

Office of the Governor
Queensland

ANNUAL REPORT
2003 – 2004

The Office of the Governor provides administrative, logistic and personal support to enable the Governor to effectively discharge the responsibilities and duties of office.



GOVERNMENT HOUSE
QUEENSLAND

September 2004

The Honourable R.K. Hollis, MP
Speaker of the Legislative Assembly
Parliament House
George Street
BRISBANE QLD 4000

Dear Mr Speaker

I am pleased to present to you the 2003 – 2004 Annual Report of the Office of the Governor.

The Report is submitted as a standing requirement of the *Financial Administration and Audit Act 1977*.

The Report reflects the achievements of the Office in providing an effective and accountable agency which supports the Governor of Queensland.

Yours sincerely

Justin R. O'Connor, LVO
Official Secretary

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Introduction

This report is produced and distributed as a standing requirement of the *Financial Administration and Audit Act 1977*.

Aim of Report

The aim of this report is to provide a formal statement of the objectives, activities and performance of the Office of the Governor (the Office) during the period 1 July 2003 to 30 June 2004. In particular, the report will address:

- mission statement and corporate objectives;
- structure and outputs;
- major achievements and activities in 2003 – 2004;
- review of operations in 2003 – 2004;
- budget and associated outcomes;
- works and maintenance; and
- outlook for 2004 – 2005.

Mission

The Office of the Governor provides administrative, logistic and personal support to enable the Governor to effectively discharge the responsibilities and duties of office.

Corporate Objectives

The objectives of the Office of the Governor are to:

- a) provide administrative support to constitutional, legislative, official, civic and community commitments undertaken by the Governor;
- b) assist the efforts and further the interests of the people, Government, institutions, commerce, industry, and associations of Queensland;
- c) support the Australian Honours and Awards program in Queensland;
- d) support the philanthropic and charitable organisations of Queensland;
- e) maintain Government House as an official State residence, including the conservation and ongoing development of its facilities and grounds; and
- f) continue development and modernisation of the Office of the Governor, and its procedures and policies, to ensure that it contributes effectively to good governance in Queensland, and to ensure that it remains relevant and effective in contemporary society.

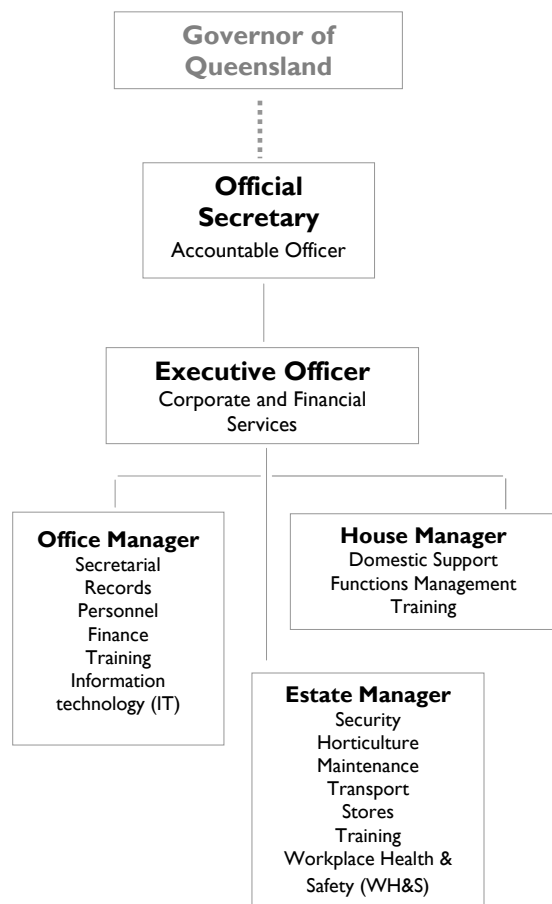
Structure and Outputs

The *Constitution of Queensland 2001* provides that there shall be a Governor in and over the State of Queensland. The Governor is authorised and required to do and execute all things that belong to her office according to the laws in force in the State.

As an independent entity, the Office of the Governor provides administrative, logistic, and personal support which enables the Governor to exercise effectively the constitutional powers and responsibilities of office, and to undertake official, ceremonial and civic duties. The autonomous nature of the Office enables the Governor to function independently of the Government and to remain separate from the political process.

By enabling the Governor to exercise independently her constitutional powers and responsibilities and to undertake duties as Head of State, the Office of the Governor directly contributes to effective government leadership. The Office of the Governor also acts as tenant and custodian of the Government House Estate at Paddington, Brisbane. The Office of the Governor controls no subordinate entities or bodies.

In 2001 the Office of the Governor was categorised within the meaning of a 'department' for the purposes of the financial management of the Office when the Official Secretary was appointed by the Treasurer as the Accountable Officer of the Office of the Governor pursuant to section 34(2)(a) of the *Financial Administration and Audit Act 1977* (the Act). This was necessary to enable appropriation funding to be provided to the Office in terms of the Act and the annual *Appropriation Act*. These developments represented a notable increase in accountability for the Office, in effect, aligning the Office with other Government agencies and entities.



STRUCTURE OF THE OFFICE OF THE GOVERNOR

Major achievements

2003 – 2004

The major achievements and activities of the Office include:

- a) support to the transition from office of His Excellency Major General Peter Arnison AC, CVO and of the appointment to office of Her Excellency Ms Quentin Bryce, AC, as the 24th Governor of Queensland;
- b) support of and participation by the Governor in a full range of Constitutional and official commitments, including support to the 50th and 51st Parliaments of Queensland;
- c) support to the Governor's official travel program which included visits to regional centres and remote communities in Queensland;
- d) support to a range of civic commitments including:
 - school and community visit, and Open Day programs at Government House;
 - national and state commemorative events;
 - opening of community festivals and agricultural shows;
 - Australian honours and awards presentations; and
 - direct and indirect assistance to many of the 130 organisations of which the Governor and Mr Bryce are Patron.
- e) systemic or facilities changes including:
 - successful implementation of all infrastructure and maintenance projects foreshadowed in the 2002 - 2003 Annual Report (these are specified later in this report);
 - successful implementation of a program to upgrade and re-develop the Office of the Governor website (www.govhouse.qld.gov.au);
 - design and documentation for a new horticultural facility to be constructed within the grounds of Government House at a future time, incorporating machinery and maintenance spaces, storage, flammable liquids and office spaces;
 - completion of a review of the security arrangements at Government House, including an updated threat assessment;
 - negotiation and implementation of a fourth Agency Industrial

Agreement, which complied with whole-of-government requirements;

- successful completion of staff vocational, education, trade and workplace health and safety (WH&S) training; and
- ongoing participation in and delivery of the Government's *Shared Service Initiative*, a program involving the delivery of shared corporate services within the Queensland Public Sector (covered later in this report).



Her Excellency Ms Quentin Bryce AC was sworn-in as Queensland's 24th Governor on 29 July 2003

Review of operations

2003 – 2004

2003 – 2004 was a year of routine operations for the Office of the Governor, which coincided with the first year in office of Her Excellency Ms Quentin Bryce, AC.

The principal official activities undertaken by the Governor were:

- support to the 50th and 51st Parliaments of Queensland;
- presiding at 50 Meetings of the Executive Council;
- assenting to draft legislation presented by the Legislative Assembly of Queensland;
- undertaking 12 visits to regional centres in Queensland;
- presiding at 16 honours and awards ceremonies;
- participating in 257 civic and community activities;
- undertaking 163 patronage commitments; and

- delivering or providing approximately 248 speeches, official messages and media releases.

In addition, the Governor continued an ongoing program aimed at encouraging and supporting the cultural, trade and tourism initiatives of the public and private sectors in Queensland by providing access, hospitality and personal support to events of significance. Examples of such activities include:

- acting as host to delegations visiting Queensland to discuss trade or cultural events;
- opening major trade, industry, business, professional, education and philanthropic conventions and conferences;
- hosting Vice-Regal functions to enhance or complement particular events; and
- providing public access to Government House and its grounds on a regular basis.

The Governor undertook a program of official travel within Queensland in order to visit, encourage and assist regional communities and centres.

The Office of the Governor planned and supported ten regional visits by the Governor in 2003 – 2004 at a direct cost of \$47,232. The cost of the travel program was higher than in recent years, due to a requirement to use charter aircraft on two occasions to access remote communities, and the inability of the Queensland Government Air Wing to provide support at the times requested due to its allocation to higher priority tasks.

Where feasible, the Governor's visits were hosted by Local Government authorities. Activities included visits, inspections, calls and public speaking at industry, education, health, cultural, indigenous, police and community facilities, often fulfilling public commitments of office.

Areas and communities visited included:

- South East Queensland;
- Darling Downs;
- Rockhampton and the Capricorn area ;
- Far South Western Queensland;
- Far North Queensland;
- North Western Queensland, including Mt Isa ;
- Cape York; and
- Torres Strait.

Public access to Government House and its grounds continued to be encouraged through scheduled public Open Days, visits by school and community groups, and support for on-site functions by community and philanthropic organisations. Public attendance at Open Days in 2003 – 2004 was in line with the level of previous years and it is anticipated that public support for such days will continue at a level of approximately 4,000 attendees per cycle for the foreseeable future. It is the intention of the Office of the Governor to continue to encourage public use of and access to Government House in accordance

with contemporary practice. A total of 14,793 visitors was received by the Office in 2003 – 2004. This represents an decrease in numbers of around 18% on the previous year, which was in turn approximately 50% higher than the previous year. This decrease is attributable to the programming of only one public Open Day in the reporting period, resulting from the changeover of Governors.

In 2003 – 2004 the Governor and Mr Bryce provided extensive support to the more than 130 community and charitable organisations of which they were Patron. This included visits, letters of support and introduction, hospitality, and participation in ceremonies of various kinds. As part of representational duties in the wider community, the Governor delivered formal and informal speeches, provided written messages and forewords, and opened a range of buildings and facilities.

The Governor continued to provide support to the Australian Honours and Awards system and other community-based awards by hosting investiture and presentation ceremonies for recipients in Queensland. Sixteen such presentation ceremonies were held in 2003 – 2004. 211 Queenslanders received Australian honours and awards in 2003 – 2004.

Budget and related outcomes

The Queensland Audit Office undertook an independent audit of financial management in 2003 - 2004. The audit report concludes that the Office of the Governor has complied with the prescribed requirements in respect of the establishment and keeping of accounts in all material respects, and the Financial Statements have been drawn up so as to present a true and fair view in accordance with the prescribed accounting standards. The certified Financial Statements accompany this report.

The audited actual budget position at 30 June 2003 was a net deficit of \$25,451. Actual gross operating cost for the Office increased by 3.2% compared to the previous year. This represents a strong underlying budget outcome by the Office of the Governor, and reflects sound financial management practices.

2003– 2004 marked the sixth year of financial operations using the accrual accounting method. The Chart of Accounts continues to be refined to better conform to the Whole of Government Financial Information Requirements (WOGFIRs) under accrual accounting and for stronger alignment to the general-purpose financial reports prepared by Queensland Treasury.

Overall, the implementation of accrual accounting practice, combined with the previous implementation of a MYOB-based financial management system has contributed to improved management visibility, easier and more accurate financial management and audit, more accurate costing of outputs, better taxation accuracy and compliance, and more accurate and timely information availability for financial and general decision making.

Salaries and employee related expenses represent the largest expenditure item at \$2,014,000 for 2003 – 2004. Staff salary and superannuation costs have increased by an average of 3.4 % each year over the preceding five years as a result of agency industrial agreement outcomes and related industrial relations outcomes. Increased outlays in this area have been part-funded by internal efficiency measures, and are in accord with whole-of-government outcomes.

The Office of the Governor remains satisfied with the industrial relations outcomes achieved in recent years, and is continuing with an ongoing program to embrace more flexible work practices, including the introduction of job sharing and other contemporary work practices, to encourage further productivity and improved job satisfaction, and to introduce progressively community standards of remuneration and conditions for those members of its staff involved in continuous shift work.

Salary Sacrifice arrangements were approved for the staff of the Office of the Governor from 1 April 2002, and the take-up rate of this benefit has been satisfactory. The Office of the Governor Enterprise Agreement 2000 expired on 30 April 2003, and a revised Agency Industrial Agreement was negotiated and implemented in 2003- 2004. This is the fourth such agreement sponsored by the Office in recent times, and the Agreement conformed with the industrial guidelines and wage outcomes promulgated by the Queensland Government.

Consultancies

The Office of the Governor does not engage consultants other than where it is cost-effective to do so, or where particular expertise or skills are required. In 2003 – 2004, the Office expended the following costs on service providers or consultants:

- \$6,050 to the Queensland Parliamentary Service for payroll support;
- \$24,733 to Project Services for project design and documentation;
- \$8,361 to T4 Security Services for a threat assessment and security review;
- \$15, 208 to two service providers for information technology support and development;
- \$8,500 to the Queensland Audit Office for audit services; and
- \$4,416 to Queensland Crown Law for legal advice and representation.

Summary of budget outcomes

The Office of the Governor has achieved a successful budget outcome in 2003 - 2004 highlighted by reasonable labour and operating expenditure, further modernisation of systems and facilities, and continued capital investment.

Works and maintenance

No major works projects were sponsored or conducted by the Office in 2003 – 2004. In recent years the minor works program has focussed on workplace health and safety issues, aimed at providing a safer and healthier workplace for staff and visitors, and safer and improved public access and amenity within the Government House Estate to better accommodated larger visitor numbers.

Minor works measures included:

- a) weatherproofing and security measures at the electrical plant farm of Government House;
- b) minor landscape rehabilitation work to control erosion, weed infestation, and provide safer visitor access to the grounds of Government House; and
- c) design and documentation for a replacement horticultural base facility for possible construction in future years.

Staff

Staff turnover remains at a low and acceptable level, with turnovers occurring mainly within less-skilled areas of the workforce. The current turnover rate of staff averages less than 10% per annum. This reflects endorsement of the conditions of employment, suitable motivation, and appropriate levels of job and organisational satisfaction.

Information technology

The Office of the Governor supports a small, but advanced computer network. This has been and will continue to be progressively modernised over time, including the provision of database, internet and operating systems.

The information technology (IT) system and network has improved efficiency, internal and external communications, and organisational awareness. Groundwork continues to be undertaken for the adoption of digital technology applications in future years.

As a matter of policy, information technology enhancements are based upon commercially mature hardware and software involving low risk. Ongoing enhancements to common software and hardware will be implemented as needs demand, and available funds allow.

The Government House Internet website remains an important information resource, both within the Office, and for external stakeholders. 2003 – 2004 saw the successful implementation of a project to upgrade and re-develop the Office of the Governor website (www.govhouse.qld.gov.au).

Privacy

In 2001 – 2002, the Office of the Governor developed an *Information Privacy Plan* and an *Information Privacy Implementation Plan*, both of which conform to the requirements of the Queensland Government privacy regime. These plans have been progressively implemented in accordance with timetables published in the plans. Full implementation of the Queensland Government's privacy requirements was achieved by 30 September 2003, as foreshadowed and required.

Shared Service Initiative

In December 2002, the Queensland Government endorsed a Business Plan for Shared Services which proposed the delivery of shared corporate services within the Queensland Public Sector. The Shared Service Initiative (SSI) aims to generate savings in the delivery of Government corporate services, and enhance service delivery. The SSI will be implemented over a three year period with finalisation in June 2006. The Office of the Governor has been grouped with other like agencies, led by the Queensland Parliamentary Service, within the SSI. The corporate service 'cluster' will identify, develop and adopt common systems and policies within defined areas, with the aim of generating economies of scale and improved service delivery. In 2003 – 2004, the Office of the Governor moved its payroll administration function to the Queensland Parliamentary Service as a shared service measure, and on a fee-for-service basis.

Public Liability

Community awareness of and interest in public liability and public liability insurance have been heightened during recent years by considerable adverse publicity, and the financial failure of national insurance companies in 2001. The Office of the Governor maintains liability insurance cover (property and general liability) against insurable risks with the Queensland Government Insurance Fund (QGIF). The current policy cover provided by QGIF, which has few exclusions and no upper limit on claims, covers the Office of the Governor for any legal liability which may ensue as a result of activities conducted by the Office. However, the policy does not extend to other formal entities which may participate in activities sponsored by the Office. It is the practice of the Office of the Governor to confirm the liability insurance situation of these organisations before inviting them to participate in activities at Government House.

Outlook

The outlook for 2004 - 2005 is for continued effective support to the Governor and the Vice-Regal program, with no change to the mission of the Office of the Governor.

It is assessed that the 2004 – 2005 budget appropriation will meet scheduled commitments, and enable the operations of the Office and Government House to be supported to an acceptable standard.

The following tasks or significant projects are proposed for the 2004 – 2005 operations period:

- continued planning for the rationalisation of horticultural services within the Government House Estate, including the possible construction of purpose-built facilities for gardening and grounds staff if/as required;
- review of the Government House Schools Visits program;
- implementation of recommendations of the review of Government House security arrangements conducted in 2003 – 2004;
- ongoing rectification, in concert with the Department of Public Works and Housing, of outstanding public liability and workplace health and safety issues within the grounds of Government House; and
- continued implementation of the Government's Shared Service Initiative as a member agency of Cluster 6.

OFFICE OF THE GOVERNOR
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2004

**OFFICE OF THE GOVERNOR
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

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OFFICE OF THE GOVERNOR
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004

	Notes	2004 \$'000	2003 \$'000
REVENUES FROM ORDINARY ACTIVITIES			
Output revenue	3	3,379	3,322
Gain on sale - plant and equipment		8	-
Interest		7	7
Other revenue		15	-
Total Revenues from Ordinary Activities		<u>3,409</u>	<u>3,329</u>
EXPENSES FROM ORDINARY ACTIVITIES			
Salaries and employee benefit expenses		2,014	1,872
Depreciation expense	2(g), 4	150	135
Household and grounds		886	914
Other expenses		384	405
Total Expenses from Ordinary Activities		<u>3,434</u>	<u>3,326</u>
NET OPERATING RESULT		<u>(25)</u>	<u>3</u>

The above Statement of Financial Performance is to be read in conjunction with the accompanying notes.

OFFICE OF THE GOVERNOR
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2004

	Notes	2004 \$'000	2003 \$'000
CURRENT ASSETS			
Cash assets	11(a)	2	137
Inventories	5	18	18
Receivables	6	29	26
Total Current Assets		<u>49</u>	<u>181</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,398	1,439
Total Assets		<u>1,447</u>	<u>1,620</u>
CURRENT LIABILITIES			
Payables	8	112	110
Provisions	9	59	95
Total Current Liabilities		<u>171</u>	<u>205</u>
NET ASSETS		<u>1,276</u>	<u>1,415</u>
EQUITY			
Retained surpluses	10	397	422
Contributed equity	10	879	(557)
Asset revaluation reserve	10	-	1,550
TOTAL EQUITY		<u>1,276</u>	<u>1,415</u>

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

**OFFICE OF THE GOVERNOR
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004**

	Notes	2004 \$'000	2003 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Inflows</i>			
Output receipts		3,379	3,322
Interest received		7	7
Other revenue		15	-
GST input tax credits received from ATO		114	118
<i>Outflows</i>			
House and grounds		(967)	(969)
Salaries and employee benefits expense		(1,958)	(1,815)
Other expenses		(395)	(351)
GST remitted to ATO		(116)	(120)
Net cash provided by (used in) operating activities	11(b)	<u>79</u>	<u>192</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		132	-
Plant and equipment acquisitions		(232)	(61)
Net cash provided by (used in) investing activities		<u>(100)</u>	<u>(61)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity withdrawals		(114)	(114)
Net cash provided by (used in) financing activities		<u>(114)</u>	<u>(114)</u>
NET INCREASE/(DECREASE) IN CASH HELD		<u>(135)</u>	<u>17</u>
Cash at the beginning of the financial year		<u>137</u>	<u>120</u>
CASH AT END OF FINANCIAL YEAR	11(a)	<u>2</u>	<u>137</u>

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

OFFICE OF THE GOVERNOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

1. OBJECTIVES OF THE OFFICE OF THE GOVERNOR

The Officer of the Governor is responsible for providing the following output –

“Personal, administrative and logistical support to the Governor and management of the Government House Estate.”

The provision of personal, administrative and logistical support to the Governor enables the Governor to exercise her statutory and constitutional, official and ceremonial, and civic and social duties. As a separate entity, the Office of the Governor enables the Governor to provide independent, non-political authority to the parliamentary process.

The Office of the Governor also has a custodial responsibility for the management of the Government House Estate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are a general purpose financial report and have been prepared in accordance with applicable Australian Accounting Standards (principally AAS 29 Financial Reporting by Government Departments), the Treasurer’s Minimum Reporting Requirements for Departmental Financial Statements for 2003-04 and other authoritative pronouncements.

Except where stated, the financial statements have been prepared in accordance with the historical cost convention. The accounting policies adopted are materially consistent with those adopted in the prior year.

The Office of the Governor is not responsible for administering any resources, which it does not control, on a whole-of-Government basis. The accrual basis of accounting has been adopted for the controlled transactions of the Office of the Governor.

(b) The Reporting Entity

The financial statements include all assets, liabilities, equities, revenues and expenses of the Office of the Governor. The Office of the Governor has no controlled entities.

(c) Cash Assets

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash assets include cash on hand and at bank. Cash assets include cash and cheques received but not banked at 30 June.

(d) Inventories

Inventories, which comprise household supplies purchased, have been valued at the lower of cost and net realisable value.

OFFICE OF THE GOVERNOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Receivables

Receivables comprise monies owed to the Office of the Governor at the end of the financial year, where an invoice has been issued or where an amount is determined to be owing to the Office of the Governor.

(f) Property, Plant and Equipment

Land, buildings, infrastructure and heritage and cultural assets must be valued and recognised at 'fair value' and all other classes of non-current physical assets valued and recognised at cost in accordance with Australian Accounting Standard AASB 1041 *Revaluation of Non-Current Assets* and Queensland Treasury's *Non Current Asset Accounting Guidelines for the Queensland Public Sector*.

In terms of the requirements of AASB 1041, all classes of non-current physical assets held by the Office of the Governor are recorded at cost. All items of Property, Plant and Equipment with a cost or other value of \$1,000 or higher are capitalised in the year of acquisition. Any items below \$1,000 are expensed.

(g) Depreciation

Depreciation is provided on a straight line basis on all plant, machinery, motor vehicles, furniture and fittings and office equipment other than antiques, works of art and replaceable equipment (refer note 2(h)).

Depreciation rates are calculated to allocate the cost less the estimated residual value at the end of the useful lives of the assets against revenue over those estimated lives.

The major depreciation rates are:

Asset Class	Rate
Motor Vehicles	10%
Plant and Machinery	15%
Furniture and Fixtures	15%
Office Equipment	15%
Computer Equipment	40%

(h) Replaceable Equipment

Replaceable equipment including silver, crockery, cutlery, glassware and tableware has been capitalised at cost. This equipment will be retained in the Statement of Financial Position at cost, without depreciation. Expenditure on replacement items will be charged to the Statement of Financial Performance as incurred.

OFFICE OF THE GOVERNOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Payables

Creditors are recognised at the amount expected to be paid for goods and services received.

(j) Employee Benefits

Provision is made for annual leave estimated to be payable to employees on the basis of statutory and contractual requirements. Under the State Government's long service leave scheme a levy is made on the Office of the Governor to cover this expense. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

No provision for long service leave is required in the financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AAS 31 – *Financial Reporting by Governments*. The long service levy expense for 2003-04 was \$22,363 (2003 - \$18,874).

Employer superannuation contributions are paid to Qsuper, the superannuation plan for Queensland Government employees, at rates determined by the State Actuary. No liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AAS 31 – *Financial Reporting by Governments*.

(k) Output Revenue

The Office of the Governor is funded by parliamentary appropriations. Appropriation payments to the Office of the Governor under the Annual Appropriations Act are recognised as revenue when received.

(l) Taxation

The Office of the Governor is a State body as defined under the Income Tax Assessment Act 1936 and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). As such, GST tax credits receivable and GST payable from/to the Australian Tax Office are recognised and accrued.

(m) Rounding

Amounts included in the financial statements have been rounded to the nearest \$1,000 or, where the amount is less than \$500, to zero.

(n) Insurance

The Office of the Governor's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis.

OFFICE OF THE GOVERNOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Comparative Information

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(p) Adoption of International Financial Reporting Standards

The Financial Reporting Council has determined that all entities preparing general purpose financial statements will apply the Australian Equivalents to International Financial Reporting Standards (IFRS) for the reporting periods beginning on after 1 January 2005.

The Office of the Governor has made arrangements for the assistance of qualified accounting professionals to address the adoption of these standards. To date the following key differences in accounting policies which will arise from the adoption of Australian Equivalents to IFRS have been identified:

- The valuation of inventories will change from the lower of cost and net realisable value as stated in note 1(d) to the lower of cost and current replacement cost under AASB 102 Inventories.
- The introduction of AASB 136 Impairment of Assets will require an annual impairment test to be performed on all non-current physical and intangible assets. This may result in a write-down of the value of plant and equipment and intangible assets.

The dollar values of the above changes cannot be reliably estimated at the date of this report.

Policy decisions made at a whole-of-Government level in relation to the limiting of options in the Australian Equivalents to IFRS may have additional impacts on financial reports prepared using these Standards.

OFFICE OF THE GOVERNOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

	Notes	2004 \$'000	2003 \$'000
3. RECONCILIATION TO PAYMENTS FROM CONSOLIDATED FUND			
Output Revenue			
Budgeted output appropriation		3,353	3,322
Plus supplementary appropriations		<u>26</u>	<u>-</u>
Total output receipts recognised as revenue in the Statement of Financial Performance		<u>3,379</u>	<u>3,322</u>
Equity Adjustments			
Budgeted equity adjustment appropriation recognised in contributed equity (refer Note 10)		(114)	(114)
Transfer from asset revaluation reserve to contributed equity (refer note 10)		(1,550)	-
		<u>(1,664)</u>	<u>(114)</u>
4. DEPRECIATION EXPENSE			
Plant, machinery and motor vehicles		47	50
Furniture and fixtures		75	75
Office equipment		28	10
		<u>150</u>	<u>135</u>
5. INVENTORIES			
Household supplies – not held for resale		<u>18</u>	<u>18</u>
6. RECEIVABLES			
GST receivable		17	19
GST payable		-	(3)
Sundry debtors		12	10
		<u>29</u>	<u>26</u>

OFFICE OF THE GOVERNOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

	Notes	2004 \$'000	2003 \$'000
7. PROPERTY, PLANT AND EQUIPMENT			
Plant, machinery and motor vehicles - at cost		416	406
Accumulated depreciation		(166)	(176)
		<u>250</u>	<u>230</u>
Furniture and fixtures - at cost		978	978
Accumulated depreciation		(416)	(341)
		<u>562</u>	<u>637</u>
Office equipment - at cost		151	151
Accumulated depreciation		(108)	(94)
		<u>43</u>	<u>57</u>
Silver, crockery, glass and linen - at cost		183	174
		<u>183</u>	<u>174</u>
Paintings, works on paper and decorative art - at cost		360	341
		<u>360</u>	<u>341</u>
Total written down value		<u>1,398</u>	<u>1,439</u>

Reconciliation

	Carrying amount at start of year	Acquisitions	Disposals	Depreciation	Carrying amount at end of year
	2004 \$000	2004 \$000	2004 \$000	2004 \$000	2004 \$000
Plant, machinery and motor vehicles	230	191	(124)	(47)	250
Furniture and fixtures	637	-	-	(75)	562
Office equipment	57	14	-	(28)	43
Silver, crockery, glass and linen	174	9	-	-	183
Paintings, works on paper and decorative art	341	19	-	-	360
Total	1,439	233	(124)	(150)	1,398

OFFICE OF THE GOVERNOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

	Notes	2004 \$'000	2003 \$'000
8. PAYABLES			
Trade creditors		50	79
Sundry accruals		62	31
		<u>112</u>	<u>110</u>
9. PROVISIONS			
Provision for employee entitlements – annual leave		<u>59</u>	<u>95</u>
10. CHANGES IN EQUITY			
Contributed Equity			
Balance at beginning of the financial year		(557)	(443)
Equity withdrawal (refer note 3)		(114)	(114)
Transfer from asset revaluation reserve		1,550	-
Balance at end of financial year		<u>879</u>	<u>(557)</u>
Retained Surpluses			
Opening balance		422	419
Net Surplus/(Deficit)		<u>(25)</u>	<u>3</u>
Closing balance		<u>397</u>	<u>422</u>
Asset Revaluation Reserve			
Opening balance		1,550	1,550
Transfer to contributed equity		<u>(1,550)</u>	<u>-</u>
Closing balance		<u>-</u>	<u>1,550</u>
11. STATEMENT OF CASH FLOWS			
(a) Reconciliation of cash			
Cash balance comprises:			
Cash at bank		<u>2</u>	<u>137</u>

OFFICE OF THE GOVERNOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

	Notes	2004 \$'000	2003 \$'000
11. STATEMENT OF CASH FLOWS (Cont.)			
(b) Reconciliation of Net Operating Result to net cash flows provided by (used in) operating activities			
Net Surplus/(Deficit)		(25)	3
Non-cash items:			
Depreciation expense		150	135
Gain on assets disposed		(8)	-
Changes in assets and liabilities:			
Increase/(decrease) in provision for employee entitlements		(36)	(3)
Increase/(decrease) in payables		2	46
(Increase)/decrease in receivables		(4)	11
Net cash flows provided by/(used in) operating activities		<u>79</u>	<u>192</u>
12. AUDITOR'S REMUNERATION			
Amounts received or due and receivable by the auditor for provision of auditing services		<u>8</u>	<u>8</u>
13. SUBSEQUENT EVENTS			
No matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operation or financial performance of the Office of the Governor or the financial position of the Office in subsequent financial years.			

OFFICE OF THE GOVERNOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

14. FINANCIAL INSTRUMENTS

(a) Terms Conditions and Accounting Policies

Office of the Governor accounting policies including terms and conditions of each class of financial asset and financial liability at balance date are stated in Notes 2(c), (e) and (i) and are as follows:

Cash – cash includes cash on hand, imprest accounts and cash at bank.

Receivables- input tax credits claimable from the Australian Tax Office and amounts receivable as Long Service Leave reimbursements from the State Government's long service leave scheme.

Trade Creditors- recognition of payable is upon receipt of goods or services irrespective of whether an invoice has been received. The amounts are unsecured and are usually settled on normal commercial terms within 14 days.

(b) Interest Rate Risk

The Office of the Governor has only minimal exposure to interest rate risk arising from its holding of cash at bank.

(c) Net Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date approximates the carrying values.

(d) Credit Risk Exposure

The Office of the Governor's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

No significant credit risks have been identified.

15. NUMBER OF EMPLOYEES AND OFFICIAL SECRETARY'S REMUNERATION

Number of Employees

The number of employees at the reporting date was 34 (2003 – 34). This includes both full-time employees and part-time employees measured on a full-time equivalent basis.

Official Secretary's Remuneration p.a:

Level: SO1	Min: \$89,953	Max: \$94,135
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The Official Secretary is not eligible for consideration of a performance bonus.

The superannuable salary does not include industry and like allowances, leave loading and fringe benefits such as private use of motor vehicle and employer superannuation contributions.

CERTIFICATE OF THE OFFICE OF THE GOVERNOR

These general purpose financial statements have been prepared pursuant to section 40(1) of the *Financial Administration and Audit Act 1977* (the Act) and other prescribed requirements. In accordance with section 40(3) of the Act we certify that in our opinion:

- (a) the prescribed requirements for the establishment and keeping the accounts have been complied with in all material respects; and
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Office of the Governor for the financial year ended 30 June 2004, and of the financial position of the Office of the Governor at the end of that year.

J R O'CONNOR
Official Secretary

S F BLINKHORN
Executive Officer

20 August 2004
Government House

INDEPENDENT AUDIT REPORT

To the Official Secretary of the Office of the Governor

Matters relating to the electronic presentation of the audited financial statements

The audit report relates to the financial statements of the Office of the Governor for the financial year ended 30 June 2004 included on the Office of the Governor web site. The Accountable Officer is responsible for the integrity of the Office of the Governor web site. The audit report refers only to the financial statements identified below and does not include a review of the integrity of this web site or provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements, available from the Office of the Governor, to confirm the information included in the audited financial statements presented on this web site.

These matters also relate to the presentation of the audited financial statements in other electronic media including CD Rom.

Scope

The financial statements

The financial statements of the Office of the Governor consist of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the financial statements and certificates given by the Official Secretary and the Executive Officer, for the year ended 30 June 2004.

Accountable officer's responsibility

The Official Secretary is responsible for the preparation and true and fair presentation of the financial statements, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards* to enable me to provide an independent opinion whether in all material respects the financial statements are presented fairly in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland

Audit procedures included –

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial statements;
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Official Secretary;
- obtaining written confirmation regarding the material representations made in conjunction with the audit; and
- reviewing the overall presentation of information in the financial statements.

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Audit opinion

In accordance with section 40 of the *Financial Administration and Audit Act 1977* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the Statements have been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Office of the Governor for the financial year 1 July 2003 to 30 June 2004 and of the financial position as at the end of that year.