



PROFESSIONAL STANDARDS COUNCIL OF WESTERN AUSTRALIA

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Protecting consumers by improving professional standards

KEY PERFORMANCE INDICATORS

Certification of Key Performance Indicators for the Year Ended 30 June 2020

The Professional Standards Council of Western Australia is required to report on performance indicators as outlined in the *Financial Management Act 2006* (WA) and its associated Regulations.

STATEMENT OF CERTIFICATION

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Professional Standards Council of Western Australia's performance, and fairly represent the performance of the Professional Standards Council of Western Australia for the financial year ended 30 June 2020.



John Vines OAM
Chair
Professional Standards Council

9 October 2020



Ms Rachel Webber
Council Member

9 October 2020

KEY PERFORMANCE INDICATORS

The Professional Standards Council of Western Australia (the Council) is responsible for approving Professional Standards Schemes (Schemes). The Schemes become effective on a day specified in the gazetted Scheme or two months after gazettal by the Minister.

The Schemes aim to increase consumer protection by improving the standards of professionals who belong to occupational associations that are approved by the Professional Standards Council to administer such Schemes. Members of such occupational associations are required to comply with required codes of ethics and practice, and to engage in risk management and continuing occupational education. Awareness and an active response to these issues can lower the incidence of civil liability claims against participating members, thereby achieving the objectives associated with the Schemes.

As a further measure of consumer protection, members of occupational associations that participate in Schemes are also required to hold significant business assets and/or professional indemnity insurance.

The Schemes operating in Western Australia during 2019–2020 were:

- » The Institute of Chartered Accountants in Australia (Western Australia) Scheme (ICAA WA Scheme) which commenced on 8 October 2014 for a five year period (*Gazette* 8 August 2014, No. 122). The ICAA WA Scheme was amended in 2015 to reflect on the merger between ICAA and the New Zealand Institute of Chartered Accountants which resulted in a new name of 'Chartered Accountants Australia and New Zealand' (CAANZ) for the formally constituted body (*Gazette* 1 September 2015, No. 135). The CAANZ expired in Western Australia on 7 October 2019;
- » The Law Society of Western Australia Scheme, which commenced on 1 July 2019 (*Gazette* 7 May 2019, No. 62); and
- » The Western Australian Bar Association Scheme which commenced on 1 July 2014 (*Gazette* 17 April 2014, No. 57) and was extended on 21 December 2018 (*Gazette* 21 December, No. 196).

KEY OUTPUT/SERVICES

Outcome	Professional Standards Scheme limiting the civil liability of the members of occupational associations
Output	Professional Standards Schemes limiting the liability of the members of an occupational association together with compulsory professional indemnity insurance, risk management strategies and appropriate provisions for complaints and disciplinary matters, for the protection of consumers of the services provided by the association's members.
Description	<p>Professional Standards Schemes limit the civil liability of members of the occupational association. Once approved, Schemes may continue for a period of up to five years. Annual fees calculated by reference to the number of members are payable by the occupational association to the Council.</p> <p>Consumers are protected by a requirement that persons under a Scheme have professional indemnity insurance or assets to the approved level; that members engage in appropriate risk management strategies; and by an approved complaints and disciplinary process.</p>

EFFECTIVENESS

The three associations with Schemes were invited by the Council to respond to a survey that sought their comments on the Council's effectiveness indicators as at 30 June 2020. The Chartered Accountants Australia and New Zealand Professional Standards Scheme (WA), the Law Society of Western Australia Professional Standards Scheme, and the Western Australian Bar Association Scheme had a combined membership totalling approximately 3,030 professionals during the reporting period.

To assist in determining the extent to which the objectives of the Schemes are being achieved, the associations were asked to comment on the following:

- 1) The impact of the Schemes based on the number of civil liability claims and cases brought against members;
- 2) The effectiveness of the Schemes on the association's perceptions of cost and availability of insurance for scheme members, taking into account:
 - » Cost of insurance (decreasing premium or increasing at a slower than market rate);
 - » Better value insurance for the same premium prices; and
 - » Availability of liability insurance.

EFFECTIVENESS INDICATORS⁽¹⁾⁽²⁾⁽³⁾

Indicator	2016–17 Actual	2017–18 Actual	2018–19 Actual	2019–20 Actual	2019–20 Target ⁽⁴⁾
Schemes have lowered the incidence of civil liability claims.	Three associations disagreed.	One association agreed. Two associations disagreed.	Three associations noted a lower incidence of civil claims.	Two associations disagreed. One association agreed. ⁽⁵⁾	Lower incidence of civil liability claims as a result of the Schemes.
Cost of insurance (decreasing premium or increasing at a slower than market rate).	Three associations disagreed.	Three associations disagreed.	One association agreed. One association disagreed. One association noted no change.	One association disagreed. Two associations noted no change. ⁽⁶⁾	Decreasing cost of insurance.
Better value insurance for same premium prices.	Three associations disagreed.	One association agreed. Two associations disagreed.	Three associations disagreed.	Three associations disagreed. ⁽⁷⁾	Better value insurance.
Availability of insurance.	Three associations disagreed.	Three associations disagreed.	Three associations disagreed.	Two associations disagreed. One association agreed. ⁽⁸⁾	Better availability of insurance.

- Associations have not been individually identified to protect the confidentiality of the information supplied.
- The CAANZ scheme expired on 7 October 2019, and was replaced by a NSW based scheme. The KPIs are devised by including the CAANZ for part of the year.
- Data is reported for the 2019–20 financial year but uses data collected by each association in the previous calendar year, using existing data collection methodologies.
- Targets are derived from the stated objectives of the *Professional Standards Act 1997 (WA)* as outlined in the second reading speech in Parliament on 25 June 1997 (Hansard, page 4,569).
- Two associations notes in small increase in claims but did not identify reasons for the increase.
- Two associations notes no change in the cost of insurance, with one association noting members were able to access insurance at an acceptable cost and the second association noting no charge in premiums. One association disagreed, noting a 10% increase in insurance premiums primarily due to the increase insurance premium for the underwriters.
- Three associations reported that their members were getting the same value for money. This is consistent with the response from all associations in the prior year.
- Two associations reported no difference in the availability of insurance. This is consistent with the response from these two associations in the prior year. One association agreed the insurance is increasingly more available.

EFFICIENCY

Indicator	2016–17 Actual	2017–18 Actual	2018–19 Actual	2019–20 Actual	2019–20 Target ⁽³⁾
Cost per scheme⁽¹⁾⁽²⁾	\$87,456	\$95,972	\$103,668 ⁽⁴⁾	\$95,554 ⁽⁴⁾	\$96,035

- The Cost per Scheme incorporates the Secretariat service charges, Resources Received Free of Charge and any bank charges.
- The number of schemes was calculated at 2.27, as the CAANZ scheme expired on 7 October 2019. The remaining two schemes operated throughout the two of 2019–20.
- The target was derived from the approved budget figure for Secretariat plus Resources Received Free of Charge.
- The 2019–2020 actual cost per scheme was lower than 2018–19 actual because membership is a significant cost driver, and the expired CAANZ scheme incorporated the largest membership in Western Australia.

INDEPENDENT AUDITOR'S REPORT



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

PROFESSIONAL STANDARDS COUNCIL

Report on the financial statements

Opinion

I have audited the financial statements of the Professional Standards Council which comprise the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Professional Standards Council for the year ended 30 June 2020 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

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

Responsibility of the Council for the financial statements

The Council is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility for the audit of the financial statements

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

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Report on controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Professional Standards Council. The controls exercised by the Council are those policies and procedures established by the Council to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

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

In my opinion, in all material respects, the controls exercised by the Professional Standards Council are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2020.

The Council's responsibilities

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

Auditor General's responsibilities

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

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

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

Limitations of controls

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

Report on the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Professional Standards Council for the year ended 30 June 2020. The key performance indicators are the Under Treasurer-approved key effectiveness indicator and key efficiency indicator that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Professional Standards Council are relevant and appropriate to assist users to assess the agency's performance and fairly represent indicated performance for the year ended 30 June 2020.

The Council's responsibility for the key performance indicators

The Council is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Council determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

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

Auditor General's responsibility

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

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

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

My independence and quality control relating to the reports on controls and key performance indicators

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

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements and key performance indicators of the Professional Standards Council for the year ended 30 June 2020 included on the Council's website. The Council's management is responsible for the integrity of the Council's website. This audit does not provide assurance on the integrity of the Council's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.



MARK AMBROSE
SENIOR DIRECTOR FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
12 October 2020

DISCLOSURES AND LEGAL COMPLIANCE

Financial Statements

CERTIFICATION OF FINANCIAL STATEMENTS

For the reporting period ended 30 June 2020

The accompanying financial statements of the Professional Standards Council of Western Australia have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2020 and the financial position as at 30 June 2020.

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



John Vines OAM
Chair
Professional Standards Council



Ms Rachel Webber
Council Member



John Deery
Chief Finance Officer

9 October 2020

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FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2020

	Note	2020 \$	2019 \$
COST OF SERVICES			
Expenses			
Supplies and services	2.1	216,908	311,003
Other expenditure	2.2	–	2
Total cost of services		216,908	311,005
Income			
Scheme fees	3.2	156,500	253,783
Total Revenue		156,500	253,783
Total income other than income from State Government		156,500	253,783
NET COST OF SERVICES		60,408	57,222
Income from State Government			
Services received free of charge	3.1	54,194	52,125
Total income from State Government		54,194	52,125
DEFICIT FOR THE PERIOD		(6,214)	(5,097)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(6,214)	(5,097)

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5.1	324,266	412,116
Receivables	4.1	8,808	17,747
Total current assets		333,074	429,863
TOTAL ASSETS		333,074	429,863
LIABILITIES			
Current liabilities			
Payables	4.2	43,227	94,229
Unearned revenue	4.3	–	39,573
Contract liabilities	4.4	–	–
Total current liabilities		43,227	133,802
TOTAL LIABILITIES		43,227	133,802
NET ASSETS		289,847	296,061
Equity			
Accumulated surplus	7.8	289,847	296,061
TOTAL EQUITY		289,847	296,061

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

	Note	Accumulated Surplus \$	Total Equity \$
Balance as at 1 July 2018	7.8	301,158	301,158
Total comprehensive loss for the period		(5,097)	(5,097)
Balance at 30 June 2019		296,061	296,061
Balance as at 1 July 2019		296,061	296,061
Total comprehensive loss for the period		(6,214)	(6,214)
Balance at 30 June 2020		289,847	289,847

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

STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Payments to suppliers		(209,084)	(240,420)
GST payments on purchases		(20,903)	(24,042)
Bank charges		–	(2)
Receipts			
Scheme fees		118,250	255,450
GST receipts from taxation authority		23,887	23,791
Net cash provided by operating activities		(87,850)	14,777
Net increase in cash and cash equivalents		(87,850)	14,777
Cash and cash equivalents at the beginning of the reporting period		412,116	397,339
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.1	324,266	412,116

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

SECTION 1: BASIS OF PREPARATION

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

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

These annual financial statements were authorised for issue by the Accountable Authority of the Council on 9 October 2020.

STATEMENT OF COMPLIANCE

These general purpose financial statements are prepared in accordance with:

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

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

BASIS OF PREPARATION

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

JUDGEMENTS AND ESTIMATES

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

CONTRIBUTED EQUITY

AASB Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior, to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by T1 955 Contributions by Owners made to Wholly Owned Public Sector Entities and have been credited directly to Contributed Equity.

SECTION 2: USE OF OUR FUNDING

EXPENSES INCURRED IN THE DELIVERY OF SERVICES

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

	Notes	2020 \$	2019 \$
Supplies and services	2.1	216,908	311,003
Other expenditure	2.2	–	2

2.1 SUPPLIES AND SERVICES

	Notes	2020 \$	2019 \$
Secretarial services ^(a)		162,714	258,878
Services received free of charge (Note 3.1)		54,194	52,125
Total supplies and services expenses		216,908	311,003

(a) This expenditure is incurred by the NSW Department of Customer Service and is recharged to the Council pursuant to the *Inter-Departmental Service Agreement 2016*, as amended and includes audit fee.

Supplies and services

Supplies and services are operating expenses generally representing the day-to-day running costs incurred in normal operations and are recognised as an expense in the reporting period in which they are incurred.

2.2 OTHER EXPENDITURE

	2020 \$	2019 \$
Bank charges	–	2
Total other expenditure	–	2

SECTION 3: OUR FUNDING SOURCES

HOW WE OBTAIN OUR FUNDING

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

	Notes	2020 \$	2019 \$
Income from State Government	3.1	54,194	52,125
Scheme fees	3.2	156,500	253,783

3.1 INCOME FROM STATE GOVERNMENT

	2020 \$	2019 \$
Services received free of charge from other state government agencies^(a)		
Department of Justice (Corporate Services)	54,194	52,125
Total income from the State Government	54,194	52,125

- (a) Services received free of charge or for nominal cost that the Council would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position. Services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

The application of AASB 15 and AASB 1058 from 1 July 2019 has had no impact on the treatment of Income from State Government.

3.2 SCHEME FEES

	2020 \$	2019 \$
Scheme Fees	156,500	253,783
	156,500	253,783

Until 30 June 2019, user charges and fees arose from regulated annual fees and are calculated from the commencement date over the period of the scheme.

From 1 July 2019, revenue is recognised at the transaction price when the Council transfers control of the services to members.

SECTION 4: OTHER ASSETS AND LIABILITIES

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

	Notes	2020 \$	2019 \$
Receivables	4.1	8,808	17,747
Payables	4.2	43,227	94,229
Unearned revenue	4.3	–	39,573
Contract liabilities	4.4	–	–

4.1 RECEIVABLES

Current	2020 \$	2019 \$
Receivables	1,700	3,023
GST receivable	7,108	14,724
Total current	8,808	17,747

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

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Council will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

4.2 PAYABLES

Current	2020 \$	2019 \$
Accrued expenses	43,227	94,224
Total current	43,227	94,224

4.3 UNEARNED REVENUE

Current	2020 \$	2019 \$
Unearned revenue ^(a)	–	39,573
Total current	–	39,573

- (a) Unearned revenue represents the portion of regulated annual fees received but not earned and relates to periods of the scheme subsequent to the end of the reporting period. The CAANZ scheme expired on 7 October 2019 and was the only scheme where deferred revenue was to be recognised.

4.4 CONTRACT LIABILITIES

	2020 \$	2019 \$
Current	–	–
Total contract liabilities	–	–

The Council's contract liabilities relate to the portion of regulated annual fees received but not earned and relates to periods of the scheme subsequent to the end of the reporting period. The CAANZ scheme expired on 7 October 2019 and was the only scheme where a contract liability was to be recognised.

4.4.1 Movement in contract liabilities

Reconciliation of changes in contract liabilities	2020 \$	2019 \$
Opening balance	–	–
Adjustments ^(a)	39,573	–
Restatement of prior year's balance	39,573	–
Additions	116,927	–
Recognised as revenue in the reporting period	(156,500)	–
Balance at end of period	–	–

(a) At 1 July 2019, on adoption of AASB 15 and AASB 1058, the 2019 balance has been restated to include income in advance, which was previously disclosed under Note 4.3 Unearned revenue.

SECTION 5: FINANCING

This section sets out the material balances and disclosures associated with the financing and cash flows of the Council:

	Notes
Cash and cash equivalents	5.1

5.1 CASH AND CASH EQUIVALENTS

	2020 \$	2019 \$
Cash and cash equivalents	324,266	412,116
	324,266	412,116

For the purpose of the statement of cash flows, cash and cash equivalents assets comprise cash at bank that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

SECTION 6: FINANCIAL INSTRUMENTS AND CONTINGENCIES

	Notes
Financial instruments	6.1
Contingent assets and contingent liabilities	6.2

6.1 FINANCIAL INSTRUMENTS

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2020 \$	2019 \$
Financial Assets		
Cash and cash equivalents	342,266	412,116
Financial assets at amortised cost ^(a)	1,700	3,023
	325,966	415,139
Financial Liabilities		
Financial liabilities measure at amortised cost	43,227	94,229
	43,227	94,229

(a) The amount of financial assets at amortised cost excludes GST recoverable from the Australian Taxation Office (statutory receivable).

6.2 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at 30 June 2020 (2019: nil).

SECTION 7: OTHER DISCLOSURES

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

	Notes
Events occurring after the end of the reporting period	7.1
Initial application of Australian Accounting Standards	7.2
Key management personnel	7.3
Related party transactions	7.4
Related bodies	7.5
Affiliated bodies	7.6
Remuneration of auditors	7.7
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7.1 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no events occurring after the end of the reporting period.

7.2 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

a. AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* for annual reporting periods on or after 1 January 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer and is based upon the transfer of control rather than transfer of risks and rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- » Identifying contracts with customers;
- » Identifying separate performance obligations;
- » Determining the transaction price of the contract;
- » Allocating the transaction price to each of the performance obligations; and
- » Recognising revenue when or as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, income other than from contracts with customers are subject to AASB 1058 *Income of Not-for-Profit Entities*. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by the Council.

The Council adopts the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information is restated under this approach, and the Council recognises the cumulative effect of initially applying the Standards as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 July 2019).

Under this transition method, the Council elects to not apply the standards retrospectively to non-completed contracts at the date of initial application.

Refer to Note 3.1 and 3.2 for the revenue and income accounting policies adopted from 1 July 2019.

The adoption by the Council of AASB 15 and AASB 1058 as at 1 July 2019 resulted in no adjustments and consequently no impact on the opening balance of accumulated surplus/(deficit) at the date of initial application.

- b. **AASB 16 Leases** AASB 16 *Leases* supersedes AASB 117 *Leases and related Interpretations*. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The adoption of AASB 16 as at 1 July 2019 has had no impact on the Council as the Council has no leases within the scope of AASB 16.

7.3 KEY MANAGEMENT PERSONNEL

The Council has determined key management personnel to include cabinet ministers and members of the Council. The Council does not incur expenditures to compensate Ministers and those disclosures may be found in the Annual Report on State Finances.

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

	2020	2019
Compensation Band (\$)		
50,001 – 60,000	1	1
20,001 – 30,000	9	10
10,001 – 20,000	1	–
	2020	2019
	\$	\$
Total compensation of senior officers	262,885	272,591

In accordance with the *Professional Standards Agreement 2011*, the remuneration for the Professional Standards Councils members is set by the NSW government in line with NSW guidelines. The NSW government manages payroll processing for the eight national Professional Standards Councils. The eight national Professional Standards Councils meet in unison. The above values represent total remuneration of the eight Professional Standards Councils. Per the *Interdepartmental Service Agreement 2016*, as amended, the Council is required to fund 3.73% (\$9,806) (2019: 6.09% (\$16,601)) of the Councils members' remuneration. Total compensation of \$262,885 (2019: \$272,591) includes the superannuation expense incurred by the Council in respect of members.

Following jurisdictional consultation of the remuneration of comparable bodies, in September 2018 the NSW Minister for Innovation and Better Regulation, in accordance with the *Professional Standards Agreement 2011*, set the rate of remuneration (Superannuation Guarantee exclusive) at \$20,000 per annum for Councils' members and \$50,000 per annum for the Councils' Chairperson.

7.4 RELATED PARTY TRANSACTIONS

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

Related parties of the Council include:

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

Material transactions with other related parties

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

7.5 RELATED BODIES

The Council had no related bodies during the financial year (2019: nil).

7.6 AFFILIATED BODIES

The Council had no affiliated bodies during the financial year (2019: nil).

7.7 REMUNERATION OF AUDITORS

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

	2020	2019
	\$	\$
Auditing the accounts, financial statements and key performance indicators	10,861	10,861

Per the *Interdepartmental Service Agreement 2016*, as amended, the Council is required to fund 3.73% (2019: 6.09%) of the total national expenditure, including jurisdictional Audit fees of other Professional Standards Councils where relevant.

7.8 EQUITY

The Western Australian Government holds the equity interest in the Council on behalf of the community. Equity represents the residual interest in the net assets of the Council.

Compensation Band (\$)	2020 \$	2019 \$
Accumulated surplus		
Balance at start of period	296,061	301,158
Result for the period	(6,214)	(5,097)
Balance at end of period	289,847	296,061
Total Equity at end of period	289,847	296,061

7.9 SUPPLEMENTARY FINANCIAL INFORMATION

There were no losses of public moneys or other public property through theft or default during the financial year (2019: nil).

There were no write offs of public money or other public property during the financial year (2019: nil).

There were no gifts of public property during the financial year (2019: nil).



Government of **Western Australia**
Department of **Justice**

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Published in October 2020 by the Professional Standards Council of Western Australia.

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