



Office of the Governor Queensland

ANNUAL REPORT 2002 – 2003

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



Office of the Governor, Queensland

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

Contact Officer

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The Honourable R K Hollis, MP
Speaker of the Legislative Assembly
Parliament House
Brisbane Qld 4000

Mr Speaker

I am pleased to present to you the 2002-2003 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
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 2002 to 30 June 2003. In particular, the report will address:

- mission statement and corporate objectives;
- structure and outputs;
- major achievements and activities in 2002 – 2003;
- review of operations in 2002 – 2003;
- budget and associated outcomes;
- works and maintenance; and
- outlook for 2003 – 2004.

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 associated 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.

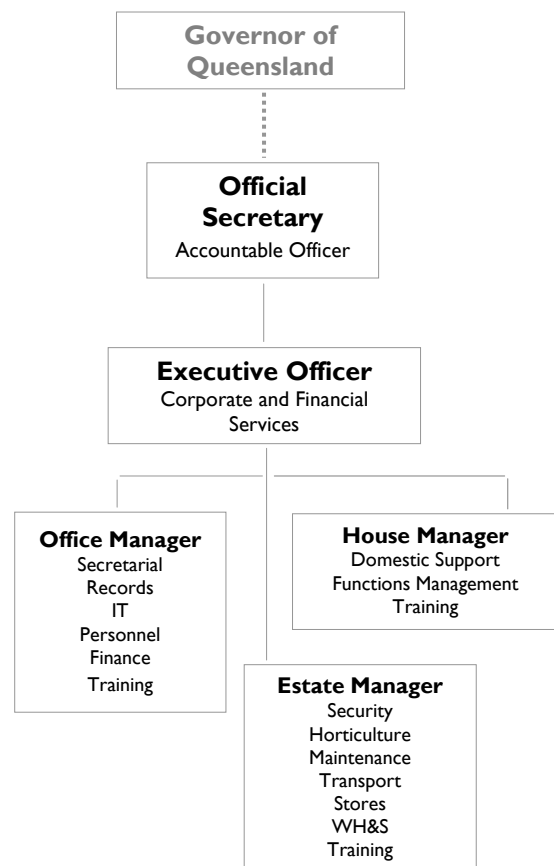
Structure and Outputs

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 the office according to the laws in force in the State.

As an independent entity, the Office of the Governor provides administrative and logistic support which enables the Governor to effectively exercise 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 independently exercise his or 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

2002 – 2003

The major achievements and activities of the Office include:

- a) support of participation by the Governor in a full range of Constitutional and official commitments, including support to the 50th Parliament of Queensland;
- b) support to the Governor's official travel requirements which included visits to regional centres, remote communities in Queensland and overseas destinations;
- c) support to a range of civic commitments including:
 - national and state commemorative events;
 - school visit and Open Day programs at Government House;
 - opening of community festivals and agricultural shows;
 - Australian honours and awards presentations;
 - The Australian Centenary Medal program; and
 - direct and indirect assistance to many of the 230 organisations of which the Governor and Mrs Arnison were patron.
- e) systemic or facilities changes including:
 - successful implementation of all infrastructure and maintenance projects foreshadowed in the 2001 - 2002 Annual Report (these are specified later in this report);
 - successful implementation of a program to upgrade the local area network, and its supporting hardware and software, including enhancement of the Office of the Governor personnel database;
 - construction of a formal set-down area within the grounds of Government House, incorporating a rain and sun shelter structure for the conduct of public events;
 - completion of a review of the Government House Conservation Plan;
 - successful completion of staff vocational, education, trade and workplace health and safety (WH&S) training; and
 - initial involvement in 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).

Review of operations

2002 – 2003

2002 – 2003 was a routine year of operations for the Office of the Governor, which coincided with the sixth and final year in office of His Excellency Major General Peter Arnison, AC, CVO.

The principal official activities undertaken by the Governor were:

- support to the 50th Parliament 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;
- undertaking one visit to the United Kingdom in association with his end-of-term program;
- presiding at 18 honours and awards ceremonies;
- participating in 200 civic and community activities;
- undertaking 140 patronage commitments; and
- delivering or providing 260 speeches, official messages or 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;
- welcoming the families of overseas-deployed ADF personnel to Government House;
- 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 twelve regional visits by the Governor in 2002 – 2003 at a direct cost of \$38,000. Where feasible, the Governor's visits were hosted by Local Government authorities, and the Governor's program included visits, inspections, calls and speaking commitments at industry, education, health, cultural, police and community facilities, often fulfilling public commitments of office.

Areas visited included:

- Darling Downs;
- Rockhampton and the Capricorn area ;
- Central Western Queensland;
- Far North Queensland;
- Mt Isa and McKinlay Shires;
- Pormpuraaw; and
- Far South Western Queensland including Mitchell, Quilpie and Thargomindah.

From 25 April to 7 May 2003, His Excellency the Governor undertook an official visit to the United Kingdom at a direct cost of \$37,000.

The principal purpose of the visit was to renew and extend official ties between Queensland and the United Kingdom, and the Governor took the opportunity to make a farewell call on Her Majesty The Queen, and to undertake a number of calls and engagements in support of the Queensland Agent-General's trade and business development program.

His Excellency was accorded high level access, and was able to promote Queensland's commercial, social, educational and cultural interests in the United Kingdom.

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 2002 – 2003 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 18,885 visitors was received by the Office in 2002 – 2003. This represents an increase in visitor numbers of approximately 50% from the previous year, attributable to higher attendance on scheduled public Open Days, and 'one off' attendance at a series of functions associated with the Australian Centenary Medal program.

In 2002 – 2003 the Governor and Mrs Arnison provided extensive support to the more than 230 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. Eighteen such presentation ceremonies were held in 2002 – 2003. Two noteworthy events which were supported during the reporting period were

receptions to honour the Queensland recipients of the Australian Centenary Medals (2,650 attendees) and a function to demonstrate support for families of Australian Defence Force personnel deployed on Operation FALCONER, in Iraq (650 attendees).



Outdoor receptions hosted at Government House for Queensland recipients of the Centenary of Federation Medal May 2003



Budget and associated outcomes

The Queensland Audit Office undertook an independent audit of financial management in 2002 - 2003. 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 surplus of \$2,878. Actual gross operating cost for the Office increased by 1.32% compared to the previous year. This represents a strong underlying budget outcome by the Office of the Governor, and reflects sound financial management practices.

2002 - 2003 marked the fifth 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 financial management system using the commercial product *Mind Your Own Business* (M.Y.O.B.) accounting software 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 wages represent the largest expenditure item at \$1,477,024 for 2002 - 2003 together with the associated superannuation cost of \$179,952. Staff salary and superannuation costs have increased by an average of 3.7% each year over the preceding five years as a result of enterprise agreement outcomes and related industrial relations outcomes. Increased outlays in this area have been part-funded by internal efficiency measures.

The Office of the Governor remains satisfied with the industrial relations outcomes achieved in recent years, and is progressively introducing more flexible work practices, including the introduction of job sharing and other contemporary work practices to encourage further productivity and improved job satisfaction. 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 new benefit has been encouraging. The Office of the Governor Enterprise Agreement 2000 expired on 30 April 2003, but remains extant pending the promulgation of revised industrial relations policy and guidelines by the Queensland Government.

Project management

The cost and benefit of contractor-supplied services have been critically examined in recent years, and suitable renewal provisions negotiated for renewed service contracts. Overall, the Office of the Governor is satisfied with both the cost and quality of contractor-provided services, and considers that an appropriate range of services is provided by contracted service providers.

Summary of budget outcomes

The Office of the Governor has achieved a successful budget outcome in 2002 - 2003 highlighted by reasonable labour and operating expenditure, further modernisation of systems and facilities, and continued capital investment. The introduction of a computer-based financial accounting system and accrual accounting practices from 1 July 1998 has markedly improved budget control, decision support, and accounting accuracy, and this is reflected in annual Audit Reports.



CONSTRUCTION OF A FORMAL SET-DOWN AREA GOVERNMENT HOUSE MAY 2003

The area incorporates a removable rain and sun shelter structure for the conduct of public events



Works and maintenance

The most beneficial works project undertaken in the reporting period was the construction of a formal set-down area adjacent to the main entrance of Government House, and which incorporated the replacement of a major public stairway which was below accepted workplace health and safety (WH&S) standard. The works incorporated facility for the erection of a purpose-designed shade structure to provide protection from the elements during public occasions. The benefits of these works include improved amenity, improved safety from fall risk, improved access for security and emergency services staff, provision of a healthier and safer workplace for staff and visitors, and safer and improved public access and amenity within the Government House Estate.

Other works have been directed at maintenance and refurbishment, meeting contemporary WH&S standards, and adding to the cultural significance of the Government House Estate. These measures include:

- a) continuation of a program to address long-standing rising damp problems in the foundation levels of Government House;
- b) completion of a program to install vertical restraint systems on all buildings on the Government House Estate to improve workplace safety, and to reduce future costs associated with the hire or temporary construction of scaffolding for transient tasks; and
- c) landscape rehabilitation work to control erosion, weed infestation, and provide safer visitor access to the grounds of Government House.

Personnel

Staff turnover remains at a low and acceptable level, with turnovers occurring mainly within the less-skilled areas of the workforce. This reflects endorsement of the conditions of employment, suitable motivation, and appropriate levels of job and organisational satisfaction.

Information technology

By the nature of its business, the Office is a significant user of information technology. In order to further improve information management and security, a major upgrade and expansion of telephone and information technology (IT) systems has been undertaken in recent years. This has included upgrade of computer workstations and operating software, and upgrade of the local network hub.

Complementary staff training has resulted in a small but reliable and modern IT system and network, which have improved efficiency, team orientation and organisational awareness. Groundwork continues to be undertaken for the adoption of digital technology applications in future years.

During the reporting year the local area network was upgraded. This upgrade included data cabling, interconnecting network hardware, operating system, environment and application. A significant part of this upgrade included development and conversion of the Office of the Governor database.

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

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 continue to be progressively implemented in accordance with timetables published in the plans. Full implementation of the Queensland Government's privacy requirements is scheduled by 30 September 2003.

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.

Consultants

The Office of the Governor engaged no consultants in 2002 – 2003. This is consistent with the Office policy of minimising the use of consultants other than where it is cost-effective to do so, or where particular skills or expertise are required. Whilst the Office of the Governor attempts not to use consultants, it does engage professional expertise on a fee-for-service basis. Professional services costs were incurred in 2002 – 2003 for:

- Audit and financial services (\$8,500);
- Payroll services (\$16,031); and
- Information technology support (\$5,266).

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. Where appropriate insurance cannot be guaranteed, the organisation is excluded from participating in activities sponsored by the Office of the Governor.

Outlook

The outlook for 2003 - 2004 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 2003 – 2004 budget appropriation will meet scheduled commitments, and will 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 2003 – 2004 operations period:

- implement arrangements for the Governor's transition from Office in July 2003;
- facilitate and support the transition to office of the Governor-designate in the period following 29 July 2003;
- commence planning for the rationalisation of horticultural services within the Government House Estate, including the construction of purpose-built facilities for gardening and grounds staff if/as required;
- pursue 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
- continue implementation of the Government's Shared Service Initiative as a member agency of Cluster 6.

**OFFICE OF THE GOVERNOR
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

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OFFICE OF THE GOVERNOR
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003 \$'000	2002 \$'000
REVENUES FROM ORDINARY ACTIVITIES			
Output Revenue	3	3,322	3,273
Gain on sale- plant & equipment		-	4
Interest		7	2
Total Revenues from Ordinary Activities		<u>3,329</u>	<u>3,279</u>
EXPENSES FROM ORDINARY ACTIVITIES			
Salaries and employee benefit expenses		1,872	1,829
Depreciation expense	2(g), 4	135	152
Household & grounds		914	886
Other expenses		405	409
Total Expenses from Ordinary Activities		<u>3,326</u>	<u>3,276</u>
NET SURPLUS		<u>3</u>	<u>3</u>

OFFICE OF THE GOVERNOR
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003

	Notes	2003 \$'000	2002 \$'000
CURRENT ASSETS			
Cash assets	11(a)	137	120
Inventories	5	18	18
Receivables	6	26	37
Total Current Assets		<u>181</u>	<u>175</u>
NON-CURRENT ASSETS			
Property, plant & equipment	7	1,439	1,513
Total Assets		<u>1,620</u>	<u>1,688</u>
CURRENT LIABILITIES			
Payables	8	110	64
Provisions	9	95	98
Total Current Liabilities		<u>205</u>	<u>162</u>
NET ASSETS		<u>1,415</u>	<u>1,526</u>
EQUITY			
Retained surpluses	10	422	419
Contributed equity	10	(557)	(443)
Asset revaluation reserve		1,550	1,550
TOTAL EQUITY		<u>1,415</u>	<u>1,526</u>

**OFFICE OF THE GOVERNOR
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003**

	Notes	2003 \$'000	2002 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Inflows</i>			
Output receipts		3,322	3,273
Interest received		7	2
GST input tax credits received		118	123
<i>Outflows</i>			
House & grounds		(969)	(1,045)
Salaries and employee benefits expense		(1,815)	(1,783)
Other expenses		(351)	(311)
GST remitted to ATO		(120)	(123)
Net cash provided by (used in) operating activities	11(b)	<u>192</u>	<u>136</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		-	72
Plant & equipment acquisitions		(61)	(320)
Net cash provided by (used in) investing activities		<u>(61)</u>	<u>(248)</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		17	(226)
Cash at the beginning of the financial year		<u>120</u>	<u>346</u>
CASH AT END OF FINANCIAL YEAR	11(b)	<u>137</u>	<u>120</u>

OFFICE OF THE GOVERNOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

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 his or 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 20021-03 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 2003

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

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.

From 1 July 2001, 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*.

Accordingly, all classes of non-current physical assets held by the Office of the Governor are now recorded at cost.

(g) Depreciation

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

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) Capital Work In Progress

During 2001-02 the Office of the Governor transferred ownership of a multi-purpose facility constructed on the Government House Estate to the Department of Public Works upon its completion. Total expenditure capitalised during the construction of the facility was \$427,585. On transfer of ownership, this amount was adjusted against contributed equity as a non-reciprocal transfer of an asset between wholly-owned Queensland public sector entities (refer Note 10).

OFFICE OF THE GOVERNOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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.

(j) Payables

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

(k) 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 2002-03 was \$18,874 (2002 - \$21,153).

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*.

(l) 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.

(m) 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.

(n) 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.

OFFICE OF THE GOVERNOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

(o) 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.

(p) Comparative Information

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

OFFICE OF THE GOVERNOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003 \$'000	2002 \$'000
3. RECONCILIATION TO PAYMENTS FROM CONSOLIDATED FUND			
Output Revenue			
Budgeted output appropriation		3,322	3,229
Plus supplementary appropriations		<u>-</u>	<u>44</u>
Total output receipts recognised as revenue in the Statement of Financial Performance		<u>3,322</u>	<u>3,273</u>
Equity Adjustments			
Budgeted equity adjustment appropriation recognised in Contributed Equity (refer Note 10)		<u>(114)</u>	<u>(114)</u>
4. DEPRECIATION EXPENSE			
Plant, machinery & motor vehicles		50	48
Furniture & fixtures		75	74
Office equipment		10	30
		<u>135</u>	<u>152</u>
5. INVENTORIES			
Household supplies – not held for resale		<u>18</u>	<u>18</u>
6. RECEIVABLES			
GST input tax credits receivable		19	13
GST payable		(3)	-
Sundry debtors		10	24
		<u>26</u>	<u>37</u>

OFFICE OF THE GOVERNOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003 \$'000	2002 \$'000
7. PROPERTY, PLANT & EQUIPMENT			
Plant, machinery & motor vehicles - at cost		406	397
Accumulated depreciation		(176)	(127)
		<u>230</u>	<u>270</u>
Furniture & fixtures - at cost		978	978
Accumulated depreciation		(341)	(266)
		<u>637</u>	<u>712</u>
Office equipment - at cost		151	136
Accumulated depreciation		(94)	(108)
		<u>57</u>	<u>28</u>
Silver, crockery, glass & linen - at cost		174	168
		<u>174</u>	<u>168</u>
Paintings, works on paper & decorative art - at cost		341	335
		<u>341</u>	<u>335</u>
Total written down value		<u><u>1,439</u></u>	<u><u>1,513</u></u>

Reconciliation

	Carrying amount at start of year	Acquisitions	Disposals	Depreciation	Carrying amount at end of year
	2003 \$000	2003 \$000	2003 \$000	2003 \$000	2003 \$000
Plant, machinery & motor vehicles	270	10	-	(50)	230
Furniture & fixtures	712	-	-	(75)	637
Office equipment	28	39	-	(10)	57
Silver, crockery, glass & linen	168	6	-	-	174
Paintings, works on paper & decorative art	335	6	-	-	341
Total	1,513	61	-	(135)	1,439

OFFICE OF THE GOVERNOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003 \$'000	2002 \$'000
8. PAYABLES			
Trade creditors		79	34
Sundry accruals		31	30
		<u>110</u>	<u>64</u>
9. PROVISIONS			
Provision for employee entitlements – Annual Leave		<u>95</u>	<u>98</u>
10. CHANGES IN EQUITY			
Contributed Equity			
Balance at beginning of the financial year		(443)	98
Asset Transfers to Department of Public Works		-	(427)
Equity Withdrawal (refer Note 3)		(114)	(114)
Balance at end of financial year		<u>(557)</u>	<u>(443)</u>
Retained Surpluses			
Opening Balance		419	416
Net Surplus		3	3
Closing Balance		<u>422</u>	<u>419</u>
11. STATEMENT OF CASH FLOWS			
(a) Reconciliation of cash			
Cash balance comprises:			
Cash at bank		<u>137</u>	<u>120</u>

OFFICE OF THE GOVERNOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003 \$'000	2002 \$'000
11. STATEMENT OF CASH FLOWS (Cont.)			
(b) Reconciliation of Net Surplus to net cash flows provided by (used in) operating activities			
Net Surplus		3	3
Non-cash items:			
Depreciation expense		135	152
Gain on assets disposed		-	(7)
Changes in assets and liabilities:			
(Increase)/decrease in inventories		-	(2)
Increase/(decrease) in provision for employee entitlements		(3)	1
Increase/(decrease) in payables		46	(7)
(Increase)/decrease in receivables		11	(4)
Net cash flows provided by/(used in) operating activities		<u>192</u>	<u>136</u>
12. AUDITORS' REMUNERATION			
Amounts received or due and receivable by the auditors 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 2003

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 (j) 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.

15. NUMBER OF EMPLOYEES AND OFFICIAL SECRETARY'S REMUNERATION

Number of Employees

The number of employees at the reporting date was 34 (2002 – 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: \$86,477	Max: \$90,505
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The Official Secretary is not eligible for consideration of a performance bonus.

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 2003, 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

July 2003
Government House

INDEPENDENT AUDIT REPORT

To the Official Secretary of the Office of the Governor

Scope

I have audited the general purpose financial statements of the Office of the Governor prepared by the Official Secretary for the year ended 30 June 2003 in terms of s.40 of the *Financial Administration and Audit Act 1977*. The financial statements comprise 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.

The Official Secretary is responsible for the preparation and the form of presentation of the financial statements and the information they contain. I have audited the financial statements in order to express an opinion on them.

The audit has been conducted in accordance with *QAO Auditing Standards*, which incorporate Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with the prescribed requirements in Australia which include Australian Accounting Standards so as to present a view which is consistent with my understanding of the entity's financial position and the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In accordance with section 40 of the *Financial Administration and Audit Act 1977* I certify that -

- (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 and other mandatory professional reporting requirements in Australia, of the transactions of the Office of the Governor for the financial year 1 July 2002 to 30 June 2003 and of the financial position as at the end of that year.

L J SCANLAN, FCPA
Auditor-General of Queensland

Queensland Audit Office
Brisbane