



GOVERNMENT HOUSE
QUEENSLAND

2006 ✦ 2007

ANNUAL REPORT



GOVERNMENT HOUSE
QUEENSLAND

The Honourable M.F. Reynolds, AM, MP
Speaker of the Legislative Assembly
Parliament House
George Street
BRISBANE QLD 4000

Dear Mr Speaker

I am pleased to present to you the 2006–2007 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

Annette Bastaja
Official Secretary

October 2007



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

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INTRODUCTION



Photo: Longshots Photography

The Constitution of Queensland 2001 provides that there must be a Governor of Queensland who is appointed by the Sovereign.

The Governor, Her Excellency Ms Quentin Bryce, AC is authorised and required to do and execute all matters that pertain to her office, according to law.

The powers of the Governor are derived from the Commission of Appointment, from the provisions of various pieces of Constitutional legislation and from a number of Acts of the State Parliament.

Queensland's Constitution allows the Governor to appoint Ministers; to summon and dissolve Parliament, and establishes the Executive Council, which is presided over by the Governor.

While the Governor, as the representative of The Queen and Head of State in Queensland does not participate in the political process, it is the main constitutional responsibility of the Governor to ensure that the state continues to have a stable government which commands the popular support of the Parliament.

Aim of Report

The aim of this report is to provide a statement of the objectives, activities and performance of the Office of the Governor during the period 1 July 2006 to 30 June 2007. The report will address:

- mission statement and corporate objectives;
- organisational structure;
- major achievements and activities;
- financial and associated outcomes;
- works and maintenance, and
- outlook for 2007–2008.

Mission

The Office of the Governor provides personal, administrative and logistic support to the Governor and manages the Government House Estate.

Corporate Objectives

The corporate objectives of the Office of the Governor were defined in the 2005–2008 Strategic Plan which established six goals:

a) Constitutional and Legal

Provide administrative support enabling the Governor to fulfil her constitutional and legal responsibilities, including assenting to legislation, issuing writs for state elections, considering petitions for the Governor to exercise the power of the Royal Prerogative of Mercy, and presiding over meetings of Executive Council.

b) Ceremonial

Support the Australian Honours and Awards System and other awards programs, the swearing-in of Government Ministers, the opening of Parliament, and reviewing parades and military ceremonies.

c) Community engagement

Provide an expanded range of opportunities for Queensland organisations and members of the community to visit Government House. Facilitate the Governor's travel to regional and remote centres and support organisations of which the Governor is patron.

d) Promoting Queensland

Assist the Governor in activities that highlight and promote Queensland business, regional produce, culture and trade by offering hospitality and attending events. Support the Governor to host international dignitaries and undertake occasional overseas travel to promote Queensland's interests.

e) Preserving Government House

Maintain Government House as an official State residence including conserving its heritage-listed facilities and ensuring maintenance, security, occupational health and safety and horticultural services.

f) Effective Management

Strengthen the corporate governance framework to utilise emerging technologies and continuously improve performance, capability, accountability and value for money service delivery.

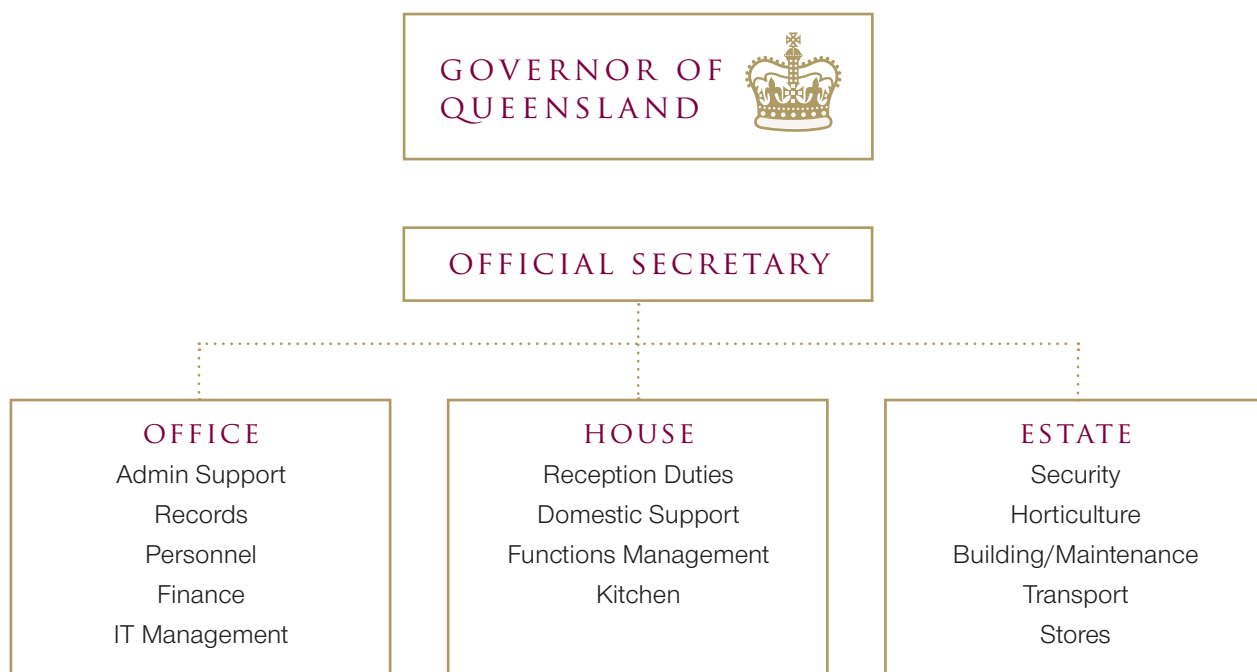
ORGANISATIONAL STRUCTURE

As an independent entity, the Office of the Governor provides administrative and logistic 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.

Under the *Financial Administration and Audit Act 1977*, the Office of the Governor is required to meet the accountability and management requirements of a public sector agency. The Office takes positive steps to ensure compliance, equity and flexibility in the workplace, with reference to public sector best practice.



Structure of the Office of the Governor

MAJOR ACHIEVEMENTS AND ACTIVITIES

The Office of the Governor provided a comprehensive range of support services to the Governor, Her Excellency Ms Quentin Bryce, AC and Mr Michael Bryce, AM AE during 2006–2007, the Governor's fourth year in office.

This included planning and logistical support for the Governor's program of activities and travel throughout Queensland, as well as welcoming more than 20,000 visitors to Government House during the year.

Staff of the Office of the Governor sustained a high level of productivity and commitment behind the scenes, in support of these activities.

Constitutional

During this period, the Governor:

- provided assistance to the 51st Parliament of Queensland;
- opened, and provided assistance to, the 52nd Parliament of Queensland;
- presided at 50 Meetings of Executive Council;
- assented to 56 Bills presented by the Legislative Assembly of Queensland;
- conducted swearing-in ceremonies for Government Ministers, and
- considered 36 petitions for pardon, commutation of sentence, or remission of a fine or penalty.

Ceremonial

- Award ceremonies recognise and celebrate the outstanding achievements and contributions of many Queenslanders to the community.
The Governor conducted investiture ceremonies to present honours and awards to 266 recipients at 14 Honours and Awards ceremonies at Government House and in regional centres. This included one bedside ceremony. Investitures were conducted in Cairns, and this year the Governor introduced a second north Queensland investiture ceremony held in Townsville.



Photo: Longshots Photography

- The Governor also presented awards at 29 other ceremonies. Those held at Government House included Winston Churchill fellows, members of the Order of St John and the Royal Humane Society, St John Ambulance, Scouts and Guides and the Boys' and Girls' Brigades.
- Her Excellency addressed the Dawn Service, reviewed the ANZAC Day Parade in Brisbane and attended the Vietnam Veterans' Memorial Service. The Governor and Mr Bryce participated in a range of remembrance ceremonies, representing the people of Queensland.
- During the year the Governor received official calls from a number of Australian and international military commanders. Her Excellency also attended a wide variety of military events and parades throughout the state.
- As Honorary Colonel of the Army's Royal Queensland Regiment, the Governor attended the Regiment's Annual Council and presented the Passendaele Shield. The Governor is also Honorary Air Commodore of No 23 City of Brisbane Squadron, Royal Australian Air Force and, in April, was the reviewing officer as the Squadron paraded and re-dedicated its colours.



Regional Tours

In 2006–2007 the Office of the Governor organised a total of 39 regional visits and tours for the Governor, at a direct cost of \$70,000. Regional tours are either overnight or longer and cover a series of events and activities. Regional visits are typically a day trip.

The Governor's program of regional travel in Queensland was designed to acknowledge, encourage and assist regional communities and centres while at the same time informing the Governor of issues facing rural and remote communities.

In 2006–2007 the Governor visited Townsville, Cairns, Isisford, Ilfracombe, Muttaborra, Gladstone, the Gulf of Carpentaria including Burketown, Normanton, Doomagee, and Mornington Island, as well as Cherbourg, Warra, Lowood, Caloundra, Ispwich, Gold Coast, Toowoomba, Mackay, Goombungee, Murgon, Djarra, Mt Isa, Redcliffe, Buderim, Logan and Bribie Island and Kurrumba.

Where feasible, the Governor's visits were hosted by local government authorities, and the Governor's program included inspections, calls and speaking commitments at industry, education, health, cultural,

military, police and community facilities, affording the opportunity to meet a large number and diverse range of Queenslanders.

Interstate Travel

In May 2007 the Governor travelled to Sydney to deliver the 2007 Louisa Macdonald Oration and attended a dinner hosted by the Women's College, Sydney University.

Overseas Travel

In November 2006, at the invitation of the Premier, the Governor represented Queensland in Japan during the *Australia–Japan Year of Exchange*. The Governor travelled to Osaka, Ehime and Saitama, where she met with their respective Governors as well as leaders in business, education and science.

In Tokyo, the Governor hosted a Year of Exchange Reception which attracted nearly 200 prominent business men and women, many of whom have trade and other links to Queensland.

Community Engagement

The Governor's program reflects a commitment to empowering individuals, organisations and communities. In 2006–2007, the Governor and Mr Bryce engaged with the more than 170 community and charitable organisations of which they are patron, with emphasis on those that find it difficult to get a profile. This included visits, letters of support and introduction, hospitality, and participation in ceremonies of various kinds. As part of her 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.

In 2006–2007 the Governor:

- participated in 556 civic and community events;
- undertook 154 patronage commitments;
- presented 479 formal or informal speeches and official messages;
- received calls from Heads of State, spiritual leaders, dignitaries, members of the Diplomatic and Consular Corps, and
- sent 1,952 letters of congratulations for 50th and 60th wedding anniversaries and 100th birthday celebrations.

The Governor also encouraged the cultural, trade and tourism initiatives of public and private sectors in Queensland by providing access, hospitality and personal support to events of significance.

Examples of such events included:

- hosting international delegations to promote bilateral, trade or cultural matters;
- opening trade, industry, business, professional, education and philanthropic conventions and conferences;
- hosting Vice-Regal functions, and
- providing public access to the facilities of Government House and grounds on a regular basis.

Public access to Government House and its grounds was enhanced through scheduled open days. Attendance at Open Days in 2006–2007 was approximately 7,000, which included Queensland Day when the Governor hosted a history presentation and morning tea for 600 guests from her patronage organisations.

Throughout the year, there were also guided tours of Government House for community and school groups, representing over 3,000 visitors, including several visits from staff and students of local and regional special schools.



A number of annual general meetings for the Governor's patronage organisations, and other functions for non-government and charity organisations, were also hosted by the Governor at Government House.

In August the Governor welcomed students from Seisia, Murray Island and Kowanyama for an overnight stay at Government House. Overnight hospitality at Government House was also extended to the Indigenous women elders of Lockhart River, who visited Brisbane as part of the *Lockhart River Learning Summit*.

Horticulture Management

The Governor chairs the Horticulture Committee which made a range of recommendations for preservation and improvements to horticulture management on the estate. The Committee consists of representatives from QBuild, the Department of Public Works and two independent horticultural experts.

In 2007 the Office instituted a review of horticultural practices on the Government House estate. This resulted in the implementation of a new strategic management plan to preserve the historic value of the gardens and surrounds, in the face of the drought.

Water conservation

In 2005, a *WaterWise* Audit of the Government House estate was conducted by the Brisbane City Council. In 2006, as the drought worsened, a second *WaterWise* Audit of the grounds was conducted, as part of an independent horticultural strategy to save the historic trees and gardens at Government House.

The aggregate effect of these audits was:

- the installation of dual flush toilets, water saving shower roses and other faucet governors;
- a pool cover;
- extensive use of mulch and water crystals on trees and gardens;
- the planting of drought resistant plants in lieu of annuals in ornamental areas, and
- the ornamental ponds no longer topped-up from mains water, instead relying only on the natural catchment.

Since October 2006, Government House has purchased recycled water in lieu of mains water, at a cost of \$34,800, in an effort to preserve the cultivated and historical areas of the estate. Three 30,000 litre water tanks were installed, along with water harvesting and water distribution infrastructure.

In consultation with the Department of Public Works, a long-term water sustainability plan was developed in an effort to diminish further dependence on either mains or recycled water.

The Office of the Governor maintains a policy of strict compliance with all state and local government water regulations with respect to the conservation of water.



FINANCIAL AND ASSOCIATED OUTCOMES

The Queensland Audit Office undertook an independent audit of financial management in 2006–2007. The audit report concluded that the Office of the Governor had complied with the prescribed requirements in respect of the establishment and keeping of accounts in all material respects. The financial statements have been drawn up to present a true and fair view in accordance with the prescribed accounting standards.

The Office of the Governor has finalised another successful year with a positive operating result of \$28,000 and a solid cash position of \$533,000.

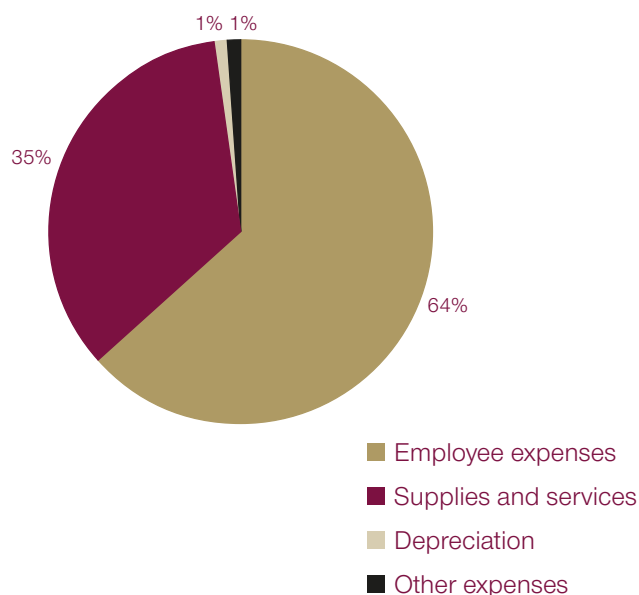
Our total income for 2006–2007 was \$4,394,000, the majority of which was provided through Queensland Government appropriation.

Actual gross operating costs for the Office increased by 10.2% compared with the previous year. Salaries and employee related expenses represented the largest expenditure item at \$2,791,000.

The Office of the Governor has an active program to embrace flexible work practices, including casual and part-time work, a work-from-home scheme and other contemporary practices to encourage productivity and job satisfaction.

Office of the Governor operating expenses for 2006–2007 are outlined in the graph below:

EXPENDITURE 2006–2007



The Office of Governor's net asset position as at 30 June 2007 was \$1,164,000 (up from \$1,136,000 in 2005–2006).



Consultancies

The Office of the Governor did not engage any consultants during the reporting period.

In 2006–2007, the Office expended \$37,400 on professional services, including payroll services \$13,300, industrial relations advice \$1,700, financial/other services \$6,300, audit fees \$12,100 and valuation services \$4,000. Procurement at the Office of the Governor is guided by State Government Purchasing Policy.

Works and Maintenance

In 2006–2007 the Office of the Governor undertook minor new works at a cost of \$43,000.

Work included refurbishment of the kitchen to align work spaces with Workplace Health and Safety requirements and the installation of a fence outside of staff residences to prevent child access to the roadway. The Office also commissioned a comprehensive Fire and Safety Audit.

In addition, the Department of Public Works undertook:

- the installation of three 30,000 litre water tanks, water harvesting and water distribution infrastructure;
- a fire safety audit and upgrade of residences;
- an upgrade of electrical rising mains to the estate, and
- work to restore and conserve the historic *Robert the Bruce* stained glass window.

Government House has an Estate Conservation Committee chaired by the Governor, which comprises representatives from the Department of Public Works and two independent experts, one a heritage architect.

Professional Development

Performance management and development processes focus on one-on-one and team planning and review methods. This involves personal performance and development plans negotiated by individual staff with their immediate supervisor. In 2006–2007 all staff employed by the Office of the Governor undertook training and development. This included formal courses in hospitality (TAFE and university level), cooking master-classes, first aid (including senior first aid and defibrillator training), supervisory skills, team building workshops, leadership forums, accounting courses (CPA), public safety and building warden training.

Women's Initiatives

Women are represented at all salary levels within the Office of the Governor. The office has an affirmative policy of flexible working hours and leave arrangements where practical. A work-from-home initiative, which was initiated in 2005, has continued.

Public Liability

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.

Waste Management

The Office of the Governor's Waste Management Policy is contained in the agency's *Code of Conduct*.

OUTLOOK FOR 2007–2008

The outlook for 2007–2008 is for continued effective support to the Governor and the Vice-Regal program.

The following tasks or significant projects are proposed for 2007–2008:

- in conjunction with the Department of Public Works, provide better disabled access to public areas at Government House. This work is already under way, with an equitable access audit of the estate undertaken in 2006–2007 containing recommendations to bring Government House up to the standards of contemporary best practice;
- conclude the Office of the Governor *Enterprise Bargaining Agreement*, currently being negotiated with the Queensland Public Sector Union;
- complete the restoration and installation of the *Robert the Bruce* stained glass window, and
- begin a rolling program of restoration of major artworks of historical significance.



FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

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FOREWORD

These general purpose financial statements have been prepared on an accrual basis in accordance with the prescribed requirements. They comprise an Income Statement, a Balance Sheet, a Statement of Changes in Equity and a Cash Flow Statement. As required and as appropriate, notes supporting the statements are also provided.

As distinct from the traditional cash basis of reporting, the accrual method brings revenues and expenses to account when they are incurred along with any acquired asset or liability without regard to the date of receipt or payment of cash.

The Income Statement in effect identifies the operating result for the year as well as the resultant impact on the net assets of the Office.

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$'000	2006 \$'000
Income			
Revenue			
Output revenue	2	4,375	4,000
Other revenue	3	10	7
Gains			
Gain on sale of plant and equipment	4	9	–
Total Income		4,394	4,007
Expenses			
Employee expenses	5	2,791	2,590
Supplies and services	6	1,519	1,321
Depreciation	7	34	36
Other expenses	8	22	16
Total Expenses		4,366	3,963
Operating Surplus		28	44

The accompanying notes form part of these statements.

BALANCE SHEET

AS AT 30 JUNE 2007

	Notes	2007 \$'000	2006 \$'000
Current Assets			
Cash and cash equivalents	9	533	385
Receivables	10	30	21
Inventories	11	28	27
Other	12	5	5
Total current assets		596	438
Non-current assets			
Plant and equipment	13	1,107	1,109
Total Non-Current Assets		1,107	1,109
Total Assets		1,703	1,547
Current Liabilities			
Payables	14	349	218
Accrued employee benefits	15	190	193
Total Current Liabilities		539	411
Net Assets		1,164	1,136
Equity			
Contributed equity		764	764
Retained surpluses		(142)	(170)
Asset revaluation reserve	16	542	542
Total Equity		1,164	1,136

The accompanying notes form part of these statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2007

	Retained Surpluses		Asset Revaluation Reserve		Contributed Equity	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance 1 July	(170)	(214)	542	–	764	764
Operating Surplus	28	44	–	–	–	–
Non-Owner changes in equity:	–	–	–	–	–	–
- Increase In Asset Revaluation Reserve	–	–	–	542	–	–
- Correction of error	–	–	–	–	–	–
Transactions with Owners as Owners	–	–	–	–	–	–
- Equity injections	–	–	–	–	–	–
Balance 30 June	(142)	(170)	542	542	764	764

The accompanying notes form part of these statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$'000	2006 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Output receipts		4,375	4,000
GST input tax credits from ATO		137	131
GST collected from customers		2	2
Interest receipts		12	4
Other		1	–
<i>Outflows:</i>			
Employee expenses		(2,815)	(2,562)
Supplies and services		(1,374)	(1,184)
GST paid to suppliers		(145)	(135)
GST remitted to ATO		–	(2)
Other		(17)	(15)
Net cash provided by (used in) operating activities	17	176	239
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of plant and equipment		84	16
<i>Outflows:</i>			
Payments for plant and equipment		(112)	–
Net cash provided by (used in) investing activities		(28)	16
Net increase/(decrease) in cash held		148	255
Cash at beginning of financial year		385	130
Cash at end of financial year	9	533	385

The accompanying notes form part of these statements.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Objectives and Principal Activities of the Office

Note 1: Summary of Significant Accounting Policies

Note 2: Reconciliation of Payments from Consolidated Fund to Output Revenue Recognised in Income Statement

Note 3: Other Revenues

Note 4: Gains

Note 5: Employee Expenses/Number of Employees/Official Secretary's Remuneration

Note 6: Supplies and Services

Note 7: Depreciation and Amortisation

Note 8: Other Expenses

Note 9: Cash and cash equivalents

Note 10: Receivables

Note 11: Inventories

Note 12: Other Current Assets

Note 13: Plant and Equipment

Note 14: Payables

Note 15: Accrued Employee Benefits

Note 16: Asset Revaluation Reserve by class

Note 17: Reconciliation of Operating Surplus to Net Cash Provided by (Used in) Operating Activities

Note 18: Financial Instruments

Note 19: Contingencies

Note 20: Events Occurring after Balance Date

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Objectives and Principal Activities of the Office

The Office is responsible for providing the following output –

“Personal, administrative and logistic 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 enables the Governor to provide independent, non-political authority to the parliamentary process.

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

1. Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AEIFRS).

This financial report is a general purpose financial report.

In particular, the financial statements comply with AAS29 *Financial Reporting by Government Departments*, as well as the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2007, 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 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.

(b) The Reporting Entity

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

(c) Output Revenue

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

(d) Grants and Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the Office obtains control over them. Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would have been purchased if they had not been donated.

(e) Cash and cash equivalents

For the purposes of the Balance Sheet and the Cash Flow Statement, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

(f) Receivables

Receivables are recognised at the nominal amounts owed to the Office 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.

(g) Inventories

Inventories Held for Distribution comprise household supplies purchased and are measured at the lower of cost and current replacement cost.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1. Summary of Significant Accounting Policies (continued)

(h) Acquisitions of Assets

Actual cost is used for the initial recording of all non-current physical asset acquisitions. Cost is determined as the value given in consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use. However, any training costs are expensed as incurred.

Assets acquired at no cost or for nominal consideration are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

(i) Plant and Equipment

Items of plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Other (including heritage and cultural)	\$5,000
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Items with a lesser value are expensed in the year of acquisition.

(j) Revaluations of Non-Current Physical Assets

Heritage and cultural assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury's *Non-Current Asset Accounting Policies for the Queensland Public Sector*.

Plant and equipment, are measured at cost.

The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

Non-current physical assets measured at fair value are comprehensively revalued on an annual basis.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation reserve of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation reserve relating to that class.

Only those assets, the total values of which are material compared to the value of the class of assets to which they belong, are comprehensively revalued.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

(k) Depreciation of Plant and Equipment

Plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the Office.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the depreciable amount is depreciated over the remaining useful life of the asset.

For each class of depreciable asset the following depreciation rates are used:

Class	Depreciation Rate
<i>Plant and Equipment</i>	
Motor Vehicles	20%
Office Equipment	15%
Plant and Machinery	9%

Heritage and Cultural Assets

The service potential of heritage and cultural assets held by the Office of the Governor is not expected to diminish with time or use and accordingly depreciation is not charged against this class of assets.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1. Summary of Significant Accounting Policies (continued)

(l) Impairment of Non-Current Assets

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Office of the Governor determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Income Statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer also note 1(j).

(m) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(n) Employee Benefits

Wages, Salaries, Annual Leave and Sick Leave

Wages, salaries and annual leave due but unpaid at reporting date are recognised in the Balance Sheet at the remuneration rates expected to apply at the time of settlement and include related on-costs such as long service leave levies and employer superannuation contributions.

For unpaid entitlements expected to be paid within 12 months the liabilities are recognised at their undiscounted values.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to recur in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Provision is made for annual leave estimated to be payable to employees on the basis of statutory and contractual requirements.

Long Service Leave

Under the Queensland Government's long service leave scheme, a levy is made on the Office to cover this expense. Levies are expensed in the period in which they are paid or payable. 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*.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1. Summary of Significant Accounting Policies (continued)

(n) Employee Benefits (continued)

Superannuation

The State Actuary determines the rate of employer contributions for superannuation expense. These contributions are paid to QSuper, the superannuation plan for Queensland Government employees. Contributions are expensed in the period in which they are paid or payable. The Office's obligation is limited to its contribution to QSuper.

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 AAS31 – *Financial Reporting by Governments*.

Executive Remuneration

The executive remuneration disclosures in the employee expenses note (Note 5) in the financial statements include:

- the aggregate remuneration of all senior executive officers (including the Official Secretary) whose remuneration for the financial year is \$100,000 or more; and
- the number of senior executives whose total remuneration for the financial year falls within each successive \$20,000 band, commencing at \$100,000.

The remuneration disclosed is all remuneration received or receivable, directly or indirectly, from the entity or any related party in connection with the management of the affairs of the entity or any of its subsidiaries, whether as an executive or otherwise. For this purpose, remuneration includes:

- wages and salaries;
- accrued leave (that is, the increase/decrease in the amount of annual and long service leave owed to an executive, inclusive of any increase in the value of leave balances as a result of salary rate increases or the like);
- accrued superannuation (being the value of all employer superannuation contributions during the financial year, both paid and payable at 30 June);
- the cost of motor vehicles, such as fuel costs, registration/insurance, and repairs/maintenance incurred by the Office during the financial year, both paid and payable as at 30 June, net of amounts subsequently paid by executives;
- fringe benefit tax included in remuneration agreements.

The disclosures apply to all senior executives appointed by Governor in Council and classified as SES 1 and above, with remuneration above \$100,000 in the financial year. 'Remuneration' means any money, consideration or benefit, but excludes amounts:

- in payment or reimbursement of out-of pocket expenses incurred for the benefit of the Office. In addition, separate disclosure of separation and redundancy/termination benefit payments is included.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1. Summary of Significant Accounting Policies (continued)

(o) Provisions

Provisions are recorded when the Office has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date to settle the obligation in a future period, but where the timing and/or amount required to settle the obligation at reporting date is uncertain at reporting date, discounted to the present value using the pre-tax discount rate. The amounts recognised as provisions in relation to the dismantling and removal of assets and the restoration of land on which the assets have been located, have been included in the cost of those assets.

(p) Insurance

The Office's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the Office is covered by WorkCover Queensland in respect of its obligations for employee compensation.

(q) Services Received Free of Charge or for Nominal Value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and expense.

(r) Taxation

The Office 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 (FBT) and Goods and Services Tax (GST). As such, GST credits receivable from/payable to the Australian Taxation Office (ATO) are recognised and accrued.

(s) Issuance of Financial Statements

The financial statements are authorised for issue by the Official Secretary at the date of signing the Management Certificate.

(t) Judgements and Assumptions

The Office of the Governor has made no judgements or assumptions which may cause a material adjustment to the carrying amounts of assets and liabilities with the next reporting period.

(u) Rounding and Comparatives

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

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

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	\$'000	\$'000
2. Reconciliation of Payments from Consolidated Fund to Output Revenue Recognised in Income Statement		
Budgeted output appropriation	4,226	3,676
Plus: - supplementary appropriations	149	438
- transfers from other headings	-	(114)
Output revenue recognised in Income Statement	4,375	4,000
Reconciliation of Payments from Consolidated Fund to Equity Adjustment Recognised in Contributed Equity (Statement of Changes in Equity)		
Budgeted equity adjustment appropriation	-	(114)
Equity Transfers to other headings	-	114
Equity adjustment recognised in Contributed Equity	-	-
3. Other Revenues		
Interest	9	7
Sale of books	1	-
Total	10	7
4. Gains		
Gain on sale of plant and equipment	9	-
	9	-
5. Employee Expenses/Number of Employees/Official Secretary's Remuneration		
Employee Expenses		
Wages and salaries	2,241	2,249
Salary related taxes	247	107
Employer superannuation contributions	213	189
Long service leave levy	31	28
Other	59	17
Total	2,791	2,590

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

5. Employee Expenses/Number of Employees/Official Secretary's Remuneration (continued)

	2007	2006
Number of Employees	35.4	35.4

The number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis.

Executive Remuneration

The number of senior executives who received or were due to receive total remuneration of \$100,000 or more:

\$100,000 to \$119 999	–	–
\$120,000 to \$139 999	1	1
TOTAL	1	1

Aggregate amount of total remuneration of executives shown above	\$139,934
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Aggregate amount of separation and redundancy / termination benefit payments during the year to executives shown above	Nil
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2007	2006
\$'000	\$'000

6. Supplies and Services

Contracted services	596	576
Household costs	268	251
Administration costs	253	252
Estate operations	156	138
Travel	175	70
Motor vehicle running costs	27	27
Repairs and maintenance	44	7
Total	1,519	1,321

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$'000	2006 \$'000
7. Depreciation and Amortisation		
Depreciation and amortisation incurred in respect of:		
Plant and Equipment		
Motor Vehicles	29	31
Office Equipment	2	2
Plant and Machinery	3	3
	34	36

8. Other Expenses

Losses from disposal of non-current assets	6	5
External audit fees*	12	11
Insurance	4	–
Total	22	16

* Total external audit fees relating to the 2006–2007 financial year are estimated to be \$12,000 (2005–2006: \$11,000). There are no non-audit services included in this amount.

9. Cash and cash equivalents

Cash at bank	533	385
Total	533	385

The above figures are reconciled to cash at the end of the year as shown in the Cash Flow Statement.

10. Receivables

Current

GST receivable	24	17
Sundry debtors	6	4
Total	30	21

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$'000	2006 \$'000
11. Inventories		
<i>Current</i>		
Household supplies – not held for sale	28	27
Total	28	27

12. Other Current Assets

Prepayments	5	5
	5	5

13. Plant and Equipment

Heritage and cultural assets	981	981
Plant and equipment	154	189
Less: Accumulated depreciation	(28)	(61)
	126	128
Total	1,107	1,109

Independent valuations of heritage and cultural assets were performed as at 30 June 2007 by the Australian Valuation Office using “fair value” principles.

The valuation of heritage and cultural assets is based on current market values. For those assets for which there is no reliable market information available, the asset has been valued the lesser of depreciated replacement cost and depreciated reproduction cost.

Plant and equipment is valued at cost in accordance with Queensland Treasury's *Non-Current Asset Accounting Policies for the Queensland Public Sector*.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

13. Plant and Equipment (continued)

	\$'000	\$'000	\$'000
Plant and Equipment Reconciliation			
Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current reporting period.			
	Heritage and Cultural	Plant and Equipment	Total
Carrying amount at 1 July 2006	981	128	1,109
Acquisitions	–	112	112
Disposals	–	(80)	(80)
Revaluation Increments	–	–	–
Depreciation / Amortisations	–	(34)	(34)
Carrying amount at 30 June 2007	981	126	1107

The Office of the Governor has plant and equipment with an original cost of \$52,663 that has been written down to zero still being used in the provision of services.

	2007 \$'000	2006 \$'000
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14. Payables

Current

Trade creditors	167	190
Sundry accruals	182	28
Total	349	218

15. Accrued Employee Benefits

Current

Recreation Leave	137	137
Wages Outstanding	53	56
Total	190	193

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$'000	2006 \$'000
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16. Asset Revaluation Reserve by class

	Heritage & Cultural Assets	Total
Balance 1 July 2006	542	542
Revaluation increments	–	–
Balance 30 June 2007	542	542

17. Reconciliation of Operating Surplus to Net Cash Provided by (Used in) Operating Activities

Operating surplus/deficit	28	44
Non-cash items:		
Depreciation/amortisation expense	34	36
Net loss on sale of plant and equipment	6	5
Gain on sale of plant and equipment	(9)	–
Change in assets and liabilities:		
(Increase)/decrease in net receivables	(2)	6
(Increase)/decrease in GST input tax credits receivable	(7)	(4)
(Increase)/decrease in inventories	(1)	(2)
(increase)/decrease in prepayments	(1)	(5)
Increase/(decrease) in payables	131	131
Increase/(decrease) in accrued employee benefits	(3)	28
Net Cash provided by operating activities	176	239

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

18. Financial Instruments

Categorisation of Financial Instruments

The Office of the Governor has categorised the financial assets and financial liabilities held as:

Financial Assets

Category

Cash

Receivables

Receivables (at nominal value)

Financial Liabilities

Payables

Financial liability not at fair value through the Profit and Loss
(nominal Value)

Due to the nature of the Office of the Governor's financial assets and liabilities, the exposure to credit, liquidity and market risk is minimal.

The following table sets out the credit, liquidity and interest risks of financial instruments held by the Office of the Governor.

2007

Credit, Liquidity and Interest Risk Tables

Maturity Date:

	Less than 1 month	1–3 months	3 months to 1 year	1 to 5 years	Greater than 5 years	Carrying amount	Weighted Average Rate:
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Financial Assets							
Non-interest bearing*	563	–	–	–	–	563	NA
Total	563	–	–	–	–	563	
Financial Liabilities							
Non-interest bearing	349	–	–	–	–	349	NA
Total	349	–	–	–	–	349	

* The Office of the Governor previously earned interest on its cash holdings under Queensland Treasury's Cash Management Incentive Regime. This regime ceased effective 1 January 2007.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

18. Financial Instruments (continued)

2006

Credit, Liquidity and Interest Risk Tables

	Maturity Date:					Carrying amount	Weighted Average Rate:
	Less than 1 month	1-3 months	3 months to 1 year	1 to 5 years	Greater than 5 years		
	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial Assets							
Non-interest bearing	21	–	–	–	–	21	NA
Variable interest rate	385	–	–	–	–	385	4.59
Total	406	–	–	–	–	406	
Financial Liabilities							
Non-interest bearing	218	–	–	–	–	218	NA
Total	218	–	–	–	–	218	

19. Contingencies

A possible contingent liability exists at 30 June 2007 in the form of penalties payable to the Australian Taxation Office (ATO) in relation to Fringe Benefits Tax (FBT). The Office of the Governor submitted amended Fringe Benefits Tax returns to the ATO for the 2005 & 2006 FBT years. However, it is not known whether the ATO will apply a penalty in relation to these returns.

20. Events Occurring after Balance Date

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 or the financial position of the Office in subsequent financial years.

MANAGEMENT CERTIFICATE

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, I certify that in my opinion:

- a) the prescribed requirements for establishing 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 2007 and of the financial position of the Office at the end of that year.

Annette Bastaja
Official Secretary

12 September 2007

Tracey Bennett CPA
Accountant

12 September 2007

INDEPENDENT AUDITOR'S REPORT

TO THE ACCOUNTABLE OFFICER OF THE OFFICE OF THE GOVERNOR

Matters Relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of the Office of the Governor for the financial year ended 30 June 2007 included on the Office of the Governor's web site. The Accountable Officer is responsible for the integrity of the Office of the Governor's web site. We have not been engaged to report on the integrity of the Office of the Governor's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Office of the Governor, to confirm the information included in the audited financial report presented on this web site.

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

Report on the Financial Report

I have audited the accompanying financial report of the Office of the Governor, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the certificates given by the Official Secretary and Accountant.

The Accountable Officer's Responsibility for the Financial Report

The Accountable Officer is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Administration and Audit Act 1977* and the *Financial Management Standard 1997*, including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the *Australian Auditing Standards*. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Accountable Officer, as well as evaluating the overall presentation of the financial report and any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

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

INDEPENDENT AUDITOR'S REPORT

TO THE ACCOUNTABLE OFFICER OF THE OFFICE OF THE GOVERNOR

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 Queensland public sector entities and can only be removed by Parliament.

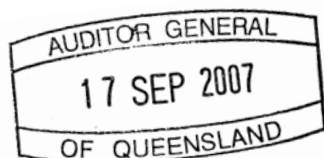
The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Auditor's Opinion

In accordance with s.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 financial report has 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 2006 to 30 June 2007 and of the financial position as at the end of that year.

G POOLE
Auditor-General of Queensland



Queensland Audit Office
Brisbane

OFFICE OF THE GOVERNOR, QUEENSLAND

Contact Officer

For enquiries about this Report, please contact:

Ms Annette Bastaja
Official Secretary
Office of the Governor, Queensland
GPO Box 434
Brisbane Qld 4001

Telephone: (07) 3858 5700
Facsimile: (07) 3858 5701
Email: govhouse@govhouse.qld.gov.au
Internet: www.govhouse.qld.gov.au