



Office of the Information Commissioner

Freedom of information for Western Australia



ANNUAL REPORT 2018/2019

Financial Statements



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

OFFICE OF THE INFORMATION COMMISSIONER

Report on the Financial Statements

Opinion

I have audited the financial statements of the Office of the Information Commissioner which comprise the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, 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.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Office of the Information Commissioner for the year ended 30 June 2019 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Commissioner in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Information Commissioner 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, the *Financial Management Act 2006* 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.

In preparing the financial statements, the Information Commissioner is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Commissioner.

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Information Commissioner.
- Conclude on the appropriateness of the Information Commissioner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Information Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Office of the Information Commissioner. The controls exercised by the Commissioner are those policies and procedures established by the Information Commissioner to ensure 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 (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, 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 during the year ended 30 June 2019.

The Information Commissioner's Responsibilities

The Information Commissioner is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

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Auditor General's Responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the Key Performance Indicators**Opinion**

I have undertaken a reasonable assurance engagement on the key performance indicators of the Office of the Information Commissioner for the year ended 30 June 2019. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Office of the Information Commissioner are relevant and appropriate to assist users to assess the Commissioner's performance and fairly represent indicated performance for the year ended 30 June 2019.

The Information Commissioner's Responsibility for the Key Performance Indicators

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 and for such internal control as the Information Commissioner determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Information Commissioner is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Office of the Information Commissioner for the year ended 30 June 2019 included on the Commissioner's website. The Commissioner's management is responsible for the integrity of the Commissioner's website. This audit does not provide assurance on the integrity of the Commissioner's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



VINCE TURCO
SENIOR DIRECTOR
FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
19 September 2019

Disclosures and Legal Compliance

FINANCIAL STATEMENTS
Certification of Financial Statements
For the reporting period ended 30 June 2019

The accompanying financial statements of the Office of the Information Commissioner have been prepared in compliance with the provisions of the *Financial Management Act 2008* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2019 and the financial position as at 30 June 2019.

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



Catherine Fletcher
Information Commissioner
19 September 2019



Michelle Fitzgerald
Chief Finance Officer
19 September 2019



Statement of Comprehensive Income – 30 June 2019

	Note	2019 \$	2018 \$
COST OF SERVICES			
Expenses			
Employee benefits expense	<u>2.1(a)</u>	1,481,521	1,574,878
Supplies and services	<u>2.2</u>	383,203	370,629
Depreciation expense	<u>4.1.1</u>	4,231	6,247
Accommodation expenses	<u>2.2</u>	231,758	274,492
Other expenses	<u>2.2</u>	112,504	101,189
Total cost of services		2,213,217	2,327,435
Income			
<i>Revenue</i>			
Commonwealth contributions	<u>3.2</u>	-	12,510
Other revenue	<u>3.3</u>	-	24,051
Total Revenue		-	36,561
Total income other than income from State Government		-	36,561
NET COST OF SERVICES		2,213,217	2,290,874
Income from State Government			
Service appropriation	<u>3.1</u>	2,247,000	2,369,628
Services received free of charge	<u>3.1</u>	75,571	90,294
Total income from State Government		2,322,571	2,459,922
SURPLUS FOR THE PERIOD		109,354	169,048
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		109,354	169,048

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

Statement of Financial Position – 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6.1	848,664	680,973
Receivables	5.1	16,454	17,143
Other current assets	5.3	31,356	44,238
Total Current Assets		896,474	742,354
Non-Current Assets			
Restricted cash and cash equivalents	6.1	13,081	9,912
Amounts receivable for services	5.2	36,000	36,000
Property, plant and equipment	4.1	1,063	5,294
Total Non-Current Assets		50,144	51,206
TOTAL ASSETS		946,618	793,560
LIABILITIES			
Current Liabilities			
Payables	5.4	21,693	26,248
Employee related provisions	2.1b	278,008	206,711
Total Current Liabilities		299,701	232,959
Non-Current Liabilities			
Employee related provisions	2.1b	29,171	52,209
Total Non-Current Liabilities		29,171	52,209
TOTAL LIABILITIES		328,872	285,168
NET ASSETS		617,746	508,392
EQUITY			
Contributed equity	8.8	37,000	37,000
Accumulated surplus/(deficit)	8.8	580,746	471,392
TOTAL EQUITY		617,746	508,392

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

Statement of Changes in Equity – 30 June 2019

	Note	Contributed Equity \$	Reserves \$	Accumulated Surplus/ (deficit) \$	Total Equity \$
Balance at 1 July 2017	<u>8.8</u>	37,000	-	302,344	339,344
Changes in accounting policy or correction of prior period errors		-	-	-	
Restated balance at 1 July 2017		37,000	-	302,344	339,344
Surplus/(Deficit)		-	-	169,048	169,048
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		37,000	-	471,392	508,392
Balance at 30 June 2018		37,000	-	471,392	508,392
Balance at 1 July 2018		37,000	-	471,392	508,392
Surplus/(Deficit)		-	-	109,354	109,354
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	109,354	109,354
Balance at 30 June 2019	<u>8.8</u>	37,000	-	580,746	617,746

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

Statement of Cash Flows – 30 June 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		2,247,000	2,369,628
Net cash provided by State Government		2,247,000	2,369,628
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(1,432,477)	(1,640,319)
Supplies and services		(302,632)	(297,551)
Accommodation		(231,758)	(274,492)
GST payments on purchases		(64,382)	(67,937)
Other payments		(112,503)	(101,189)
Receipts			
Commonwealth grants and contributions		-	12,510
GST receipts on sales		261	2,349
GST receipts from taxation authority		67,352	59,240
Other receipts		-	23,857
Net cash provided by/(used in) operating activities		(2,076,140)	(2,283,532)
Net increase/(decrease) in cash and cash equivalents		170,860	86,097
Cash and cash equivalents at the beginning of the period		690,885	604,788
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6.1	861,745	690,885

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

Summary of consolidated account appropriations and income estimates – 30 June 2019

	2019 Estimate \$	2019 Actual \$	Variance \$	2019 Actual \$	2018 Actual \$	Variance \$
<u>Delivery of Services</u>						
Item 12 Net amount appropriated to deliver services	1,969,000	1,969,000	-	1,969,000	2,091,628	(122,628)
Amount authorised by other statutes						
- <i>Freedom of Information Act 1992</i>	278,000	278,000	-	278,000	278,000	-
Total appropriations provided to deliver services	2,247,000	2,247,000	-	2,247,000	2,369,628	(122,628)
<u>Capital</u>						
Capital appropriations	-	-	-	-	-	-
GRAND TOTAL	2,247,000	2,247,000	-	2,247,000	2,369,628	(122,628)
<u>Details of Expenses by Service</u>						
Resolution of Complaints	1,699,000	1,504,988	(194,012)	1,504,988	1,582,656	(77,668)
Advice and Awareness	728,000	708,230	(19,770)	708,230	744,779	(36,549)
Total cost of services	2,427,000	2,213,217	(213,783)	2,213,217	2,327,435	(114,218)
Less total income	(4,000)	-	4,000	-	(36,561)	36,561
Net cost of services	2,423,000	2,213,217	(209,783)	2,213,217	2,290,874	(77,657)
Adjustment	(176,000)	33,783	209,783	33,783	78,754	(44,971)
Total appropriations provided to deliver services	2,247,000	2,247,000	-	2,247,000	2,369,628	(122,628)
<u>Capital Expenditure</u>						
Purchase of non-current physical assets	-	-	-	-	-	-
Adjustments for other funding sources	-	-	-	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Basis of Preparation

The OIC is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The OIC is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Information Commissioner on 19 September 2019.

Statement of compliance

These general purpose financial statements have been prepared in accordance with:

- 1) *The Financial Management Act 2006 (FMA)*
- 2) *The Treasurer's Instructions (TIs)*
- 3) *Australian Accounting Standards (AAS) – Reduced Disclosure Requirements*
- 4) Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The FMA and the TIs take precedence over AAS. Several AAS are modified by the TIs to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest dollar.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Contributed equity

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

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

Note 2. Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how the OIC's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the OIC in achieving its objectives and the relevant notes are:

	Notes	2019 \$	2018 \$
Employee benefits expense	2.1(a)	1,481,521	1,574,878
Employee related provisions	2.1(b)	307,179	258,920
Other expenditure	2.2	727,465	746,310

2.1(a) Employee benefits expense

	2019 \$	2018 \$
Wages and salaries	1,346,664	1,352,569
Termination benefits	-	80,558
Superannuation - defined contribution plans ^(a)	134,857	141,751
	1,481,521	1,574,878

(a) Defined contribution plans include West State Superannuation Scheme (WSS), Gold State Superannuation Scheme (GSS), Government Employees Superannuation Board Schemes (GESBs) and other eligible funds.

Wages and salaries: Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax and leave entitlements.

Termination benefits: Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the OIC is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Superannuation: The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds. The employer contribution paid to the Government Employees Superannuation Board (GESB) in respect of the GSS is paid back into the Consolidated Account by the GESB.

GSS (concurrent contributions) is a defined benefit scheme for the purposes of employees and whole-of-government reporting. It is however a defined contribution plan for OIC purposes because the concurrent contributions (defined contributions) made by the OIC to GESB extinguishes the OIC's obligations to the related superannuation liability.

The OIC does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. The Liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the

Treasurer. All other GSS obligations are funded by concurrent contributions made by the OIC to the GESB.

The GESB and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

2.1(b) Employee related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2019 \$	2018 \$
Current		
<u>Employee benefits provision</u>		
Annual leave ^(a)	97,135	81,741
Long service leave ^(b)	179,611	124,030
	276,746	205,771
<u>Other provisions</u>		
Employment on-costs ^(c)	1,262	940
	278,008	206,711
Non-current		
<u>Employee benefits provision</u>		
Long service leave ^(b)	29,039	51,972
	29,039	51,792

Other provisions

Employment on-costs^(c)

Total employee related provisions

	2019 \$	2018 \$
Employment on-costs ^(c)	132	237
	29,171	52,209
Total employee related provisions	307,179	258,920

(a) **Annual leave liabilities:** Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

(b) **Long service leave liabilities:** Unconditional long service leave provisions are classified as current liabilities as the OIC does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the OIC has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

The provision for long service leave is calculated at present value as the OIC does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with

terms to maturity that match, as closely as possible, the estimated future cash outflows.

(c) **Employment on-costs:** The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of Note 2.2 'Other expenditure and are not included as part of the OIC's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

Employment on-cost provision	2019 \$	2018 \$
Carrying amount at start of year	1,177	1,479
Additional/(reversals of) provisions recognised	217	(302)
Carrying amount at end of period	1,394	1,177

Key sources of estimation uncertainty – long service leave

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

Several estimates and assumptions are used in calculating the OIC's long service leave provision. These include:

- expected future salary rates;

- discount rates;
- employee retention rates; and
- expected future payments.

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as an employee benefits expense.

2.2 Other expenditure

	2019 \$	2018 \$
Supplies and services		
Goods and supplies	24,434	23,117
Services and contracts	358,769	347,512
	383,203	370,629
Accommodation expenses		
Lease rentals	231,758	274,492
	231,758	274,492
Other		
Communications	3,373	3,989
Printing and binding	2,524	3,604
Electricity	7,187	7,407
Insurance	12,790	12,663
Repairs and maintenance	198	-

Travel and accommodation	9,774	5,489
Software licenses	12,154	11,483
Professional development	14,722	11,378
Audit fees	36,170	35,463
Employee on-costs	1,344	(249)
Research and advertising	11,789	8,998
Other	477	964
	112,504	101,189
Total other expenses	727,465	746,310

Supplies and services

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Accommodation expenses

Operating lease payments are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset [AASB 117.33]. Repairs, maintenance and cleaning costs are recognised as expenses as incurred.

Other

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Communications expense include telephone, postal and internet costs incurred and are recognised as expenses as incurred.

Electricity costs are recognised as expenses as incurred.

Insurance includes general insurance costs (excluding workers' compensation costs) and is recognised as an expense as incurred.

Travel and accommodation costs for staff travel on behalf of the OIC is recognised as an expense as incurred.

Software licences are costs associated with the use of software applications by the OIC and are recognised as expenses as incurred.

Professional development are costs incurred for the training and development of OIC staff and are recognised as expenses as incurred.

Audit fees include both external and internal audit fees and are recognised as an expense in the period in which it is incurred.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Employee on-costs include workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at Note 2.1(b) 'Employee related provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Note 3. Our funding sources

How we obtain our funding

This section provides additional information about how the OIC obtains its funding and the relevant accounting policy notes that

govern the recognition and measurement of this funding. The primary income received by the OIC and the relevant notes are:

	Notes	2019 \$	2018 \$
Income from State Government	3.1	2,322,571	2,459,922
Commonwealth contributions	3.2	-	12,510
Other revenue	3.3	-	24,051

3.1 Income from State Government

<u>Appropriation received during the period</u>	2019 \$	2018 \$
Service appropriations ^(a)	1,969,000	2,091,628
Service appropriations - other statutes ^(b)	278,000	278,000
	<u>2,247,000</u>	<u>2,369,628</u>

Services received free of charge from other State government agencies during the period

Department of Finance – Building Management and Works	75,571	90,294
	<u>2,322,571</u>	<u>2,459,922</u>

(a) **Service appropriations** are recognised as revenues at fair value in the period in which the OIC gains control of the appropriated funds. The OIC gains control of appropriated funds at the time those funds are deposited in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Service appropriations fund the net cost of services delivered. Appropriation revenue comprises the following:

- cash component; and
- a receivable (asset).

The receivable (holding account - Note 5.2) comprises the following:

- the budgeted depreciation expense for the year; and
- an agreed increase in leave liabilities during the year.

(b) **Service appropriations - other statutes:** Salaries and Allowances Tribunal funding is recognised as revenue at fair value in the period in which the OIC gains control of the appropriated funds. The OIC gains control of appropriated funds at the time those funds are deposited in the bank account.

3.2 Commonwealth grants and contributions

	2019 \$	2018 \$
Paid parental leave	-	12,510
	<u>-</u>	<u>12,510</u>

For **non-reciprocal grants**, the OIC recognises revenue when the grant is receivable at its fair value as and when its fair value can be reliably measured.

3.3 Other revenue

	2019 \$	2018 \$
Other revenue	-	24,051
	<u>-</u>	<u>24,051</u>

Other revenue is recognised at fair value when the OIC obtains control over the assets comprising the contributions, usually when cash is received.

Note 4. Key assets

Assets the OIC utilises for economic benefit or service potential

This section includes information regarding the key assets the OIC utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes	2019 \$	2018 \$
Property, plant and equipment	4.1	1,063	5,294

4.1 Property, plant and equipment

OIC equipment and computers

	2019 \$	2018 \$
At cost	46,314	46,314
Accumulated depreciation	(45,251)	(41,020)
	1,063	5,294

Reconciliations of the carrying amounts of OIC equipment and computers at the beginning and end of the reporting period are set out below:

OIC equipment and computers \$

2019

Carrying amount at start of period	5,294
Depreciation	(4,231)
Carrying amount at 30 June 2019	1,063

2018

Carrying amount at start of period	11,541
Depreciation	(6,247)
Carrying amount at 30 June 2018	5,294

Initial recognition

Items of property, plant and equipment costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Subsequent measurement

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

The OIC does not hold any land, buildings or infrastructure assets.

4.1.1 Depreciation and impairment

	2019 \$	2018 \$
Charge for the period		
<u>Depreciation</u>		
Plant and equipment	4,231	6,247
	4,231	6,247

As at 30 June 2019 there were no indications of impairment to property, plant and equipment. All surplus assets at 30 June 2019 have either been classified as assets held for sale or have been written-off.

Finite useful lives

All plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. The exceptions to this rule include assets held for sale, land and investment properties.

Depreciation is generally calculated on a straight line basis, at rates that allocate the assets value, less any estimated residual value, over its estimated useful life. The typical estimated useful life for the different asset classes for current and prior years are included in the table below:

Asset	Useful life: years
Equipment	5 years
Computers	3 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the OIC is a not-for-profit office, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in

useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

Note 5. Other assets and liabilities

This section sets out those assets and liabilities that arose from the OIC's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2019 \$	2018 \$
Receivables	5.1	16,454	17,143
Amounts receivable for services	5.2	36,000	36,000
Other assets	5.3	31,356	44,238
Payables	5.4	21,693	26,248

5.1 Receivables

Current

	2019 \$	2018 \$
Trade receivables	2,289	-
GST receivable	14,165	17,143
	16,454	17,143

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

5.2 Amounts receivable for services (holding account)

	2019 \$	2018 \$
Non-current	36,000	36,000
	36,000	36,000

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

Amounts receivable for services are considered not impaired (i.e. there is no expected credit loss of the Holding Account).

5.3 Other assets

	2019 \$	2018 \$
<u>Current</u>		
Prepayments	31,356	44,238
	31,356	44,238

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.4 Payables

	2019 \$	2018 \$
<u>Current</u>		
Trade payables	15,733	21,327
GST payable	253	-
Accrued salaries	5,707	4,921
	21,693	26,248

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

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight after the reporting period. The OIC considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (see Note 6.1 'Restricted cash and cash equivalents') consists of amounts paid annually, from OIC appropriations for salaries expense, into a Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

6. Financing

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

	Notes	2019 \$	2018 \$
Cash and cash equivalents	6.1	861,745	690,885
Commitments	6.2	996,108	-

6.1 Cash and cash equivalents

	Notes	2019 \$	2018 \$
Cash and cash equivalents	6.1	848,664	680,973
Restricted cash and cash equivalents			
- Accrued salaries suspense account ^(a)		13,081	9,912
		861,745	690,885

(a) Funds held in the suspense account for the purpose of meeting the 27th pay in a reporting period that occurs every 11th year. This account is classified as non-current for 10 out of 11 years.

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

6.2 Commitments

Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:	2019 \$	2018 \$
Within 1 year	284,602	-
Later than 1 year and not later than 5 years	711,506	-
Later than 5 years	-	-
	996,108	-

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

The OIC has entered into a property lease from 1 December 2018 which is a non-cancellable lease with a four and a half year term, with rent payable monthly in advance. Contingent rent provisions within the lease agreement require that the minimum lease payments shall be increased by a Market Review from 1 July 2019 (every two years) based upon Landgate valuation, but shall not be lower than the rental being paid at the time of the review.

Judgements made by management in applying accounting policies – operating lease commitments

The OIC has entered into a lease agreement for office accommodation. This lease relates to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, this lease will be classified as an operating lease.

Note 7. Financial instruments and contingencies

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

Notes

Financial instruments	7.1
Contingent assets and liabilities	7.2

7.1 Financial instruments

	2019 \$	2018 \$
<u>Financial assets</u>		
Cash and cash equivalents	848,664	680,973
Restricted cash and cash equivalents	13,081	9,912
Receivables ^(a)	38,289	36,000
	900,034	726,885
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	21,693	26,248
	21,693	26,248

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

7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at nominal value.

The OIC had no contingent liabilities and contingent assets as of 30 June 2019.

Note 8. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	8.1
Initial application of Australian Accounting Standards	8.2
Key management personnel	8.3
Related party transactions	8.4
Related bodies	8.5
Affiliated bodies	8.6
Remuneration of auditors	8.7
Equity	8.8
Supplementary financial information	8.9
Explanatory statement	8.10

8.1 Events occurring after the end of the reporting period

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

8.2 Initial application of Australian Accounting Standards

AASB Financial instruments

AASB 9 Financial instruments replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all

three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The OIC applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has no impact to OIC.

Classification and measurement

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

The assessment of OIC's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have an impact to the OIC.

8.3 Key management personnel

The OIC has determined key management personnel to include senior officers of the OIC.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the OIC for the reporting period are presented within the following bands:

Compensation band (\$)

	2019	2018
\$10,001 - \$20,001	1	-
\$80,001 - \$90,000	-	1
\$110,001 - \$120,000	-	1
\$140,001 - \$150,000	-	1
\$290,001 - \$300,000	1	-
	2	3

	2019 \$	2018 \$
Total compensation of senior officers	317,237	332,203

Total compensation includes the superannuation expense incurred by the OIC in respect of senior officers. Following the A/Information Commissioner's resignation in July 2018, another acting appointment was made for two six month consecutive acting appointments followed by a permanent appointment to the position in July 2019.

8.4 Related party transactions

The OIC is a wholly owned and controlled entity of the State of Western Australia.

Related parties of the OIC include:

- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other government departments and statutory authorities, including related bodies included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities); and

- GESB.

Material transactions with government related parties

In conducting its activities, the OIC is required to transact with State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Such transactions include:

- income from the State Government (Note 3.1);
- services received free of charge from the Department of Finance – Building Management and Works (Note 3.1);
- superannuation payments to GESB (Note 2.1(a)); and
- lease rental payments to the Department of Finance (Note 6.2).

Material transactions with related parties

Outside of normal citizen type transactions with the OIC, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

8.5 Related bodies

The OIC has no related bodies.

8.6 Affiliated bodies

The OIC has no affiliated bodies.

8.7 Remuneration of Auditor

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

	2019 \$	2018 \$
Auditing of accounts, financial statements and performance indicators	27,375	26,970
	27,375	26,970

8.8 Equity

	2019 \$	2018 \$
<u>Contributed equity</u>		
Balance at start of the period	37,000	37,000
	37,000	37,000
<u>Accumulated surplus/(deficit)</u>		
Balance at start of the period	471,392	302,344
Result for the period	109,354	169,048
	580,746	471,392
Total equity	617,746	508,392

8.9 Supplementary financial information

Write-offs

There were no write-offs during the previous or current financial year.

Losses through theft, defaults and other causes

There were no thefts, defaults or losses during the previous or current financial year.

Gifts of public property

There were no gifts of public property during the previous or current financial year.

8.10 Explanatory statement

The OIC does not meet the threshold of TI 945(1)(ii) requiring explanatory statements.