variances between actuals results for 2010 and 2011

| | 2011<br>$ | 2010<br>$ | Variance<br>$ |
|---|---|---|---|
| Total Income | 1,963 | 4,291 | (2,328) |

Revenue can be solely attributed to expenditure recoups. Variance is due to a substantial travel expenses recoup received in 2010.

**Service Expenditure**

Significant variances between estimate and actual for 2011

| | 2011<br>Estimate<br>$ | 2011<br>Actual<br>$ | Variance<br>$ |
|---|---|---|---|
| Advice & Awareness | 472,000 | 567,192 | 95,192 |

One-off additional funding was received and drawn down in 2009-10 by the Commission for an independent review of the administration of the freedom of information process in State and local government agencies. A portion of the expenditure for this review was incurred during the 2010-11 financial year.

Significant variances between actual results for 2010 and 2011

| | 2011<br>$ | 2010<br>$ | Variance<br>$ |
|---|---|---|---|
| Complaint Resolution | 1,205,283 | 1,061,944 | 143,339 |
| Advice & Awareness | 567,192 | 499,737 | 67,455 |

One-off additional funding was received and drawn down in 2009-10 by the Commission for an independent review of the administration of the freedom of information process in State and local government agencies. A portion of the expenditure for this review was incurred during the 2010-11 financial year.

***Note 28. Financial Instruments***

**(a) Financial Risk Management Objectives and Policies**

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

Credit risk

Credit risk arises when there is the possibility of the Commission's receivables defaulting on their contractual obligations resulting in financial loss to the Commission.

The maximum exposure to the credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 28(c) *'Financial instruments disclosures'* and Note 15 *'Receivables'*.

Credit risk associated with the Commission's financial assets is minimal because the main receivable is the amounts receivable for services (Holding Account). For receivables other than government, the Commission trades only with recognised, creditworthy third parties. The Commission has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on a ongoing basis with the result that the Commission's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Commission is unable to meet its financial obligations as they fall due.

The Commission is exposed to liquidity risk through its trading in the normal course of business.

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

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Commission's income or value of its holdings of financial instruments. The Commission does not trade in foreign currency and is not materially exposed to other price risks.

The Commission is not exposed to interest rate risk because all other cash and cash equivalents and restricted cash are non-interest bearing, and the Commission 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 end of the reporting period are:

| | **2011** | **2010** |
|---|---|---|
| | **$** | **$** |
| Financial Assets | | |
| Cash and cash equivalents | 88,206 | 271,479 |
| Restricted cash and cash equivalents | 22,254 | 15,910 |
| Receivables[(a)] | - | 2,853 |
| Amount receivable for services | 30,000 | 30,000 |
| Financial Liabilities | | |
| Financial Liabilities measured at amortised cost | 56,501 | 53,587 |

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

**(C) Financial Instrument disclosures**

Credit Risk and interest Rate Risk Exposures

The following table discloses the Commission's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Commission's maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired in financial assets. The table is based on information provided to senior management of the Commission.

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

The Commission 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.

**Interest rate exposures and ageing analysis of financial assets [(a)]**

| | | | Interest rate exposure | | | Past due but not impaired | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Weighted Average Effective Interest Rate % | Carrying Amount $ | Fixed interest rate $ | Variable interest rate $ | Non-interest Bearing $ | Up to 3 months $ | 3 - 12 months $ | 1-2 years $ | 2-5 years $ | More than 5 Years $ | Impaired financial assets $ |
| Financial assets | | | | | | | | | | | |
| **2011** | | | | | | | | | | | |
| Cash and cash equivalents | | 88,206 | | - | 88,206 | - | - | - | - | - | |
| Restricted cash and cash equivalent | | 22,254 | | - | 22,254 | - | - | - | - | - | |
| Receivables[(a)] | | - | | - | - | - | - | - | - | - | |
| Amount receivable for services | | 30,000 | | | 30,000 | - | - | - | - | - | |
| | | 140,460 | | - | 140,460 | - | - | - | - | - | |
| **2010** | | | | | | | | | | | |
| Cash and cash equivalents | | 271,479 | | - | 271,479 | - | - | - | - | - | |
| Restricted cash and cash equivalent | | 15,910 | | - | 15,910 | - | - | - | - | - | |
| Receivables[(a)] | | 2,853 | | - | 2,853 | 2,853 | - | - | - | - | |
| Amount receivable for services | | 30,000 | | | 30,000 | - | - | - | - | - | |
| | | 320,242 | | - | 320,242 | 2,853 | - | - | - | - | |

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

Liquidity Risk

The following table details the contractual maturity analysis for financial liabilities. The table includes interest and principal cash flows. An adjustment has been made where material.

**Interest rate exposure and maturity analysis of financial liabilities [(a)]**

| | Weighted average effective interest rate | Carrying Amount | Interest rate exposure | | | | Maturity Dates | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Variable interest rate | Non-Interest Bearing | Adjustment for discounting | Total Nominal Amount | Up to 3 months | 3 - 12 months | 1 - 2 years | 2 - 5 years | More than 5 years |
| | % | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Financial Liabilities | | | | | | | | | | | |
| **2011** | | | | | | | | | | | |
| Payables | | 56,501 | - | 56,501 | - | - | 56,501 | - | - | - | - |
| | | 56,501 | - | 56,501 | - | - | 56,501 | - | - | - | - |
| **2010** | | | | | | | | | | | |
| Payables | | 53,587 | - | 53,587 | - | - | 53,587 | - | - | - | - |
| | | 53,587 | - | 53,587 | - | - | 53,587 | - | - | - | - |

***Note 29. Remuneration of senior officers***

The number of senior officers whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

| $ | 2011<br>$ | 2010<br>$ |
|---|---|---|
| 200,001 - 210,000 | | 1 |
| 230,001 - 240,000 | 1 | |
| **The total remuneration of senior officers is:** | 239,914 | 206,098 |

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

***Note 30 Remuneration of Auditor***

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

| | 2011<br>$ | 2010<br>$ |
|---|---|---|
| Auditing the accounts, financial statements and performance indicators | 20,500 | 20,900 |
| | 20,500 | 20,900 |

The expense is included at Note 10 *'Other expenses'*.