

**PARLIAMENTARY INSPECTOR
OF THE
CORRUPTION AND CRIME COMMISSION**

**ANNUAL REPORT
2017-2018**

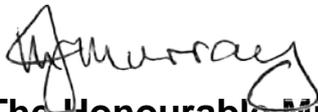


**PARLIAMENTARY INSPECTOR
OF THE
CORRUPTION AND CRIME COMMISSION**

**ANNUAL REPORT
2017-2018**

TO: The Parliament of Western Australia

I present my Annual Report for the year ending 30 June 2018 pursuant to section 203 of the *Corruption, Crime and Misconduct Act 2003 (WA)*.



The Honourable Michael Murray AM QC
Parliamentary Inspector of the Corruption and Crime Commission



THIS REPORT

This is my sixth Annual Report as Parliamentary Inspector of the Corruption and Crime Commission after my reappointment on 1 January 2018 for a period of 5 years. It is made pursuant to s 203 of the *Corruption, Crime and Misconduct Act 2003 (WA)* and deals with my activities generally during the 2017-2018 year.

THE OFFICE OF PARLIAMENTARY INSPECTOR

My primary responsibilities as an officer of the Parliament of Western Australia are:

- to oversee the activities of the Commission and its officers;
- to keep the Parliament informed of material issues concerning the operation of the Commission;
- to assess the effectiveness and appropriateness of the Commission's procedures;
- to generally exercise my functions and powers under the Act, and
- to assist the Joint Standing Committee to perform its functions.

Acting Parliamentary Inspector Matthew Howard SC acts as Parliamentary Inspector when I am unable to perform my functions. I am grateful to him and to Mr Murray Alder, my professional assistant, for their help through the reporting period. I am also grateful to Craig Colvin SC for his long commitment to my office which came to an end in December 2017 when he was appointed a Judge of the Federal Court of Australia.

THE WORKLOAD OF MY OFFICE

My office undertook 64 new matters during the reporting period, 32 less than in the previous reporting period, and finalised 62 matters, 38 less than in the previous reporting period. 51 of the finalised matters were commenced in the reporting period and 11 were from the previous reporting period.

The investigative work undertaken

59% of the work of my office was devoted to its investigation function.

The nature and the number of matters undertaken by my office were:

- Allegations made against a Commission officer received by the Commission about which my office was notified under s 196(4) of the Act numbered 21 (33 less than the previous reporting period).

The allegations included misconduct, unfair or incorrect use of powers, inadequate assessment or investigation of complaints made to the Commission, alleged incompetence, and alleged misconduct by Commission officers;

- Complaints about some aspect of the Commission's assessment of complaints of misconduct made to it numbered 35 (1 more than in the previous reporting period).

The majority of these complaints were that the Commission failed to assess the alleged conduct of a public officer as constituting misconduct, that the Commission conducted an inadequate assessment of a complaint of misconduct, that the Commission had made an unfair or incorrect decision, or that the Commission failed to adequately explain the reason for its assessment.

Complaints about the correctness of the Commission's decision to take no action, or no further action in respect of a matter, regardless of its perceived merits (at least by the complainant) were received;

- One matter was initiated by my office (the same number as the previous reporting period).

The subject of this matter was the conduct of quarterly audits by my office of the Commission's operations;

- Issues referred to my office by the Joint Standing Committee under s 195(2)(d) of the Act numbered 4 (2 more the previous reporting period).

These were referrals from the Committee to investigate complaints made to it concerning the Commission, and questions about the Commission's explanation concerning its warrants and affidavits used under the TI Act;

- Miscellaneous matters numbered 3 (2 less than the previous reporting period).

2 of these matters were determined after preliminary investigation to be outside my jurisdiction, and 1 was an invitation by the Director General, Department of Justice, to make a submission to an inquiry into the Evidence Act, which I accepted and in respect of which I have provided my comments.

The audit work undertaken

41% of my office's work was devoted to its audit function.

My office audits the operation of the Act, the Commission's operations to determine if they comply with the laws of the State, and the Commission's operations conducted under the Act. These audits are conducted in two principal ways: in the assessment and investigation of complaints made about Commission activities, and when my office audits the Commission's records on a quarterly basis.

Reports tabled with the Parliament or the Joint Standing Committee

I tabled 5 reports either in the Parliament or with the Joint Standing Committee during the reporting period. One report related to an allegation that the Commission itself had committed misconduct when it exceeded its statutory powers by charging and prosecuting a person with a criminal offence; one report related to the inadequate investigation by the W.A. Police and the Commission of a complaint of the excessive use of force by police officers against two members of the public; one report related to the Commission's use of notices under s 42 of the Act; one report related to misconduct committed by a Commission officer by disclosing confidential information, and one report related to misconduct committed by a Commission officer when he falsely swore an affidavit used to obtain a warrant under the *Surveillance Devices Act 1998 (WA)*.

General issues

The reduction in new matters undertaken

There was a reduction of 42% in new matters undertaken by my office during the reporting period in comparison to the previous reporting period. It occurred in the historical context of a significant increase in the workload of my office between the reporting periods of 2012/2013 and 2016/17 of 138%.

The reduction is viewed as an anticipated correction to the increased levels of notifications made during those reporting periods to my office by the Commission pursuant to s 196(4) of the Act after widespread instances of misconduct among the Commission's surveillance officers, and other officers, were detected and dealt with.

The reduction in new matters in the current reporting period occurred almost exclusively in the category of notifications made to my office by the Commission pursuant to s 196(4) of the Act. The reason(s) for the reduction are incapable of precise explanation, and may partly be due to the Commission's acceptance of my recommendations to more effectively explain adverse decisions to disappointed complainants.

A legislative gap demonstrated by some investigations

Some of my investigations conducted during the reporting period have been in respect of unrelated allegations of serious misconduct by Commission officers committed before they were employed by the Commission, but which had never been investigated because the allegations were not made until after their employment by the Commission.

The legislative gap in the Act demonstrated by my consideration of these complaints (insofar as the allegations potentially impugned the character of the Commission officer involved and therefore their capacity to hold their position) is that in instances where the Police decide there is insufficient evidence to commence criminal proceedings against the officer, or if the previous public service employer of the officer declines to investigate the allegation once it has been made, the only agency with the legislative power to investigate it is the Commission itself.

My misconduct jurisdiction under s 195(1)(b) the Act does not extend to the alleged serious misconduct by a Commission officer before he or she was employed by the Commission. There is the possibility that in these circumstances the Commission may find itself conflicted if it is called upon to investigate the allegation.

In identical circumstances, but those which involve an allegation of minor misconduct, the only agency with the legislative power to investigate the matter is the Public Sector Commission. If it elects not to, then there is nothing that can be done about resolving the matter, even though the allegation may be credible and supported by evidence.

I intend to address this legislative gap (and other issues within the operation of the Act) by way of report to the Joint Standing Committee.

The Commission's investigation of complaints against police officers

In some instances the Commission has continued to demonstrate flawed assessments of complaints of serious misconduct by police involving the excessive use of force. Such assessments have usually occurred when a person first complained to the Commission about the conduct, and the Commission referred the complaint to the W.A. Police for internal investigation. The Commission then endorsed a patently incorrect determination by the police that no misconduct occurred.

At the end of that process the complainant complained to my office, and I detailed the miscarriage to the Commission. Rather than taking over the reinvestigation of the complaint the Commission, in instances when it has accepted my recommendation for reinvestigation, again referred the matter back to the police to address the original inadequacies. Where those inadequacies were not corrected by the police or subsequently by the Commission, I have in some instances reported the entire incident to Parliament or to the Joint Standing Committee.

This circular process, although within the Act, is costly, inefficient, time consuming and provokes further unnecessary frustration and delay for the complainant. Such outcomes should not be accepted as the intention of Parliament in its legislative efforts in resolving allegations of serious misconduct by the police (or by any other public officer).

The Commission's response to my observations in this regard is that it does not have the resources to undertake such reinvestigations itself, despite serious misconduct by police being a statutory focus for it. It says it must rely on its oversight power to ensure that the police internal investigation is conducted properly. However, this is no answer to the consequences described.

I have an ongoing concern not only with the fact of instances of excessive use of force by police, and the (at times) ineffective investigation of them, but that this situation will only worsen should the Commission assume further statutory functions as are currently proposed.

The Commission's written explanations of its assessments

An important area of the Commission's serious misconduct function is its written explanations to complainants in which it explains the reason(s) why a complaint will not be investigated by it, or will not be referred by it to the public sector agency involved for

its internal investigation. It is important for complainants to have such reasons sufficiently explained so an understanding is gained of the limits to the Commission's jurisdiction and of its discretionary powers under the Act to investigate complaints made to it.

While the Commission has responded positively to my recommendations in most instances to provide a more detailed explanation to aggrieved complainants, the occurrence of complaints to me on this issue has continued, indicating that efforts by the Commission to make systemic and permanent improvements to this aspect of its assessment process has not been as effective as it might otherwise be.

Auditing telecommunications interception affidavits and warrants

Throughout my term I and my counterparts in N.S.W., Victoria and Queensland have urged the Commonwealth Attorney General to amend the *Telecommunications (Interception and Access) Act 1979 (Cth)* to enable our respective offices to audit generally affidavits and warrants obtained and used by our respective integrity bodies.

Such affidavits and warrants, and the Commission's use in various ways of the private information obtained from them, are the only investigative tools of the Commission I am precluded from accessing and auditing (except when I am concerned with suspected misconduct by the Commission or its officers). Yet those investigative processes are arguably the most powerful and intrusive possessed by the Commission.

Efforts to address this flaw with the Commonwealth Attorney-General's Office by amending the *TI Act* remain unsuccessful and largely ignored. It is a dangerous lacuna in my powers of oversight of the Commission, to the effect that flawed or even corrupt practices in the process of applying for such warrants, or in the use of intercepted information, are capable of occurring undetected outside the Commission.

The Joint Standing Committee is actively pursuing a legislative solution to this problem.

Auditing of the Commission's records

Since 2008 my office has conducted audits of the Commission's operational and related documents on a quarterly basis by having my professional assistant attend the Commission and examine the documents. Statistics are maintained of this process.

My audit function and powers under the Act in this regard have been supported by informal agreement between my office and the Commission as to attendance, the provision of further Commission documentation to support the audit process when requested, explanation of anomalies and, when appropriate and necessary, the photocopying of documents for further examination either in respect of my audit function or other functions.

In March of the reporting period I requested the Commission to instead deliver its auditable documents to my office to enable me to call upon my office's own records to more effectively conduct the process. The Commission's auditable documents are ordinarily contained in a single, easily-carried folder and their movement is not onerous.

I took this course because I want to be more closely involved with the process, particularly in view of current proposals to have the Commission more closely involved in the exercise of functions concerning organised crime and its policy that its resources should be focussed more on dealing with corruption "hot spots", in particular areas of the public service.

The Commission has resisted – and continues to resist – my request, despite my powers under s 196 of the Act to have full access to the Commission's records, to require its officers to supply or produce the Commission's documents to me, and to otherwise do all things necessary or convenient to perform my functions. However, the Commission consents to me attending the Commission to conduct my audit.

The basis given by the Commission for its resistance is its decision to adhere to the *Protective Security Policy Framework*, a guideline drafted by the Commonwealth Attorney-General's Department to assist public sector agencies to protect their information, assets and people, should those agencies require that assistance. The *PSPF* is not law and the Commission is not bound by any law to adhere to it. The *PSPF* does not override the provisions of our Act, nor would it be breached by compliance with my request.

At the time of writing my attempts to persuade the Commission to reverse its decision and to abide by the provisions of our Act continue, but if the impasse is not resolved the issue will necessarily be reported to Parliament.

The Commission's investigation of industrial matters

During my investigation of an allegation of misconduct committed by one of its officers, the Commission disagreed with my finding of the facts (and subsequently my determination that misconduct had occurred) and said it would conduct its own disciplinary investigation under s 179 of the Act to determine those facts. It also said it would not make representations to me under s 200 in respect of my draft report on the matter, as invited to do, until it had concluded and considered its own investigation. The Commission's position potentially delayed the completion and tabling of my report.

The Commission does not have a minor misconduct function in respect of its officers, so the information obtained during its disciplinary investigation was gathered (and could only be used) pursuant its disciplinary power. However, s 196(9) of the Act precludes me from reviewing an industrial matter within the Commission (which includes the Commission's disciplinary process in this matter).

The proper construction of the Act in these important respects delineates my misconduct function from the Commission's disciplinary power, and determines the limits on the purposes for which the Commission can gather and use information, as confirmed by the Supreme Court's judgment in *A v Maughan* [2016] WASCA 128.

The Act does not envisage the Commission conducting a misconduct investigation into an allegation against one of its officers simultaneously with or following my determination of the matter as an industrial exercise.

At the time of writing, my final report to the Joint Standing Committee on the matter is being finalised.



Parliament House



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION

Report on the Financial Statements

Opinion

I have audited the financial statements of the Parliamentary Inspector of the Corruption and Crime Commission which comprise the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows 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 Parliamentary Inspector of the Corruption and Crime Commission for the year ended 30 June 2018 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 Parliamentary Inspector 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 Parliamentary Inspector for the Financial Statements

The Parliamentary Inspector 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 Parliamentary Inspector 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 Parliamentary Inspector 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 Parliamentary Inspector.

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.

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 Parliamentary Inspector.
- Conclude on the appropriateness of the Parliamentary Inspector'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 Parliamentary Inspector 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 Parliamentary Inspector of the Corruption and Crime Commission. The controls exercised by the Parliamentary Inspector are those policies and procedures established by the Parliamentary Inspector 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 Parliamentary Inspector of the Corruption and Crime Commission 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 2018.

The Parliamentary Inspector's Responsibilities

The Parliamentary Inspector 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.

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 Parliamentary Inspector of the Corruption and Crime Commission for the year ended 30 June 2018. 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 Parliamentary Inspector of the Corruption and Crime Commission are relevant and appropriate to assist users to assess the Parliamentary Inspector's performance and fairly represent indicated performance for the year ended 30 June 2018.

The Parliamentary Inspector's Responsibility for the Key Performance Indicators

The Parliamentary Inspector 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 Parliamentary Inspector 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 Parliamentary Inspector 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 Parliamentary Inspector of the Corruption and Crime Commission for the year ended 30 June 2018 included on the Parliamentary Inspector's website. The Parliamentary Inspector's management is responsible for the integrity of the Parliamentary Inspector's website. This audit does not provide assurance on the integrity of the Parliamentary Inspector'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.



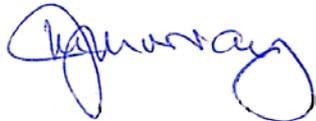
SANDRA LABUSCHAGNE
ACTING DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia

13 September 2018

Key Performance Indicators

Certification of Key Performance Indicators for the Year Ended 30 June 2018

I hereby certify that the Key Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the Office of the Parliamentary Inspector of the Corruption and Crime Commission's performance, and fairly represent the performance of the Office of the Parliamentary Inspector of the Corruption and Crime Commission for the financial year ended 30 June 2018.



The Hon Michael Murray AM QC
Accountable Authority

13 September 2018



PERFORMANCE INDICATOR REPORT

For the period 1 July 2017 to 30 June 2018.

OUTCOMES AND SERVICES

RELATIONSHIPS TO GOVERNMENT GOALS

Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the agency's service and desired outcome, and the government goal it contributes to.

Government Goal	Desired Outcome	Service
Sustainable Finances: Responsible financial management and better service delivery.	An informed Parliament on the integrity of the Corruption and Crime Commission.	Evaluation of the effectiveness and appropriateness of Corruption and Crime Commission operations.

KEY PERFORMANCE INDICATORS

The Parliamentary Inspector is required under Section 61 of the *Financial Management Act 2006* and Treasurer's Instruction TI 904, to disclose key performance indicators in the annual report.

The following performance indicators should be read in conjunction with the accompanying notes to the Key Performance Indicators. Explanations are provided where there is a significant variation of more than 10% between 2017-18 actual results and budget targets or between actual results of current year and prior year.

KEY EFFECTIVENESS INDICATOR

	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Target	2017-18 Actual
Number of reports completed and tabled in Parliament within target timeframes *	1	1	1	1	1

* The Parliamentary Inspector is not required to report to Parliament until after the audit of these Key Performance Indicators, therefore the report referred to in the effectiveness indicator is the annual report for the previous year.

The Parliamentary Inspector seeks to achieve the outcome of *an informed Parliament on the integrity of the Corruption and Crime Commission*. The indicator is measured by determining if the Parliamentary Inspector met the statutory annual reporting requirements contained in section 203 of the *Corruption, Crime and Misconduct Act 2003* i.e.

203. Annual report to Parliament

- (1) *The Parliamentary Inspector is to prepare, within 3 months after 30 June of each year, a report as to his or her general activities during that year.*
- (2) *The Parliamentary Inspector is to cause a copy of a report prepared under this section to be laid before each House of Parliament, or dealt with under section 206, within 21 days of the preparation of the report.*
- (3) *This section does not limit Part 5 of the Financial Management Act 2006 and the report required under this section may be prepared and dealt with in conjunction with the report required under that Part.*

This measure is a key indicator of performance because timeliness of reporting is essential if the Parliament is to base decisions on the information provided by the Parliamentary Inspector.

KEY EFFICIENCY INDICATORS

	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Target	2017-18 Actual
Average cost per investigation/case	\$8,198	\$5,028	\$4,639	\$5,328	\$7,356
Cost of the audit function as a percentage of total cost of operations	40%	45%	42%	45%	41%

AVERAGE COST PER INVESTIGATION/CASE

The average cost per investigation/case is calculated by determining the total cost of the investigation function and dividing it by the number of investigations closed for the period.

The total cost of the investigation function is calculated by determining the percentage of salaries devoted to the investigation function and then applying that percentage to the total expenditure of the Parliamentary Inspector for the period. This gives the total cost of the investigation function.

The number of specific investigations conducted and completed by the Parliamentary Inspector is recorded electronically. Each investigation is commenced by receipt of a written complaint and recorded in a complaints register. When the investigation is completed it is recorded as closed. The number of investigations is drawn from this information.

The variance between the 2017-18 Actual and 2017-18 Target for the average cost per investigation is due to a less than anticipated number of investigations being finalised in the 2017-18 reporting period. The Office finalised 62 matters which is 28 matters less than estimated.

COST OF THE AUDIT FUNCTION AS A PERCENTAGE OF TOTAL COST OF OPERATIONS

The cost of the audit function as a percentage of the total cost of operations is calculated by determining the percentage of total Parliamentary Inspector salaries devoted to the audit function and then applying that percentage to the total expenditure of the Parliamentary Inspector for the period. For example, if 50% of salaries cost is devoted to the audit function then it is considered that 50% of the total cost of the Office is devoted to the audit function.

There is no significant variation.

**Office of the Parliamentary Inspector of the Corruption and Crime Commission of
Western Australia**

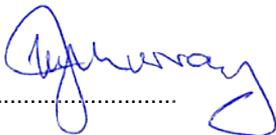
Financial Statements

Certification of Financial Statements

For the year ended 30 June 2018

The accompanying financial statements of the Office of the Parliamentary Inspector of the Corruption and Crime Commission have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2018 and the financial position as at 30 June 2018.

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.

Signed.....

The Hon Michael Murray AM QC
Accountable Authority

13 September 2018

Signed.....

Sandy Kerr
Chief Finance Officer

13 September 2018



Office of the Parliamentary Inspector of the Corruption and Crime Commission of Western Australia

The Office has pleasure in presenting its audited general purpose financial statements for the financial reporting period ended 30 June 2018 which provides users with the information about the Office's stewardship of resources entrusted to it. The financial information is presented in the following structure:

Index	Page
Financial statements	
Statement of comprehensive income	20
Statement of financial position	21
Statement of changes in equity	22
Statement of cash flows	23
Notes to the financial statements	
1. Basis of preparation	24
Statement of compliance	24
Basis of preparation	24
Judgements and estimates	24
Contributed equity	24
2. Office outputs	25
How the Office operates	25
2.1 Office objectives	25
3. Use of our funding	26
Expenses incurred in the delivery of services	26
3.1 (a) Employee benefits expense	27
3.1 (b) Employee related provisions	27
3.2 Other expenditure	29
4. Our funding sources	30
How we obtain our funding	30
4.1 Income from State Government	30
4.2 Other income	30
5. Key assets	31
5.1 Property, plant and equipment	31
6. Other assets and liabilities	33
6.1 Receivables	33
6.2 Amounts receivables for services (Holding Account)	33
6.3 Other assets	33
6.4 Payables	34
7. Financing	35
7.1 Cash and cash equivalents	35
7.2 Commitments	36
8. Risks and contingencies	37
8.1 Financial risk management	37
8.2 Contingent assets and liabilities	38
9. Other disclosures	39
9.1 Events occurring after the end of the reporting period	39
9.2 Future impact of Australian Accounting Standards not yet operative	39
9.3 Key management personnel	42
9.4 Related party transactions	43
9.5 Related bodies	43
9.6 Affiliated bodies	43
9.7 Remuneration of auditors	43
9.8 Equity	44
9.9 Supplementary financial information	44
9.10 Explanatory statement	45

Statement of Comprehensive Income

For the year ended 30 June 2018

	Note	2018 \$	2017 \$
COST OF SERVICES			
Expenses			
Employee benefits expense	3.1	418,335	442,573
Supplies and services	3.2	190,405	179,053
Depreciation	5.1.1	32,106	32,106
Accommodation expenses	3.2	116,359	122,551
Other expenditure	3.2	31,923	31,574
Total cost of services		789,128	807,857
Income			
Other revenue	4.2	-	5,966
Total income other than income from State Government		-	5,966
NET COST OF SERVICES		789,128	801,891
Income from State Government			
Service appropriation	4.1	707,000	746,000
Services received free of charge	4.1	156,162	147,639
Total income from State Government		863,162	893,639
SURPLUS FOR THE PERIOD		74,034	91,748
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		74,034	91,748

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



Statement of Financial Position

As at 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7.1	397,709	326,753
Receivables	6.1	5,261	3,922
Other Current Assets	6.3	10,055	656
Total Current Assets		413,025	331,331
Non-Current Assets			
Amounts receivable for services	6.2	195,000	163,000
Property, plant and equipment	5.1	221,870	253,978
Total Non-Current Assets		416,870	416,978
TOTAL ASSETS		829,895	748,309
LIABILITIES			
Current Liabilities			
Payables	6.4	17,526	16,009
Provisions	3.1.1	307,563	308,692
Total Current Liabilities		325,089	324,701
Non-Current Liabilities			
Provisions	3.1.1	22,096	14,932
Total Non-Current Liabilities		22,096	14,932
TOTAL LIABILITIES		347,185	339,633
NET ASSETS		482,710	408,676
EQUITY			
Contributed equity	9.8	160,000	160,000
Accumulated surplus	9.8	327,710	248,676
TOTAL EQUITY		482,710	408,676

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 2018

	Note	Contributed equity \$	Accumulated surplus \$	Total equity \$
Balance at 1 July 2016	9.8	160,000	156,928	316,928
Total comprehensive income for the period		-	91,748	91,748
Balance at 30 June 2017		160,000	248,676	408,676
Balance at 1 July 2017		160,000	248,676	408,676
Total comprehensive income for the period		-	74,034	74,034
Balance at 30 June 2018		160,000	322,710	482,710

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 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		675,000	691,000
Holding Account drawdown		-	-
Net cash provided by State Government		675,000	691,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(412,292)	(442,165)
Supplies and services		(73,468)	(62,993)
Accommodation		(116,945)	(108,943)
GST payments on purchases		(19,902)	(17,068)
Receipts			
Receipts from services		1,243	23,369
GST receipts from taxation authority		17,320	18,321
GST receipts on sales		-	(2,162)
Net cash (used in) operating activities	7.1	(604,044)	(591,641)
Net increase in cash and cash equivalents		70,956	99,359
Cash and cash equivalents at the beginning of the reporting period		326,753	227,394
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7.1	397,709	326,753

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

Note 1: Basis of preparation

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

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

These annual financial statements were authorised for issue by the Accountable Authority of the agency on 13 September 2018.

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 (**the Instructions or TI**)
- 3) Australian Accounting Standards (**AAS**) including applicable interpretations
- 4) Where appropriate, those **AAS** paragraphs applicable for not-for-profit entities have been applied.

The *Financial Management Act 2006* and the Treasurer's Instructions (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

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

This section includes information regarding the nature of funding the Office receives and how this funding is utilised to achieve the Office's objectives.

	Notes
Office objectives	2.1

2.1 Office objectives

Mission

The Office of the Parliamentary Inspector accepts and can investigate allegations of misconduct by the Corruption and Crime Commission.

It also makes recommendations to the Corruption and Crime Commission, independent agencies, appropriate authorities and reports and makes recommendations to Parliament and Standing Committees.

Services

As there is only one service provided by the Office, the Schedule of Income by Service and Schedule of Asset and Liabilities by Service have not been prepared.

Note 3: Use of our funding

Expenses incurred in the delivery of services

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

	Notes	2018 \$	2017 \$
Employee benefits expense	3.1	418,335	442,573
Employee benefits provisions	3.1.1	329,659	323,624
Supplies and services	3.2	174,243	179,053
Accommodation expenses	3.2	116,359	122,551
Other expenditure	3.2	31,923	31,574

3.1 Employee benefits expenses

	2018 \$	2017 \$
Wages and salaries ^(a)	380,312	407,391
Superannuation - defined contribution plans ^(b)	38,023	35,182
	<u>418,335</u>	<u>442,573</u>

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

(b) Defined contribution plans include West State Superannuation Scheme (WSS), Gold State Superannuation Scheme (GSS), Government Employees Superannuation Schemes (GESB) 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.

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 GESB, 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 agency purposes because the concurrent contributions (defined contributions) made by the Office to GESB extinguishes the Office's obligations to the related superannuation liability.

The Office does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. The Liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Office to the GESB.

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

3.1.1 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.

	2018	2017
	\$	\$
Current		
<u>Employee benefits provisions</u>		
Annual leave ^(a)	207,244	196,665
Long service leave ^(b)	86,540	109,706
	<u>293,784</u>	<u>306,371</u>
<u>Other provisions</u>		
Employment on-costs ^(c)	13,779	2,321
Total current employee related provisions	<u>307,563</u>	<u>308,692</u>

Non-Current		
<u>Employee benefits provision</u>		
Long service leave ^(b)	21,127	14,823
	<u>21,127</u>	<u>14,823</u>
<u>Other provisions</u>		
Employment on-costs ^(c)	969	109
Total non-current employee related provisions	<u>22,096</u>	<u>14,932</u>
Total employee related provisions	<u>329,659</u>	<u>323,624</u>

- (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. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
	\$	\$
Within 12 months of the end of the reporting period	216,934	198,143
	<u>216,934</u>	<u>198,143</u>

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

- (b) **Long service leave liabilities:** Unconditional long service leave provisions are classified as **current** liabilities as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as **non-current** liabilities because the Office has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Assessments indicate that actual settlement of the long service leave liabilities is expected to occur as follows:

	2018	2017
	\$	\$
More than 12 months after the end of the reporting period	107,667	124,529
	<u>107,667</u>	<u>124,529</u>

3.1.1 Employee related provisions (continued)

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

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

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenditure', Note 3.2 and are not included as part of the Office's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2018	2017
	\$	\$
Movements in other provisions		
Movements in each class of provisions during the period, other than employee benefits are set out below		
<u>Employee on-cost provision</u>		
Carrying amount at start of period	2,430	-
Additional/(reversals of) provisions recognised	12,318	2,430
Carrying amount at the end of the period	14,748	2,430

Key sources of estimation uncertainty – long service leave

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

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

- Expected future salary rates
- Discount rates
- Employee retention rates; and
- Expected future payments

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

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

3.2 Other expenditure

	2018	2017
	\$	\$
Supplies and services		
Communications	6,130	5,586
Consumables	7,989	4,228
Consultants and contractors	20,124	21,600
Services received free of charge (note 4.2)	156,162	147,639
Total supplies and services expenses	190,405	179,053

3.2 Other expenditure (continued)

	2018	2017
	\$	\$
Accommodation expenses		
Building rentals	116,359	122,551
Total accommodation expenses	<u>116,359</u>	<u>122,551</u>
Other expenses		
Insurance for Property, Liability, Workers Compensation, Miscellaneous	5,730	5,729
Other expenses ^(a)	26,193	25,845
Total other expenses	<u>31,923</u>	<u>31,574</u>
Total other expenditure	<u>322,525</u>	<u>333,178</u>

(a) Includes bank fees, court transcripts, electricity, travel, motor vehicle operating expense and leased car bay.

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]

Other:

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

Note 4: Our funding sources

How we obtain our funding

This section provides additional information about how the Office obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Office and the relevant notes are:

	Notes	2018 \$	2017 \$
Income from State Government	4.1	847,000	893,639
Other income	4.2	-	5,966

4.1 Income from State Government

	2018 \$	2017 \$
Appropriation received during the period:		
Service appropriation ^(a)	707,000	746,000
Services received free of charge from other state government agencies during the period: ^(b)		
Department of Justice		
- financial, human resources and information technology services	143,806	138,146
Department of Finance		
-Lease accommodation services	12,356	9,493
	<u>156,162</u>	<u>147,639</u>
Total Income from State Government	<u>863,162</u>	<u>893,639</u>

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

Appropriation revenue comprises the following:

- Cash component; and
- A receivable (asset).

The receivable (holding account – note 6.2) comprises the following:

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

(b) **Transfer of assets:** Discretionary transfers of assets (including grants) and liabilities between State government agencies are reported under Income from State Government. Transfers of assets and liabilities in relation to a restructure of administrative arrangements are recognised as distribution to owners by the transferor and contribution by owners by the transferee under AASB 1004. Other non-discretionary non-reciprocal transfers of assets and liabilities designated as contributions by owners under TI 955 are also recognised directly to equity.

Services received free of charge or for nominal cost: Services received free of charge or for nominal cost that the Office would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income. The value of services received free of charge recognised during the period was calculated based on estimates and information provided by Department of Finance and Department of Justice.

4.2 Other Income

	2018 \$	2017 \$
Other income	-	5,966
	<u>-</u>	<u>5,966</u>

Other income represents services provided free of charge by an Acting Parliamentary Inspector.

Note 5: Key assets

Assets the Office utilises for economic benefit or service potential

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

	Notes	2018 \$	2017 \$
Property, plant and equipment	5.1	221,870	253,978

5.1 Property, plant and equipment

	Leasehold Improvement \$	Office equipment \$	Total
Year ended 30 June 2017			
1 July 2016			
Gross carrying amount	304,612	8,227	312,839
Accumulated depreciation	25,384	1,371	26,755
Carrying amount at start of period	279,228	6,856	286,084
Depreciation	(30,461)	(1,645)	(32,106)
Carrying amount at the end of period	248,767	5,211	253,978

	Leasehold Improvement \$	Office equipment \$	Total
Year ended 30 June 2018			
1 July 2017			
Gross carrying amount	304,612	8,227	312,839
Accumulated depreciation	55,845	3,017	58,862
Carrying amount at start of period	248,767	5,211	253,978
Depreciation	(30,461)	(1,645)	(32,106)
Carrying amount at the end of period	218,305	3,565	221,870

5.1 Property, plant and equipment (continued)

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).

Assets transferred as part of a machinery of government change are transferred at their fair value.

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

Subsequent measurement

Subsequent to initial recognition of an asset, items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

5.1.1 Depreciation and impairment

Charge for the period

Depreciation

	2018	2017
	\$	\$
Leasehold Improvement	30,461	30,461
Office equipment	1,645	1,645
	<u>32,106</u>	<u>32,106</u>

As at 30 June 2018 there were no indications of impairment to property or plant and equipment.

All surplus assets at 30 June 2018 have either been classified as assets held for sale or have been written-off.

Finite useful lives

All property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

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

Leasehold improvement	10 years
Photocopier	5 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. Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Impairment

Non-financial assets, including items of property, 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 Office is a not-for-profit entity, unless a specialised asset has been identified as a surplus asset, 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 6: Other assets and liabilities

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

	Notes	2018 \$	2017 \$
Receivables	6.1	5,261	3,922
Amounts receivable for services (Holding Account)	6.2	195,000	163,000
Other current assets	6.3	10,055	656
Payables	6.4	17,526	16,009

6.1 Receivables

	2018 \$	2017 \$
<u>Current</u>		
Trade and other receivables	-	-
GST receivable	5,261	3,922
Total current	5,261	3,922

The Office does not hold any collateral or other credit enhancements as security for receivables.

Receivables are recognised 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 Office will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

6.2 Amounts receivable for services (Holding Account)

	2018 \$	2017 \$
Non-current	195,000	163,000
Total Amounts receivable for services	195,000	163,000

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.

The Office 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.

6.3 Other assets

	2018 \$	2017 \$
Prepayments	10,055	656
Total other current assets	10,055	656

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

6.4 Payables

	2018	2017
	\$	\$
<u>Current</u>		
Trade payables	15,895	14,386
Accrued salaries	1,631	1,623
Total current	17,526	16,009

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

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

Note 7: Financing

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

	Notes
Cash and cash equivalents	7.1
Commitments	7.2

7.1 Cash and cash equivalents

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2018	2017
	\$	\$
Cash and cash equivalents	397,709	326,753
	397,709	326,753

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.

Reconciliation of net cost of services to net cash flows used in operating activities

	2018	2017
	\$	\$
Net cost of services	(789,128)	(801,891)
Non-cash items		
Other	-	-
Depreciation expense	32,106	32,106
Resources received free of charge	156,162	147,639
(Increase)/decrease in assets		
Receivables	1,243	23,368
Prepayments	(9,399)	(4)
GST Receivable	-	-
Increase/(decrease) in liabilities		
Current payables ^(a)	1,518	(25,655)
Provisions	(1,129)	27,409
Non-current provisions	7,164	6,296
Net GST receipts/(payments) ^(b)	(2,582)	1,253
Change in GST in receivables/payables ^(c)	-	(2,162)
Net cash (used in) by operating activities	(604,044)	(591,641)

(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 transactions.

(c) This reverses out the GST in receivables and payables

The mandatory application of AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* imposed disclosure impacts only. The Office is not exposed to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

7.2 Commitments

	2018	2017
	\$	\$
Non-cancellable operating lease commitments		
Commitments for minimum lease payments are payable as follows:		
Less than one year	79,710	113,696
Between one and five years	60,056	199,356
	<u>139,766</u>	<u>313,052</u>

The operating lease is expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased property.

The Office has entered into a property lease which is a non-cancellable lease with an initial five 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 5% per annum.

The current lease expires on the 31 March 2020, with two five year options remaining.

Note 8: Risks and contingencies

This note sets out the key risk management policies and measurement techniques of the Office:

	Notes
Financial risk management	8.1
Contingent assets and contingent liabilities	8.2

8.1 Financial risk management

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

(a) Summary of risks and risk management

Credit risk

Credit risk arises when there is the possibility of the Office receivables defaulting on their contractual obligations resulting in financial loss to the Office. The maximum exposure to credit risk at 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 allowance for impairment, as shown in the table at Note 8.1 (c) 'Ageing analysis of financial assets' and Note 6.1 'Receivables'.

Credit risk associated with the Office financial assets is minimal because the main receivable is the amounts receivable for services (Holding Account). The Office does not have any significant credit risks as services are provided only to government agencies. In addition, receivable balances are monitored on an ongoing basis with the result that the Office 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 Office is unable to meet its financial obligations as they fall due. The Office is exposed to liquidity risk through its trading in the normal course of the business.

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

Market risk

Market risk is the risk that the changes in market prices such as foreign exchange rates and interest rates will affect the Office's income on the value of its holdings of financial instruments. The Office does not trade in foreign currency and is not materially exposed to other price risks because it does not hold investments in securities on bonds.

The Office is not exposed to interest rate risk because cash and cash equivalents are non-interest bearing and it has no borrowings therefore neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are:

	2018	2017
	\$	\$
<u>Financial Assets</u>		
Cash and cash equivalents	397,709	326,753
Receivables ^(a)	195,000	163,000
	592,709	489,753
<u>Financial Liabilities</u>		
Payables	17,526	16,009
	17,526	16,009

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

8.1 Financial risk management (continued)

(c) Ageing analysis of financial assets

	Carrying Amount \$	Not past due and not impaired \$	Past due but not impaired				Impaired financial assets \$
			Up to 1 month \$	1-3 months \$	3 months to 1 year \$	More than 5 years \$	
2018							
Cash and cash equivalents	397,709	397,709	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Amounts receivable for services	195,000	195,000	-	-	-	-	-
	592,709	592,709	-	-	-	-	-
2017							
Cash and cash equivalents	326,753	326,753	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Amounts receivable for services	163,000	163,000	-	-	-	-	-
	489,753	489,753	-	-	-	-	-

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

(d) Liquidity risk and interest rate exposure

The following table details the Office's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Carrying Amount \$	Non-interest Bearing \$	Nominal Amount \$	Up to 1 month \$	1-3 months \$	3 months to 1 year		1-5 years \$
						to 1 year \$	1-5 years \$	
2018								
<u>Financial Assets</u>								
Cash and cash equivalents	397,709	397,709	397,709	397,709	-	-	-	-
Receivables	-	-	-	-	-	-	-	-
Amounts receivable for services	195,000	195,000	195,000	-	-	-	195,000	-
	592,709	592,709	592,709	397,709	-	-	195,000	-
<u>Financial Liabilities</u>								
Payables	12,247	12,247	12,247	12,247	-	-	-	-
	17,526	17,526	17,526	17,526	-	-	-	-
2017								
<u>Financial Assets</u>								
Cash and cash equivalents	326,753	326,753	326,753	326,753	-	-	-	-
Receivables	-	-	-	-	-	-	-	-
Amounts receivable for services	163,000	163,000	163,000	-	-	-	163,000	-
	489,753	489,753	489,753	326,753	-	-	163,000	-
<u>Financial Liabilities</u>								
Payables	16,009	16,009	16,009	16,009	-	-	-	-
	16,009	16,009	16,009	16,009	-	-	-	-

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

8.2 Contingent assets and liabilities

There were no contingent liabilities and contingent assets as at 30 June 2018 (2017: nil).

Note 9: 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	9.1
Future impact of Australian Standards issued not yet operative	9.2
Key management personnel	9.3
Related parties	9.4
Related bodies	9.5
Affiliated bodies	9.6
Remuneration of auditors	9.7
Equity	9.8
Supplementary financial information	9.9
Explanatory statement	9.10

9.1 Events occurring after the end of the reporting period

There were no events occurring after the balance date at the end of the financial year.

9.2 Future impact of Australian Accounting Standards not yet operative

The Office cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements* or by an exemption from TI 1101. Where applicable, the Office plans to apply the following Australian Accounting Standards from their application date.

	Operative for reporting periods beginning on/after
<p>AASB 9 <i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 <i>Amendments to Australian Accounting Standards</i>. The Office has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
<p>AASB 15 <i>Revenue from Contracts with Customers</i></p> <p>This Standard establishes the principles that the Office shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The Office's income is principally derived from appropriations which will be measured under AASB 1058 <i>Income of Not-for-Profit Entities</i> and will be unaffected by this change. However, the Office has not yet determined the potential impact of the Standard on 'User charges and fees' and 'Sales' revenues. In broad terms, it is anticipated that the terms and conditions attached to these revenues will defer revenue recognition until the Office has discharged its performance obligations.</p>	1 Jan 2019

9.2 Future impact of Australian Accounting Standards not yet operative (continued)

		Operative for reporting periods beginning on/after
AASB 16	<p><i>Leases</i></p> <p>This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</p> <p>Whilst the impact of AASB 16 has not yet been quantified, the entity currently has operating lease commitments for \$139,766 over 2 years. The Office anticipates most of this amount will be brought onto the statement of financial position, excepting amounts pertinent to short term or low value leases. Interest and amortisation expense will increase and rental expense will decrease.</p>	1 Jan 2019
AASB 1058	<p><i>Income of Not-for-Profit Entities</i></p> <p>This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, a performance obligation (a promise to transfer a good or service), or, an obligation to acquire an asset. The Office has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2019
AASB 1059	<p><i>Service Concession Arrangements: Grantors</i></p> <p>This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided. The Office has not identified any public private partnerships within scope of the Standard.</p>	1 Jan 2019
AASB 2010-7	<p><i>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 Int 2, 5, 10, 12, 19 & 127]</i></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Office has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2014-1	<p><i>Amendments to Australian Accounting Standards</i></p> <p>Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Office to determine the application or potential impact of the Standard.</p>	1 Jan 2018
AASB 2014-5	<p><i>Amendments to Australian Accounting Standards arising from AASB 15</i></p> <p>This Standard gives effect to consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. The Office has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018

9.2 Future impact of Australian Accounting Standards not yet operative (continued)

		Operative for reporting periods beginning on/after
<i>AASB 2014-7</i>	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i> This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
<i>AASB 2015-8</i>	<i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i> This Standard amends the mandatory application date of AASB 15 to 1 January 2018 (instead of 1 January 2017). It also defers the consequential amendments that were originally set out in AASB 2014-5. There is no financial impact arising from this Standard.	1 Jan 2018
<i>AASB 2016-3</i>	<i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i> This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The Office has not yet determined the application or the potential impact.	1 Jan 2018
<i>AASB 2016-7</i>	<i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i> This Standard defers, for not-for-profit entities, the mandatory application date of AASB 15 to 1 January 2019, and the consequential amendments that were originally set out in AASB 2014-5. There is no financial impact arising from this standard.	1 Jan 2018
<i>AASB 2016-8</i>	<i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i> This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.	1 Jan 2019

9.3 Key management personnel

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

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

	2018	2017
Compensation of members of the accountable authority		
Compensation Band (\$)		
210,001 – 220,000	1	1
Compensation of senior officers		
Compensation Band (\$)		
230,001 – 240,000	1	1
	\$	\$
Short-term employee benefits	370,092	371,755
Post-employment benefits	38,863	38,747
Other long-term benefits	41,827	41,714
Termination benefits	-	-
Total compensation of key management personnel	<u>450,782</u>	<u>452,216</u>

Total compensation includes the superannuation expense incurred by the Office in respect of senior officers.

9.4 Related party transactions

The Office is a wholly owned public sector entity that is controlled by the State of Western Australia.

Related parties of the Office include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and public sector entities, including related bodies included in the whole of government consolidated financial statements;
- associates and joint ventures, that are included in the whole of government consolidated financial statements; and

Significant transactions with Government-related entities

In conducting its activities, the agency is required to transact with the 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:

- service appropriations (Note 4.1);
- services received free of charge from the Department of Justice and Department of Finance (Note 4.1);
- lease rentals payments to the Department of Finance (Note 3.2);
- Commitments for future lease payments to the Department of Finance (Note 7.2);
- Insurance payments to the Insurance Commission and Riskcover fund (Note 3.2) and
- Remuneration for services provided by the Auditor General (Note 9.7).

Material transactions with other related parties:

Material transactions include:

- Superannuation payments to GESB (Note 3.1)

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

9.5 Related bodies

The Office had no related bodies during the financial year (2017: nil).

9.6 Affiliated bodies

The Office had no affiliated bodies during the financial year (2017: nil).

9.7 Remuneration of auditors

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

	2018	2017
	\$	\$
Auditing the accounts, financial statements, controls, and key performance indicators	16,970	16,800

9.8 Equity

	2018	2017
	\$	\$
Contributed equity		
Balance at start of period	160,000	160,000
Balance at end of period	160,000	160,000
Accumulated surplus		
Balance at start of period	248,676	156,928
Result for the period	74,034	91,748
Balance at end of period	322,710	248,676
Total Equity at end of period	482,710	408,676

9.9 Supplementary financial information

There were no losses of public moneys or other public property through theft or default during the financial year (2017: nil).

There were no write offs of public money or other public property during the financial year (2017: nil).

There were no gifts of public property during the financial year (2017: nil).

NOTES TO THE FINANCIAL STATEMENTS

9.10 Explanatory statement

All variances between estimates (original budget) and actual results for 2018, and between the actual results for 2018 and 2017 are shown below. Narratives are provided for selected major variances, which are generally greater than:

- 5% and \$16,157 for the Statements of Comprehensive Income and Statement of Cash Flows; and,
- 5% and \$8,500 for the Statement of Financial Position.

Statement of Comprehensive Income

	Note	Estimate 2018 \$	Actual 2018 \$	Actual 2017 \$	Variance between estimate and actual \$	Variance between actual results for 2018 and 2017 \$
COST OF SERVICES						
Expenses						
Employee benefits expense	1A	471,000	418,335	442,573	52,665	(24,238)
Supplies and services	2	169,000	190,405	179,053	(21,405)	11,352
Depreciation	3	55,000	32,106	32,106	22,894	-
Accommodation expenses	4	138,000	116,359	122,551	21,641	(6,192)
Other expenditure		39,000	31,923	31,574	7,077	349
Total cost of services		872,000	789,128	807,857	82,872	(18,729)
Income						
Other Income		-	-	5,966	-	(5,966)
Total income other than income from State Government		-	-	5,966	-	(5,966)
NET COST OF SERVICES		872,000	789,128	801,891	82,872	(12,763)
Income from State Government						
Service appropriation	B	732,000	707,000	746,000	25,000	(39,000)
Resources received free of charge	5	140,000	156,162	147,639	-16,162	(8,523)
Total income from State Government		872,000	863,162	893,639	8,838	(30,477)
SURPLUS/(DEFICIT) FOR THE PERIOD		-	74,034	91,748	(74,034)	(17,714)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	74,034	91,748	(74,034)	(17,714)

NOTES TO THE FINANCIAL STATEMENTS

9.10 Explanatory statement (continued)

Statement of Financial Position

	Note	Estimate 2018 \$	Actual 2018 \$	Actual 2017 \$	Variance between estimate and actual \$	Variance between actual results for 2018 and 2017 \$
ASSETS						
Current Assets						
Cash and cash equivalents		-	397,709	326,753	(397,709)	70,956
Receivables	6	29,000	5,261	3,922	23,739	1,339
Other asset	7C	1,000	10,055	656	(9,055)	9,399
Total Current Assets		30,000	413,025	331,331	(383,025)	81,694
Non-Current Assets						
Amounts receivable for services	8D	218,000	195,000	163,000	23,000	32,000
Property, plant and equipment	9E	177,000	221,870	253,978	(44,870)	(32,108)
Total Non-Current Assets		395,000	416,870	416,978	(21,870)	(108)
TOTAL ASSETS		425,000	829,895	748,309	(404,895)	81,586
LIABILITIES						
Current Liabilities						
Payables		7,000	17,526	16,009	(10,526)	1,517
Provisions	10	92,000	307,563	308,692	(215,563)	(1,129)
Total Current Liabilities		99,000	325,089	324,701	(226,089)	388
Non-Current Liabilities						
Provisions	11	8,000	22,096	14,932	(14,096)	7,164
Total Non-Current Liabilities		8,000	22,096	14,932	(14,096)	7,164
TOTAL LIABILITIES		107,000	347,185	339,633	(240,185)	7,552
NET ASSETS		318,000	482,710	408,676	(164,710)	74,034
EQUITY						
Contributed equity		160,000	160,000	160,000	-	-
Accumulated surplus		158,000	322,710	248,676	(164,710)	74,034
TOTAL EQUITY		318,000	482,710	408,676	(164,710)	74,034

NOTES TO THE FINANCIAL STATEMENTS

9.10 Explanatory statement (continued)

Statement of Cash Flows

	Estimate 2018 \$	Actual 2018 \$	Actual 2017 \$	Variance between estimate and actual \$	Variance between actual results for 2018 and 2017 \$
CASH FLOWS FROM STATE GOVERNMENT					
Service appropriation	677,000	675,000	691,000	2,000	(16,000)
Net cash provided by State Government	677,000	675,000	691,000	2,000	(16,000)
Utilised as follows:					
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
Employees benefits	(471,000)	(412,292)	(442,165)	(58,708)	29,873
Supplies and services	(68,000)	(73,468)	(62,993)	5,468	(10,475)
Accommodation	(138,000)	(116,945)	(108,943)	(21,055)	(8,002)
GST payments on purchases	-	(19,902)	(17,068)	19,902	(2,834)
Receipts					
Receipts from services	-	1,243	23,369	(1,243)	(22,126)
GST receipts from taxation authority	-	17,320	18,321	(17,320)	(1,001)
GST receipts on Sales	-	-	(2,162)	-	2,162
Net cash used in operating activities	(677,000)	(604,044)	(591,641)	(72,956)	(12,403)
Net increase in cash and cash equivalents	-	70,956	99,359	(70,956)	(28,403)
Cash and cash equivalents at the beginning of the period		326,753	227,394	(326,753)	99,359
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		397,709	326,753	(397,709)	70,956

9.10 Explanatory statement (continued)

Variance between Estimate and Actual:

- 1 Actual Employee Benefits reduced by \$52,665 (11.18%) due to a decreased requirement to engage Acting Parliamentary Inspectors during the period.
- 2 Actual Supplies and Services increased by \$21,405 (12.67%) mainly due to higher Department of Justice Corporate Information System costs provided under a Resources Received Free of Charge arrangement.
- 3 Actual depreciation was lower by \$22,894 (41.63%) due to the adoption of a more conservative depreciation policy to amortise the Parliamentary Inspector Office than what was initially budgeted.
- 4 Actual Accommodation expenses were lower than estimated by \$21,641 (15.68%) due to lower lease cost.
- 5 Resources Received Free of Charge increased by \$16,162 (11.54%) due to higher Department of Justice Corporate Information System costs.
- 6 Actual receivables were lower by \$23,739 (81.85%) due to the receipt in 2017 of a receivable from the Department of Finance to recoup one-off out of pocket project expenditure.
- 7 Actual Other Assets increased by \$9,055 (905.5%) mainly due to the timing of rental prepayments.
- 8 Amounts Receivable for Services decreased by \$23,000 (10.55%) mainly due to the adoption of a more conservative depreciation policy to amortise the Parliamentary Inspector Office than what was initially budgeted.
- 9 Actual property, plant and equipment was higher by \$44,870 (25.35%) mainly due to the adoption of a more conservative depreciation policy to amortise the Parliamentary Inspector Office than what was initially budgeted.
- 10 Actual Current Provisions were higher by \$215,563 (234.31%) due to accruals for leave entitlements and key management personnel unable to clear balances in 2017/18.
- 11 Actual Non-Current Provisions were higher by \$14,096 (176.2%) as a result of accruals for long service and annual leave entitlements in 2017/18.
- 12 Actual Employee Benefits payments reduced by \$58,708 (12.46%) due to a decreased requirement to engage Acting Parliamentary Inspectors during the period and lower superannuation expense.
- 13 Actual Accommodation payments were lower than estimated by \$21,055 (15.25%) due to lower lease costs.

Variance between actual results for 2018 and 2017:

- A Actual Employee Benefits reduced by \$24,238 (5.48%) due to a decreased requirement to engage Acting Parliamentary Inspectors during the period.
- B Actual Service Appropriation decreased by \$39,000 (5.23%) mainly due to the engagement of Acting Parliamentary Inspectors in 2017, which were not required to be funded in the current year.
- C Other Assets increased by \$9,399 (1432.77%) mainly due to rental prepayments.
- D Actual Amounts Receivable for Services increased by \$32,000 (19.63%) to provide for future asset replacement.
- E Actual Property Plant and Equipment decreased by \$32,108 (12.64%) through accumulated depreciation.
- F Actual Employee Benefits payments reduced by \$29,873 (6.76%) due to a decreased requirement to engage Acting Parliamentary Inspectors during the period.
- G Actual Receipts from Services decreased by \$22,126 (94.68%) due to the receipt in 2017 of a receivable from the Department of Finance to recoup one-off out of pocket project expenditure.

OTHER FINANCIAL DISCLOSURES

Certification of Financial Statements (attached to report).

GOVERNMENT DISCLOSURES

Financial interests – Nil

Officers receiving a benefit – Nil

OTHER LEGAL REQUIREMENTS

Advertising and Marketing Expenditure

Below is a summary of advertising and marketing expenditure from 1 July 2017 to 30 June 2018 in accordance with s 175ZE(1) of the Electoral Act 1907

Advertising and Marketing Expenditure	Amount (\$)
Advertising agencies	Nil
Market research organisations	Nil
Media advertising organisations	Nil
Direct mail organisations	Nil
Polling organisations	Nil
TOTAL	Nil

MINISTERIAL DIRECTIVES

There were no ministerial directives during 2017/18.