

FINANCIAL STATEMENTS

Certification of Financial Statements

The accompanying financial statements of the Western Australia Police Service have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985*, from proper accounts and records to present fairly the financial transactions for the year ended 30 June 2003 and the financial position as at 30 June 2003.

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



B E MATTHEWS
COMMISSIONER OF POLICE



P M de MAMIEL
DIRECTOR OF FINANCE
(PRINCIPAL ACCOUNTING OFFICER)

1 August 2003



AUDITOR GENERAL

To the Parliament of Western Australia

POLICE SERVICE

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

Audit Opinion

In my opinion,

- (i) the controls exercised by the Police Service provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Police Service at June 30, 2003 and its financial performance and cash flows for the year ended on that date.

Scope

The Commissioner of Police's Role

The Commissioner of Police is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Output Schedule of Expenses and Revenues, Summary of Consolidated Fund Appropriations and Revenue Estimates, and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.



D D R PEARSON
AUDITOR GENERAL

October 10, 2003

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003 \$'000	2002 \$'000
COST OF SERVICES			
Expenses from ordinary activities			
Employee expenses	5	408,111	387,087
Services and contracts	6	86,388	82,791
Capital user charge	7	20,130	19,292
Depreciation and amortisation expense	8	14,752	9,999
Borrowing costs expense	9	113	7
Other expenses from ordinary activities	10	19,764	19,192
Total Cost of services		549,258	518,368
Revenues from ordinary activities			
<i>Revenue from operating activities</i>			
User charges and fees	11	9,885	10,214
Commonwealth grants	12	903	646
Contributions, sponsorships and donations	13	4,214	4,961
<i>Revenue from non-operating activities</i>			
Proceeds from disposal of non-current assets	14	1	140
Other operating revenue from ordinary activities	15	600	1,021
Total Revenues from ordinary activities		15,603	16,982
NET COST OF SERVICES		533,655	501,386
Revenues from State Government			
Output appropriations	16	520,494	494,842
State grants	17	2,866	2,850
Receipts paid into the Consolidated Fund	18	-	(140)
Superannuation liabilities assumed by the Treasurer	19	7,805	2,440
Assets assumed/(transferred)	20	-	532
Initial recognition of assets not previously recognised	21	305	328
Resources received free of charge	22	495	965
Total Revenues from State Government		531,965	501,817
CHANGE IN NET ASSETS BEFORE RESTRUCTURING		(1,690)	431
Net revenues/(expenses) from restructuring	23	-	(446)
CHANGE IN NET ASSETS AFTER RESTRUCTURING		(1,690)	(15)
Net increase/(decrease) in the asset revaluation reserve		20,521	(5,839)
Net initial adjustment on adoption of new accounting standard (AASB 1028)		(1,506)	-
Total revenues, expenses and valuation adjustment recognised directly in equity		19,015	(5,839)
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS	33(d)	17,325	(5,854)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2003

	Notes	2003 \$'000	2002 \$'000
Current Assets			
Cash assets	24	3,460	4,354
Restricted cash assets	25(a)	4,756	7,453
Receivables	26	2,131	3,437
Amounts receivable for outputs	27	3,723	3,650
Other current assets	28	7,970	3,334
Total Current Assets		22,040	22,228
Non-Current Assets			
Restricted cash assets	25(b)	11,717	10,085
Amounts receivable for outputs	27	16,418	5,667
Property, vehicles, plant and equipment	29(a)	369,475	329,451
Total Non-Current Assets		397,610	345,203
TOTAL ASSETS		419,650	367,431
Current Liabilities			
Provisions	30(a)	46,750	46,744
Payables	31	5,662	8,465
Other liabilities	32	14,012	12,323
Total Current Liabilities		66,424	67,532
Non-Current Liabilities			
Provisions	30(b)	66,314	60,737
Total Non-Current Liabilities		66,314	60,737
TOTAL LIABILITIES		132,738	128,269
Equity			
Contributed equity	33(a)	55,903	25,988
Reserves	33(b)	182,560	162,039
Accumulated surplus/(deficiency)	33(c)	48,449	51,135
TOTAL EQUITY		286,912	239,162
TOTAL LIABILITIES AND EQUITY		419,650	367,431

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2003

Notes	2003 \$'000	2002 \$'000
CASH FLOWS FROM STATE GOVERNMENT		
Output appropriations	506,020	485,525
Capital contributions	29,915	25,988
Holding account	3,650	-
State grants received	3,080	2,849
Receipts paid into the Consolidated Fund	-	(140)
Net Cash provided by State Government	542,665	514,222
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee costs	(395,073)	(382,165)
Services and contracts	(89,654)	(78,169)
Capital user charge	(20,288)	(19,363)
Borrowing costs	(113)	(8)
GST payments on purchases	(12,783)	(12,019)
GST payments to taxation authority	-	-
Other payments	(19,535)	(15,018)
	(537,446)	(506,742)
Receipts		
User charges and fees	9,743	9,714
Commonwealth grants	834	646
Contributions, sponsorships and donations	4,358	3,991
GST receipts on purchases	12,590	9,919
GST receipts to taxation authority	1,189	1,073
Other receipts	537	409
	29,251	25,752
Net Cash (used in)/provided by operating activities	(508,195)	(480,990)
34(b)		
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of non-current physical assets	(36,430)	(28,009)
Proceeds from sale of non-current physical assets	1	140
Net Cash (used in)/provided by investing activities	(36,429)	(27,869)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of borrowings	-	(137)
Net Cash (used in)/provided by financing activities	-	(137)
RESTRUCTURING ACTIVITIES		
	-	(446)
NET INCREASE/(DECREASE) IN CASH HELD	(1,959)	4,780
CASH ASSETS AT THE BEGINNING OF THE FINANCIAL YEAR	21,892	17,112
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	19,933	21,892
34(a)		

The accompanying notes form part of these financial statements.

SUMMARY OF CONSOLIDATED FUND APPROPRIATIONS AND REVENUE ESTIMATES

FOR THE YEAR ENDED 30 JUNE 2003

	2003 Estimate \$'000	2003 Actual \$'000	2003 Variation \$'000	2003 Actual \$'000	2002 Actual \$'000	Variation \$'000
PURCHASE OF OUTPUTS						
Item 77 Net amount appropriated to purchase outputs	528,246	519,019	(9,227)	519,019	493,367	25,652
Amounts Authorised by Other Statutes <i>Salaries and Allowances Act 1975</i>	1,475	1,475	-	1,475	1,475	-
Total appropriations provided to purchase outputs	529,721	520,494	(9,227)	520,494	494,842	25,652
CAPITAL						
Item 158 Capital Contribution	24,633	29,915	5,282	29,915	25,988	3,927
GRAND TOTAL OF APPROPRIATIONS	554,354	550,409	(3,945)	550,409	520,830	29,579
Details of Expenditure by Outputs						
Community Support, Crime Prevention and Public Order	206,575	202,771	(3,804)	202,771	189,299	13,472
Emergency Management and Co-ordination	8,609	8,307	(302)	8,307	6,521	1,786
Traffic Management and Road Safety	88,393	93,156	4,763	93,156	87,541	5,615
Response to and Investigation of Offences	192,361	188,461	(3,900)	188,461	183,192	5,269
Services to the Judicial Process	54,291	56,563	2,272	56,563	51,815	4,748
Total Cost of Outputs	550,229	549,258	(971)	549,258	518,368	30,890
(Less) Revenue from ordinary activities	(14,210)	(15,603)	(1,393)	(15,603)	(16,982)	1,379
Net Cost of Outputs	536,019	533,655	(2,364)	533,655	501,386	32,269
(Less)/Add Adjustments	(6,298)	(13,161)	(6,863)	(13,161)	(6,544)	(6,617)
Total appropriations provided to purchase outputs	529,721	520,494	(9,227)	520,494	494,842	25,652
Capital Expenditure						
Purchase of non-current physical assets	30,282	36,223	5,941	36,223	26,952	(9,271)
Working capital requirement-leave liability	-	-	-	-	370	(370)
Adjustments for other funding sources	(5,649)	(6,308)	(659)	(6,308)	(1,334)	(4,974)
Capital Contribution (appropriation)	24,633	29,915	5,282	29,915	25,988	3,927
DETAILS OF REVENUE ESTIMATES						
Revenues disclosed as Administered Revenues	390	652	262	652	629	23
Revenues disclosed as Operating Revenues - Vehicle Sales	93	-	(93)	-	140	(140)
Total Revenue Estimates	483	652	169	652	769	(117)

This Summary provides the basis for the Explanatory Statement Information requirements of *Treasurer's Instruction 945* and is located at Note 41.

The accompanying notes form part of these financial statements.

OUTPUT SCHEDULE OF EXPENSES AND REVENUES

FOR THE YEAR ENDED 30 JUNE 2003

	Community Support, Crime Prevention and Public Order		Emergency Management and Co-ordination		Traffic Management and Road Safety	
	2003	2002	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
COST OF SERVICES						
Expenses from ordinary activities						
Employee expenses	152,674	142,274	5,896	4,588	68,319	63,983
Services and contracts	30,195	29,479	1,435	1,207	15,155	14,651
Capital user charge	7,467	7,029	300	216	3,247	3,478
Depreciation and amortisation expense	5,487	3,721	345	230	2,948	1,999
Borrowing costs expense	40	4	2	-	20	-
Other expenses from ordinary activities	6,908	6,792	329	280	3,467	3,430
Total Cost of services	202,771	189,299	8,307	6,521	93,156	87,541
Revenues from ordinary activities						
<i>Revenue from operating activities</i>						
User charges and fees	3,818	5,181	252	219	1,787	1,605
Commonwealth grants	313	242	10	11	262	107
Contributions, sponsorships and donations	2,392	2,012	72	55	521	665
<i>Revenue from non-operating activities</i>						
Proceeds from disposal of non-current assets	-	56	-	-	1	40
Revenue from non-operating activities	174	318	6	11	242	383
Total Revenues from ordinary activities	(6,697)	(7,809)	(340)	(296)	(2,813)	(2,800)
NET COST OF SERVICES	196,074	181,490	7,967	6,225	90,343	84,741
Revenues from State Government						
Output appropriations	192,271	180,137	7,812	6,175	85,782	81,281
State grants	-	-	-	-	2,866	2,850
Receipts paid into the Consolidated Fund	-	(51)	-	(2)	-	(23)
Superannuation liabilities assumed by the Treasurer	2,835	891	113	27	1,544	437
Assets assumed/(transferred)	-	213	-	4	-	98
Initial recognition of assets not previously recognised	156	129	4	8	34	57
Resources received free of charge	107	273	9	(5)	33	47
Total Revenues from State Government	195,369	181,592	7,938	6,207	90,259	84,747
CHANGE IN NET ASSETS BEFORE RESTRUCTURING	(705)	102	(29)	(18)	(84)	6
Net revenues/(expenses) from restructuring	-	(446)	-	-	-	-
CHANGE IN NET ASSETS AFTER RESTRUCTURING	(705)	(344)	(29)	(18)	(84)	6

The accompanying notes form part of these financial statements.

OUTPUT SCHEDULE OF EXPENSES AND REVENUES

FOR THE YEAR ENDED 30 JUNE 2003

	Response to and Investigation of Offences		Services to the Judicial Process		TOTAL	
	2003	2002	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
COST OF SERVICES						
Expenses from ordinary activities						
Employee expenses	138,838	137,142	42,384	39,100	408,111	387,087
Services and contracts	30,908	29,298	8,695	8,156	86,388	82,791
Capital user charge	7,027	6,746	2,089	1,823	20,130	19,292
Depreciation and amortisation expense	4,577	3,196	1,395	853	14,752	9,999
Borrowing costs expense	40	3	11	-	113	7
Other expenses from ordinary activities	7,071	6,807	1,989	1,883	19,764	19,192
Total Cost of services	188,461	183,192	56,563	51,815	549,258	518,368
Revenues from ordinary activities						
<i>Revenue from ordinary activities</i>						
User charges and fees	3,238	2,386	790	823	9,885	10,214
Commonwealth grants	248	223	70	63	903	646
Contributions, sponsorships and donations	897	1,813	332	416	4,214	4,961
<i>Revenue from non-operating activities</i>						
Proceeds from disposal of non-current assets	-	34	-	10	1	140
Revenue from non-operating activities	131	239	47	70	600	1,021
Total Revenues from ordinary activities	(4,514)	(4,695)	(1,239)	(1,382)	(15,603)	(16,982)
NET COST OF SERVICES	183,947	178,497	55,324	50,433	533,655	501,386
Revenues from State Government						
Output appropriations	180,378	177,190	54,251	50,059	520,494	494,842
State grants	-	-	-	-	2,866	2,850
Receipts paid into the Consolidated Fund	-	(50)	-	(14)	-	(140)
Superannuation liabilities assumed by the Treasurer	2,536	855	777	230	7,805	2,440
Assets assumed/(transferred)	-	126	-	91	-	532
Initial recognition of assets not previously recognised	69	101	42	33	305	328
Resources received free of charge	283	512	63	138	495	965
Total Revenues from State Government	183,266	178,734	55,133	50,537	531,965	501,817
CHANGE IN NET ASSETS BEFORE RESTRUCTURING	(681)	237	(191)	104	(1,690)	431
Net revenues/(expenses) from restructuring	-	-	-	-	-	(446)
CHANGE IN NET ASSETS AFTER RESTRUCTURING	(681)	237	(191)	104	(1,690)	(15)

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

1. MISSION AND FUNDING

The mission of the Western Australia Police Service (Police Service) and the outcome of its policing activities is *in partnership with the community, create a safer and more secure Western Australia by providing quality police services.*

The Police Service is predominantly funded by Parliamentary appropriations. It provides the following services on a fee-for-service basis: vehicle escorts, photographic reproductions, police clearance certificates, security services, private prosecution reports, freedom of information reports, conviction records and crash information. The fees charged are determined on a cost-recovery basis.

In the process of reporting on the Police Service as a single entity, all intra-entity transactions and balances have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated, these policies are consistent with those adopted in the previous year.

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with *Australian Accounting Standards* (AAS) and *Urgent Issues Group* (UIG) *Consensus Views* as applied by the *Treasurer's Instructions*. Several of these are modified by the *Treasurer's Instructions* to vary the application, disclosure, format and wording. The *Financial Administration and Audit Act 1985* (FAAA) and the *Treasurer's Instructions* are legislative provisions governing the preparation of financial statements and take precedence over *Australian Accounting Standards*, *Statements of Accounting Concepts* and other authoritative pronouncements of the *Australian Accounting Standards Board* (AASB), and *UIG Consensus Views*. The modifications are intended to fulfil the requirements of general application to the public sector together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect is disclosed in individual notes to these financial statements.

Basis of Accounting

The financial statements have been prepared in accordance with *Australian Accounting Standards AAS 29*. The statements have been prepared on the accrual basis of accounting using the historical cost convention, with the following exceptions:

- Certain non-current assets, which subsequent to initial recognition, have been measured on the fair value basis in accordance with the option under AAS 38 (5.1) - refer Note (i);
- Inventories - refer Note (m);
- Long service leave and leave liabilities - measured at the present value of expected future payments - refer Note (p).

Administered Assets, Liabilities, Expenses and Revenues are not integral to the agency in carrying out its functions and are disclosed in notes to the financial statements, forming part of the general purpose financial report of the Police Service. The administered items are disclosed on the same basis as is described above for the financial statements of the agency. The Administered Assets, Liabilities, Expenses and Revenues are those which the Government requires the agency to administer on its behalf. The assets do not render any service potential or future economic benefits to the Police Service, the liabilities do not require the future sacrifice of service potential or future economic benefit of the Police Service, and the expenses and revenues are not attributable to the Police Service.

As the Administered Assets, Liabilities, Expenses and Revenues are not recognised in the principal financial statements of the Police Service, the disclosure requirements of *Australian Accounting Standards AAS 33*, "Presentation and Disclosure of Financial Instruments", are not applied to administered transactions.

(b) Output Appropriations

Output appropriations are recognised as revenues in the period in which the Police Service gains control of the appropriated funds. The Police Service gains control of appropriated funds at the time those funds are deposited into the bank account or credited to the holding account held at the Department of Treasury and Finance. Refer to Note 16 for further commentary on output appropriation.

(c) Contributed Equity

Under *UIG 38 "Contributions by Owners Made to Wholly-Owned Public Sector Entities"* transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position. All other transfers have been recognised in the Statement of Financial Performance. Prior to the current reporting period, capital appropriations were recognised as revenue in the Statement of Financial Performance. Capital appropriations which are repayable to the Treasurer are recognised as liabilities.

(d) Net Appropriation Determination

Pursuant to section 23A of the *Financial Administration and Audit Act 1985*, the net appropriation determination by the Treasurer provides for retention of the following moneys received by the Police Service:

- Proceeds from fees and charges;
- Recoups of services provided;
- Commonwealth specific purpose grants;
- Sponsorships and donations; and
- One-off revenues with a value less than \$10,000 from the sale of property other than real property.

In accordance with the determination, the Western Australia Police Service retained \$32,332 million in 2003 (\$28,740 million in 2002).

Retained revenues may only be applied to the outputs specified in the 2002-03 Budget Statements.

(e) Grants and Other Contributions

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Police Service obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were un-discharged as at the reporting date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes to the Financial Statements.

(f) Revenue Recognition

Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the Police Service has passed control of the goods or other assets or delivery of the service to the customer.

(g) Acquisition of Assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost, or for nominal consideration are initially recognised as assets and revenues at their fair value at the date of acquisition.

Land vested within the Police Service is capitalised irrespective of value. All other assets are capitalised when their cost or fair value is \$5,000 or more.

Significant costs associated with the acquisition or development of computer software are capitalised and amortised on a straight-line basis over the periods of the expected benefit, which varies from 4 to 8 years.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

(h) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is provided for on either a straight-line basis net of residual values or on a straight line as is the case for Software and Livestock. Depreciation rates are reviewed annually and the useful lives for each class of depreciable asset are:

Class of Assets	2002-03
Buildings	50 years
Transportables	20 years
Vehicles	
- Motor Vehicles and Cycles	5 years
- All Other Vehicles	7 years
Aircraft and Vessels	
- Aircraft	20 years
- Vessels	10 to 15 years
Computing and Office Equipment	
- Computing Software and Hardware	4 to 8 years
- Office Equipment	7 years
- Furniture and Fittings	10 years
- Communication Equipment	7 years
Livestock	
- Dogs and Horses	8 to 20 years
Other Plant and Equipment	
- Radio Equipment	7 years
- Audio-visual Equipment	7 years
- Firearms Equipment	10 years
- Photographic Equipment	8 years
- Traffic Equipment	8 years
- Scientific Equipment	10 years
- Other Plant and Equipment	10 years

Artworks controlled by the Police Service have very long and indeterminate useful lives. Their service potential has not, in any material sense, been consumed during the reporting period. As such, no amount for depreciation has been recognised in respect of them.

(i) Revaluation of Land, Buildings, Aircraft, Vessels and Livestock

The Police Service has a policy of valuing land, buildings, aircraft, vessels, livestock at fair value. As land and buildings can experience frequent and material movements in fair value, a revaluation is considered necessary each reporting period. Such frequent revaluations is considered unnecessary for aircraft, vessels and livestock as these asset classes have experienced only immaterial movements in fair value. For these asset types, a revaluation would be performed every two to three years.

The revaluation of freehold land and buildings, aircraft, vessels and livestock was performed in July 2002 in accordance with an independent valuation by the Valuer General's Office. Fair value of land and buildings has been determined on the basis of current market buying values or existing use value. Existing use value is used for assets which are not normally sold in the real estate market such as police stations and represents the sites' land value added to the depreciated replacement cost of any improvements.

Assets acquired between revaluations are reported at cost.

(j) Leases

The Police Service's rights and obligations under finance leases, which are leases that effectively transfer to the Police Service substantially all of the risks and benefits incident to ownership of the leased items, are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as plant, equipment and vehicles under lease, and are amortised to the Statement of Financial Performance over the period during which the Police Service is expected to benefit from use of the leased assets. Minimum lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

Finance lease liabilities are allocated between current and non-current components. The principal component of lease payments due on or before the end of the succeeding year is disclosed as a current liability, and the remainder of the lease liability is disclosed as a non-current liability.

The Police Service has entered into a number of operating lease arrangements for buildings and office equipment where the lessors effectively retain all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(k) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets. These include short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

Restricted cash assets are those cash assets, the uses of which are restricted, wholly or partly, by regulations or externally imposed requirements.

(l) Receivables

Receivables are generally recognised at the time of invoice. The collection period for receivables is 28 days and is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is derived by analysing historical trends of receivables and bad debts.

(m) Inventories

Inventories have been valued at the lower of cost and net realisable value. Reported holdings have been confirmed through an annual stocktake.

(n) Payables

Payables, including accruals not yet billed, are recognised when the Police Service becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within the requirements of the *Treasurer's Instructions*. The settlement period for payables is 30 days.

(o) Accrued Salaries

Accrued salaries suspense account consists of amounts paid annually into a suspense account over a period of ten financial years to meet the additional cash outflow in each eleventh year when 27 pay-days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year's end. The Police Service considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(p) Employee Leave Entitlements

All vesting employee entitlements, including annual leave and long service leave, have been recognised as liabilities in the financial statements.

Annual leave

The provision for annual leave represents the present amount that the Police Service has an obligation to pay resulting from employees' services provided up to 30 June. This entitlement is measured at nominal amounts expected to be paid when the liabilities are settled.

Annual leave loading

The provision for annual leave loading represents the present amount payable for annual leave accrued since 1 January 2003 for non-police officers. This entitlement is measured at nominal amounts expected to be paid when the liabilities are settled.

For Police Officers, the annual leave loading is reported as an accrued expenses as payment is made annually irrespective of whether leave is taken.

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provisions for employee benefits and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provisions for

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

employee benefits and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on-costs, experience of employee departures and periods of service. Expected future payments are discounted using market yield at the reporting date on national government bonds with terms to maturity and currently that match, as closely as possible, the estimated future cash outflows.

Employee On-costs

The settlement of long service leave liabilities gives rise to the payment of employment on-costs including Superannuation and WorkCover premiums. The liability for such on-costs is included here. The associated expense is included under Note 5, Employee expenses.

38-hour leave liability

The provision for 38-hour leave liability represents a commitment by Cabinet in 1986 to honour an agreement to accrue additional hours worked between 1 January to 30 September 1986. This was after the Government of the day granted a 38-hour week to Police Officers, back-dated to 1 January 1986.

The hours accrued are only payable on retirement, resignation or termination and is measured on the same basis as long service leave.

Special paid leave

The provision for special paid leave represents the negotiated leave entitlement to Sworn Officers who previously accrued long service leave on a ten-year basis prior to the accrual period changing to seven years. This liability is measured at nominal amounts expected to be paid when the liabilities are settled.

Sick leave

No provision is made for non-vesting sick leave as the sick leave taken each reporting period is less than the entitlement accruing, and this is expected to recur in future reporting periods.

Deferred leave

The provision for deferred leave relates to Public Service employees whom have entered into an agreement, to self-fund an additional twelve (12) months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. The liability is measured on the same basis as for long service leave.

Purchased leave

The provision for purchased leave relates to Public Service employees whom have entered into an agreement to self-fund up to an additional four (4) weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the nominal amounts expected to be paid when the liabilities are settled.

(q) Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The superannuation expense comprises the following elements:

- (i) change in the unfunded employer's liability in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme; and
- (ii) employer contributions paid to the Gold State Superannuation Scheme and the West State Superannuation Scheme.

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided by the Police Service in the current year.

A revenue "Liabilities assumed by the Treasurer" equivalent to (i) is recognised under Revenues from State Government in the Statement of Financial Performance as the unfunded liability assumed by the Treasurer. The GESB makes the benefit payments and is recouped by the Treasurer.

The Western Australia Police Service is funded for employer contributions in respect of the Gold State Superannuation Scheme and the West State Superannuation Scheme. These contributions were paid to the GESB during the year. The GESB subsequently paid the employer contributions in respect of the Gold State Superannuation Scheme to the Consolidated Fund.

(r) Resources Received Free of Charge or For Nominal Value

Resources received free of charge or for nominal value, which can be reliably measured are recognised as revenues and expenses as appropriate, at fair value.

(s) Moneys held in Trust

The Police Service receives money in a trustee capacity in the form of Found Money, Stolen Money and Proceeds From Crime. As the Police Service only performs a custodial role in respect of these moneys, and because the moneys cannot be used for achievement of the agency's objectives, they are not brought to account in the Financial Statements, but are reported within the notes to the Financial Statements.

(t) Comparative Figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

(u) Rounding

Amounts in the financial statements have been rounded to the nearest thousand dollars or in certain cases, to the nearest dollar.

3. DISCLOSURES REGARDING INFORMATION INCLUDED IN THE FINANCIAL STATEMENTS

The following matters should be noted when reviewing the Financial Statements:

(i) Resources provided free of charge

The Police Service provides a range of services free of charge to other government agencies. Information on resources provided free of charge has not been reported at balance date. Further progress will be made during 2003-04.

(ii) Firearms Library

The Police Service controls a firearms library for operational use. A valuation for this library has been completed, however the total individual items greater than the capitalisation threshold was immaterial.

(iii) CADCOM acquisition and debt set-off

During 2002-03 the Police Service ceased the arrangement to lease the CADCOM infrastructure and proceeded with the purchase of Stages 1A (new voice system) and 1B (new Computer Aided Dispatch System). Pursuant to the Amended Deed, the primary contractor was owed amounts relating to works in progress, however these amounts were offset by additional costs and charges incurred by the Police Service as a result of contractual delays.

4. OUTPUTS OF THE POLICE SERVICE

Information about the Police Service's outputs, and the expense and revenues which are reliably attributable to those outputs are set out in the Outputs Schedule. Information about expenses, revenues, assets and liabilities administered by the Police Service are given in the schedule of Administered Expenses and Revenues and the Schedule of Administered Assets and Liabilities.

The Police Service's outputs and their outcomes are:

- **Community Support, Crime Prevention and Public Order**
The community has confidence in the level of public order, safety and security.
- **Emergency Management and Co-ordination**
The community has confidence in the level of public order, safety and security.
- **Traffic Management and Road Safety**
Road-users behave safely.
- **Response to and Investigation of Offences**
A response to crime that brings offenders before the justice system.
- **Services to the Judicial Process**
A response to crime that brings offenders before the justice system.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$'000	2002 \$'000
5. EMPLOYEE EXPENSES		
Salaries and wages	296,525	286,389
Leave expenses	45,412	43,149
Superannuation	40,620	32,676
Employee housing	12,469	12,018
Relocation and relieving expenses	3,593	3,852
Fringe benefits tax	2,166	2,250
Uniforms and protective clothing	2,874	2,295
Medical expenses	2,249	1,991
Other	2,203	2,467
	408,111	387,087
6. SERVICES AND CONTRACTS		
Repairs and maintenance	13,034	16,361
Rental, leases and hire	16,973	15,722
Insurances and licences	7,338	4,562
Travel expenses	4,114	3,833
Electricity, water and rates	4,749	4,565
Communication expenses	6,753	6,586
Other services and contracts	33,427	31,162
	86,388	82,791
7. CAPITAL USER CHARGE		
A capital user charge rate of 8% has been set by the Government for 2002-03 and represents the opportunity cost of capital invested in the net assets of the Police Service used in the provision of outputs. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis.	20,130	19,292
8. DEPRECIATION AND AMORTISATION		
Depreciation		
Buildings	4,729	3,438
Vehicles	620	642
Computing and office equipment	7,188	3,978
Aircraft and vessels	486	303
Livestock	164	164
Other plant and equipment	1,449	1,310
	14,636	9,835
Amortisation		
Leased equipment	-	53
Leasehold improvements	116	111
	116	164
	14,752	9,999

	2003 \$'000	2002 \$'000
9. BORROWING COSTS		
Finance lease payments	-	7
Interest expense	113	-
	113	7
10. OTHER EXPENSES FROM ORDINARY ACTIVITIES		
Fuels and oils	5,070	5,001
Consumables	5,073	4,047
Equipment acquisitions	6,412	3,490
Doubtful debts	67	210
Carrying amount on non-current assets disposed of	87	134
Other assets written off not elsewhere reported *	756	2,179
Services received free of charge	495	965
Grants, subsidies and transfer payments	556	926
Other expenses from ordinary activities	1,248	2,240
	19,764	19,192
* Other assets written off not elsewhere reported includes, items sold, reductions due to capitalisation policy changes and those write-offs in accordance with FAAA s45 located within Note 39.		
11. USER CHARGES AND FEES		
Regulated fees		
Firearms	2,833	3,207
Security and related activities	456	410
Pawnbrokers and secondhand dealers	101	99
Vehicle escorts	1,086	922
Clearance certificates	1,492	788
Crash information	159	161
Other regulated fees	209	125
	6,336	5,712
Recoups of services provided		
Gold stealing	425	425
National Crime Authority	360	287
Family Law Court security	70	68
Search and rescue	136	153
Response to child abuse	38	45
Other	584	1,100
	1,613	2,078
Other Recoups	1,936	2,424
	9,885	10,214
12. COMMONWEALTH GRANTS		
Police Recruit Traineeship Program	562	476
National Campaign Against Drug Abuse	170	146
Standing Action Committee for Protection Against Violence	171	24
	903	646

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$'000	2002 \$'000
13. CONTRIBUTIONS, SPONSORSHIPS AND DONATIONS		
Contributions		
Employee rental contributions	3,262	3,217
Executive vehicle contributions	96	91
Community Policing Fund contributions	-	304
Other contributions	202	476
	3,560	4,088
Sponsorships and Donations		
Sponsorships	346	299
Cash donations	1	-
Non-cash donations	307	574
	654	873
	4,214	4,961
14. NET GAIN (LOSS) ON DISPOSAL OF NON-CURRENT ASSETS		
(a) NET GAIN ON DISPOSAL OF NON-CURRENT ASSETS		
Vehicles	35	28
	35	28
(b) NET LOSS ON DISPOSAL OF NON-CURRENT ASSETS		
Vehicles	(12)	(15)
Computing and Office Equipment	(3)	(3)
Other Plant and Equipment	(1)	(3)
	(16)	(21)
Net gain/(loss)	19	7
<p><i>During 2002-03, other than vehicle sale proceeds, all other sale proceeds were retained by the Police Service. Non-retained sale proceeds are disclosed within Note 42 Schedule of Administered Items.</i></p>		
15. OTHER REVENUES FROM ORDINARY ACTIVITIES		
Proceeds from Sale of Equipment items	13	21
Other revenues from ordinary activities	587	1,000
	600	1,021
16. OUTPUT APPROPRIATIONS		
Net amount appropriated to purchase outputs	519,019	493,367
Salaries and Allowances Act 1975	1,475	1,475
	520,494	494,842

	2003 \$'000	2002 \$'000
<p><i>Output Appropriations received from 1 July 2002 reflect the full cost paid for outputs delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.</i></p>		
17. GRANTS FROM STATE GOVERNMENT		
Road Trauma Trust Fund	2,863	2,846
Other	3	4
	2,866	2,850
18. RECEIPTS PAID INTO THE CONSOLIDATED FUND		
Proceeds from sale of vehicles	-	(140)
	-	(140)
<p>In 2001-02, vehicle sale proceeds were reported within the Statement of Financial Performance. As these amounts are non-retained, from 2002-03 the amounts are reported within Note 42 Schedule of Administered Items.</p>		
19. LIABILITIES ASSUMED BY THE TREASURER		
<p>The following liabilities have been assumed by the Treasurer during the financial year:</p> <ul style="list-style-type: none"> - Superannuation 		
	7,805	2,440
	7,805	2,440
<p>The assumption of the superannuation liability by the Treasurer is only a notional revenue to offset the notional superannuation expense reported in respect of current employees who are members of the pension scheme and current employees who have a transfer benefit entitlement under the Gold State Scheme. In 2001-02 only the pension scheme value was reported.</p>		
20. ASSETS ASSUMED/(TRANSFERRED)		
Assets assumed from Government	-	630
Assets transferred to the Department of Land Administration	-	(98)
	-	532
<p>Assets assumed/transferred relates to discretionary transfers of assets between State Government agencies. The amounts reported relate to land and buildings, those transferred to the Department of Land Administration upon sale, and assets assumed via the annual revaluation reconciliation.</p>		
21. INITIAL RECOGNITION OF ASSETS NOT PREVIOUSLY RECOGNISED		
<p>Initial recognition of assets not previously recognised in the financial statements:</p> <ul style="list-style-type: none"> - Land - Buildings - Vehicles - Computing and Office Equipment - Other Plant and Equipment - Artwork 		
	255	116
	14	-
	-	20
	-	10
	36	116
	-	66
	305	328

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$'000	2002 \$'000
22. RESOURCES RECEIVED FREE OF CHARGE		
Resources received free of charge is determined by the following estimates provided by agencies:		
- Title searches and valuation services provided by the Department of Land Administration	284	613
- Collection of firearm licences provided by the Department of Planning and Infrastructure	70	113
- Audit services provided by the Office of the Auditor General	98	88
- Leased management services provided by the Department of Housing and Works	39	35
- Labour relation services provided by the Department of Consumer and Employment Protection	1	33
- Recruitment services provided by the Department of the Premier and Cabinet, Public Sector Management Division	3	1
- Medical board assessments and Anthrax precautions provided by the Department of Health	-	82
	495	965
23. NET REVENUES/(EXPENSES) FROM RESTRUCTURING		
Transfer of Community Policing Fund and State Crime Strategy grants to the Department of the Premier and Cabinet.	-	(446)
	-	(446)
24. CASH ASSETS		
Operating Account		
Amounts appropriated and any revenues subject to net appropriation determinations are deposited into this account, all payments are made from this account.	3,139	4,102
Advances		
Advances include permanent and temporary advances allocated to areas within the Police Service.	321	252
	3,460	4,354
25. RESTRICTED CASH ASSETS		
Restricted cash assets are those cash assets, the uses of which are restricted, wholly or partly, by regulations or externally imposed requirement.		
- Current assets (a)	4,756	7,453
- Non-current assets (b)	11,717	10,085
	16,473	17,538
(a) CURRENT ASSETS		
Capital Contributions		
Represents the available cash balance of capital contributions received.	3,125	6,169
Police Recruit Traineeship Fund		
To hold grant moneys received from the Commonwealth for the funding of the Recruit Traineeship Program.	1,079	910

	2003 \$'000	2002 \$'000
25. RESTRICTED CASH ASSETS (continued)		
National Campaign Against Drug Abuse (NCADA) To hold grant moneys received from the Commonwealth and the Police Service for the funding of law enforcement programs relating to alcohol and drug use.	232	213
Road Trauma Trust Fund To hold grant moneys received from the Road Trauma Trust Fund to facilitate the implementation of approved road safety programs and initiatives.	234	-
Receipts in Suspense Receipts in suspense refer to moneys being retained pending the identification of their purpose. The funds may be cleared by refund to the payer, transfer to the correct account, payment to another government agency or transfer to Treasury.	72	89
Police Youth Drug Strategy Project (GURD) To hold unspent money received from Bunnings in relation to the Police Youth Drug Strategy Project.	2	55
Moneys held for Rewards To hold moneys received by the Police Service from the private sector for the purpose of issuing rewards.	12	12
Extradition Fund To hold moneys received by the Police Service from the private sector to extradite persons who the agency would not otherwise pursue.	-	5
	4,756	7,453
(b) NON-CURRENT ASSETS		
Accrued Salaries Suspense Account Pursuant to section 27 (2) of the <i>Financial Administration and Audit Act 1985</i> , amounts are annually transferred to this Trust to provide for the payment of a 27th pay period occurring every eleven years.	11,717	10,085
	11,717	10,085
26. RECEIVABLES		
Trade Debtors	999	1,275
Provision for Doubtful Debts	(67)	(214)
GST Receivable	1,199	2,276
Loan to Constable Care Child Safety Project	-	100
	2,131	3,437
27. AMOUNTS RECEIVABLE FOR OUTPUTS		
Current asset	3,723	3,650
Non-current asset	16,418	5,667
	20,141	9,317
<i>This asset represents the non-cash component of output appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.</i>		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$'000	2002 \$'000
28. OTHER CURRENT ASSETS		
Inventories *	1,941	1,507
Accrued Income	762	425
Prepayments	5,267	1,402
	7,970	3,334
<i>* Inventories comprise items held by Electronics, Traffic, Air Support, Ballistics and Tactical Response Group.</i>		
29. PROPERTY, VEHICLES, PLANT AND EQUIPMENT		
(a) PROPERTY, VEHICLES, PLANT AND EQUIPMENT COMPRISE THE FOLLOWING ASSET CLASSES:		
Land		
At fair value	92,510	88,373
	92,510	88,373
Buildings		
At fair value	201,392	169,365
Accumulated depreciation	(5,060)	(3,477)
	196,332	165,888
Works in Progress		
Buildings under construction - at cost	2,703	15,287
Investment Technology under construction - at cost	15,729	23,116
	18,432	38,403
Vehicles		
At cost	5,839	5,542
Accumulated depreciation	(3,432)	(3,142)
	2,407	2,400
Aircraft and Vessels		
At fair value	4,500	3,962
Accumulated depreciation	(486)	(599)
	4,014	3,363
Computing and Office Equipment		
At cost	65,420	33,120
Accumulated depreciation	(17,911)	(10,469)
	47,509	22,651
Livestock		
At fair value	999	1,495
Accumulated depreciation	(142)	(328)
	857	1,167

	2003 \$'000	2002 \$'000
29. PROPERTY, VEHICLES, PLANT AND EQUIPMENT (continued)		
Other Plant and Equipment		
At cost	20,424	18,705
Accumulated depreciation	(13,698)	(12,329)
	6,726	6,376
Artwork		
At cost	303	256
	303	256
Leasehold Improvements		
At cost	2,070	2,196
Accumulated amortisation	(1,685)	(1,728)
	385	468
Leased Assets		
At cost	-	531
Accumulated amortisation	-	(425)
	-	106
	369,475	329,451

(b) RECONCILIATIONS OF THE CARRYING AMOUNT OF PROPERTY, VEHICLES, PLANT AND EQUIPMENT AT THE BEGINNING AND END OF THE CURRENT FINANCIAL YEAR ARE SET OUT BELOW:

	Carrying amount at start of the year \$'000	Additions \$'000	Disposals \$'000	Write-offs \$'000	Transfers \$'000	Revaluation \$'000	Depreciation \$'000	Carrying amount at end of year \$'000
Land	88,373	324	-	(38)	624	3,227	-	92,510
Buildings	165,888	13	-	(277)	18,072	17,364	(4,728)	196,332
Works in Progress	38,403	30,749	-	-	(50,720)	-	-	18,432
Vehicles	2,400	778	(82)	(69)	-	-	(620)	2,407
Aircraft and Vessels	3,363	799	-	(12)	-	350	(486)	4,014
Computing and Office Equipment	22,651	640	(4)	(50)	31,461	-	(7,189)	47,509
Livestock	1,167	39	-	(275)	-	90	(164)	857
Other Plant and Equipment	6,376	1,246	(1)	(35)	589	-	(1,449)	6,726
Artwork	256	-	-	-	47	-	-	303
Leasehold Improvements	468	-	-	-	33	-	(116)	385
Leased Assets	106	-	-	-	(106)	-	-	-
	329,451	34,588	(87)	(756)	-	21,031	(14,752)	369,475

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$'000	2002 \$'000
30. PROVISIONS		
Employee entitlements have been recognised in the Financial Statements as follows:		
- Current liabilities (a)	46,750	46,744
- Non-current liabilities (b)	66,314	60,737
	113,064	107,481
(a) CURRENT LIABILITIES		
- Annual leave	36,817	37,208
- Long service leave	8,047	7,992
- Annual leave loading	157	-
- Time off In lieu/accrued time off	312	246
- Special paid leave	354	381
- 38-hour leave	159	113
- Purchased leave	61	-
- Other	843	804
	46,750	46,744
(b) NON-CURRENT LIABILITIES		
- Long service leave	57,695	52,174
- 38-hour leave	2,564	3,301
- Deferred leave	8	-
- Other	6,047	5,262
	66,314	60,737
31. PAYABLES		
Trade Payables	5,662	8,465
	5,662	8,465
32. OTHER CURRENT LIABILITIES		
Sundry Accruals		
- Accrued salaries *	9,206	7,556
- Accrued superannuation	892	734
- Police Officers' leave loading expense	2,195	2,389
- Fringe benefit tax liability	534	487
- Other accruals	454	1,092
	13,281	12,258
<i>* Accrued Salaries for seven working days from 20 June to 30 June 2003</i>		
Income in Advance	731	65
	14,012	12,323

	2003 \$'000	2002 \$'000
33. EQUITY		
Equity represents the residual interest in the net assets of the Police Service. The Government holds the equity interest in the Police Service on behalf of the community. The Asset Revaluation Reserve represents that portion of equity resulting from the revaluation of non-current assets.		
Contributed equity (a)	55,903	25,988
Asset revaluation reserve (b)	182,560	162,039
Accumulated surplus/(deficiency) (c)	48,449	51,135
	286,912	239,162
(a) CONTRIBUTED EQUITY		
Opening balance	25,988	-
Capital contributions	29,915	25,988
Balance at 30 June 2003	55,903	25,988
(b) ASSET REVALUATION RESERVE		
Balance as at 1 July 2002	162,039	167,878
Net revaluation increments/(decrements)		
- Land	3,227	(7,421)
- Buildings	17,364	1,682
- Aircraft and Vessels	350	-
- Livestock	90	-
	21,031	(5,739)
Transfer to accumulated surplus/(deficiency) on sale of previously revalued assets	(510)	(100)
Balance at 30 June 2003	182,560	162,039
(c) ACCUMULATED SURPLUS/(DEFICIENCY)		
Accumulated surplus/(deficiency) as at 1 July 2002	51,135	51,050
Change in net assets after restructuring	(1,690)	(15)
Net initial adjustment on adoption of new accounting standard	(1,506)	-
Transfer to accumulated surplus/(deficiency) on sale of previously revalued assets	510	100
Accumulated surplus/(deficiency) at 30 June 2003	48,449	51,135
(d) TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS		
Change in net assets after restructuring	(1,690)	(15)
Net initial adoption of new accounting standard (AASB 1028)	(1,506)	-
Net revaluation increments/(decrements) to asset revaluation reserve	21,031	(5,739)
Transfer to accumulated surplus/(deficiency) on sale of previously revalued assets	(510)	(100)
Balance at 30 June 2003	17,325	(5,854)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$'000	2002 \$'000
34. NOTES TO THE STATEMENT OF CASH FLOWS		
(a) RECONCILIATION OF CASH		
For the purposes of the Statement of Cash Flows, cash includes cash at bank, amounts in suspense and restricted cash. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
- Cash assets	3,460	4,354
- Restricted cash assets	16,473	17,538
Closing Cash Balance	19,933	21,892
(b) RECONCILIATION OF NET COST OF SERVICES TO NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES		
Net cost of services	(533,655)	(501,386)
Adjustment for non-cash items:		
Depreciation and amortisation expense	14,752	9,999
Resources received free of charge	494	965
Donated assets	150	58
Superannuation expense	7,805	2,440
Doubtful and bad debts expense	67	210
Adjustment to carrying value of assets	1,053	2,844
(Increase)/decrease in assets		
Receivables	229	(328)
Prepayments	(3,865)	(22)
Accrued income	(338)	(374)
Inventories	(434)	(294)
Increase/(decrease) in liabilities		
Accounts payable	(2,802)	4,324
Sundry accruals	1,023	234
Provisions	5,584	2,159
Unearned revenue	666	(239)
Lease liability	-	(205)
Net change in GST		
Net GST receipts/(payments)	-	-
Change in GST (receivables)/payables	1,076	(1,375)
	25,460	20,396
Net cash (used in)/provided by operating activities	(508,195)	(480,990)
(c) NON-CASH FINANCING AND INVESTING ACTIVITIES		
Information about transactions and other events which do not result in any cash flows during the reporting period but affect assets and liabilities have been recognised in the General Purpose Financial Statements where the transactions and other events:		
(a) involve external parties; and		
(b) relate to the financing, investing and other non-operating activities of the Police Service.		
During the financial year, the Police Service received donated assets from external parties to the value of \$150,000 compared to \$58,000 in 2001-02. During the year, there were no transactions of assets assumed/transferred. In 2001-02, there was a piece of land totalling \$630,000 which was assumed from another government agency, and \$98,000 transferred to the Department of Land Administration were not reflected in the Statement of Cash Flows.		

	2003 \$'000	2002 \$'000
35. COMMITMENTS FOR EXPENDITURE		
(a) CAPITAL EXPENDITURE COMMITMENTS		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements are payable as follows:		
Within one year	77,487	35,862
Later than one year but not later than two years	58,035	49,708
Later than two years but not later than five years	94,045	99,818
	229,567	185,388
The capital commitment includes amounts for:		
Buildings	53,702	62,413
Computer infrastructure upgrades	146,408	106,876
Other asset acquisitions	29,457	16,099
	229,567	185,388
(b) NON-CANCELLABLE OPERATING LEASE COMMITMENTS		
Operating lease commitments at the reporting date arising through non-cancellable agreements:		
Within one year	14,479	10,872
Later than one year but not later than two years	11,040	11,065
Later than two years but not later than five years	12,665	15,259
Later than five years	-	7,260
	38,184	44,456
These lease commitments represent		
Office accommodation leases	18,731	12,701
Computer hardware and software leases	12,011	20,757
Motor vehicle leases	7,442	10,998
	38,184	44,456
(c) OTHER EXPENDITURE COMMITMENTS		
Other expenditure commitments at the reporting date arising through the placement of purchase orders or non-cancellable agreements and are payable as follows:		
Within one year	18,182	12,498
Later than one year but not later than two years	9,522	4,184
Later than two years but not later than five years	14,500	10,948
Later than five years	505	475
	42,709	28,105
Representing:		
Staff training	979	394
Computing costs	34,954	23,538
Communication costs	495	225
Other	6,281	3,948
	42,709	28,105

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$'000	2002 \$'000
36. CONTINGENT LIABILITIES		
UNSETTLED LEGAL CLAIMS AND ACT OF GRACE PAYMENTS		
The value reported represents the maximum obligation potentially payable for the claims on hand at 30 June 2003.	880	2,155

MEDICAL EXPENSES

Under Police Regulations and the current Enterprise Bargaining and Workplace Agreement, the Police Service is obliged to reimburse sworn officers for their medical expenses. Work-related medical expenses are met in full by the Police Service. Non-work-related medical expenses are reimbursed to the amount not covered by Medicare and private health providers. The total liability in respect of work-related medical costs is not able to be reliably measured at 30 June 2003.

37. REMUNERATION AND RETIREMENT BENEFITS OF SENIOR OFFICERS

DEFINITION OF A SENIOR OFFICER

A Senior Officer means a person, by whatever name called, who is concerned or takes part in the management of the agency. The agency's Senior Officers comprise uniformed members of the Police Service Command group.

REMUNERATION BENEFITS

The number of Senior Officers whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands:

\$	2003	2002
60,001 - 70,000	2	-
70,001 - 80,000	1	-
100,001 - 110,000	2	3
110,001 - 120,000	1	-
120,001 - 130,000	1	2
140,001 - 150,000	1	3
150,001 - 160,000	2	2
160,001 - 170,000	2	-
170,001 - 180,000	1	-
200,001 - 210,000	-	2
210,001 - 220,000	1	-
230,001 - 240,000	1	-
250,001 - 260,000	-	1
300,001 - 310,000	1	-
The total remuneration of senior officers is:	2,375	1,983

38. FINANCIAL INSTRUMENTS

(a) INTEREST RATE RISK EXPOSURE

The following table details the Police Service's exposure to interest rate risk as at the reporting date:

	Weighted average effective interest rate	Variable interest rate	Fixed interest rate maturities			Non-interest bearing	Total
			Less than 1 year	1 to 5 years	Over 5 years		
2002-03	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets							
Cash assets	-	-	-	-	-	3,460	3,460
Restricted cash assets	-	-	-	-	-	16,473	16,473
Receivables	-	-	-	-	-	2,131	2,131
Accrued income	-	-	-	-	-	762	762
Investments	-	-	-	-	-	-	-
	-	-	-	-	-	22,826	22,826
Financial Liabilities							
Payables	-	-	-	-	-	5,662	5,662
Other accrued expenses	-	-	-	-	-	13,281	13,281
Employee entitlements	-	-	-	-	-	113,064	113,064
	-	-	-	-	-	132,007	132,007
Net Financial Assets (Liabilities)	-	-	-	-	-	(109,181)	(109,181)
2001-02							
Financial Assets	-	-	-	-	-	25,754	25,754
Financial Liabilities	-	-	-	-	-	128,204	128,204
Net Financial Assets (Liabilities)	-	-	-	-	-	(102,450)	(102,450)

	2003 \$'000	2002 \$'000
(b) CREDIT RISK EXPOSURE		
All financial assets are unsecured.		
Amounts owing by other government agencies are guaranteed and therefore no credit risk exists in respect of those amounts. In respect of other financial assets, the carrying amount represents the Police Service's maximum exposure to credit risk in relation to those assets.		
The following is an analysis of the amounts owing by other government agencies		
- Western Australian Government Agencies	124	167
Total	124	167

(c) NET FAIR VALUES

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in Note 2(g) of the financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$'000	2002 \$'000
39. SUPPLEMENTARY FINANCIAL INFORMATION		
(a) WRITE-OFFS		
Public and other property, revenue and debts due to the State were written-off in accordance with section 45 of the <i>Financial Administration and Audit Act 1985</i> under the authority of:		
The Accountable Officer	87	254
The Minister	98	24
Executive Council	100	129
	285	407
Analysis of the write-off is as follows:		
Bad debts	214	149
Property damage	57	249
Stolen property	14	9
	285	407
(b) LOSSES OF PUBLIC MONEYS AND PUBLIC OR OTHER PROPERTY THROUGH THEFT OR DEFAULT		
Losses of public property through theft, default or otherwise	285	205
Losses of public money	-	-
Less: Amount recovered	-	-
	285	205
40. AFFILIATED BODIES		
An affiliated body of the Police Service is a body which receives more than half its funding and resources from the Police Service but is not subject to operational control by the Police Service.		
SAFER WA COMMITTEE'S EXECUTIVE		
Safer WA in conjunction with the Police Service, other State Government agencies, local government and the community to achieve a safer and more secure Western Australia. The Police Service provides staffing resources and an annual grant to assist the committee in meeting its objectives.		
Salaries	49	48
Other Recurrent	305	305
	354	353
41. EXPLANATORY STATEMENTS		
The Summary of Consolidated Fund Appropriations and Revenue Estimates discloses appropriations and other statutes expenditure estimated, the actual expenditures made and revenue estimates and payments into the Consolidated Fund, all on an accrual basis. The following explanatory statements are provided in accordance with <i>Treasurer's Instructions 945</i> . Significant variations are considered to be those greater than 10%.		

41. EXPLANATORY STATEMENTS (continued)

(a) SIGNIFICANT VARIANCES BETWEEN ESTIMATES AND ACTUAL

(i) TOTAL APPROPRIATIONS TO PURCHASE OUTPUTS	2003 Estimate \$'000	2003 Actual \$'000	2003 Variation \$'000
Appropriation to Fund Outputs	528,246	519,019	(9,227)

The \$9.227 million authorisation to expend less of the appropriation related mainly to the transfer of funds to Capital Injection over the next two years for the purchase of CADCOM (\$7.633 million) and purchase of counter-terrorism equipment (\$3.700 million). This was offset by a transfer from Capital Injection to Purchase of Outputs for increases in amounts being expensed from the capital works program (\$2.000 million) and the implementation of the Gordon inquiry (\$106,000).

(ii) CAPITAL CONTRIBUTION	2003 Estimate \$'000	2003 Actual \$'000	2003 Variation \$'000
The \$5.282 million authorisation to expend in advance of the appropriation related to the funding required to purchase CADCOM Phase 1A and Phase 1B from the financier (\$2.814 million), to commence work on the Metropolitan Police Radio Network (\$768,000), the purchase of counter-terrorism equipment (\$3.700 million), offset by the reductions in the amount being capitalised from the capital works program (\$2.000 million).	24,633	29,915	5,282

(iii) CONSOLIDATED FUND REVENUE	2003 Estimate \$'000	2003 Actual \$'000	2003 Variation \$'000
The estimate was exceeded by \$169,000 due to the increase in sale of lost, stolen and forfeited property (\$190,000), increase in vehicle sale proceeds (\$12,000), offset by a reduction in fines revenue (\$33,000).	483	652	169

(b) SIGNIFICANT VARIANCES BETWEEN ACTUAL AND PRIOR YEAR ACTUALS

(i) TOTAL APPROPRIATIONS TO PURCHASE OUTPUTS	2003 Actual \$'000	2002 Actual \$'000	Variation \$'000
Appropriation to Fund Outputs	519,019	493,367	25,652

The \$25.652 million increase was due to funding increases relating mainly to \$11.979 million for salary and CPI increases, \$9.994 million for information technology projects, \$5.157 million in non-cash depreciation, \$5.010 million for DNA, \$1.544 million for superannuation, \$1.958 million capital user charge, \$1.772 million in academy premises costs. This was offset by reductions in CADCOM funding (\$7.633 million) and once-off Boost Police Operation funding (\$4.000 million).

Output Expenditure

The variations are due to funding increases and increased demand for the respective outputs.

- Community Support, Crime Prevention and Public Order	202,771	189,299	13,472
- Emergency Management and Co-ordination	8,307	6,521	1,786
- Services to the Judicial Process	56,563	51,815	4,748

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

41. EXPLANATORY STATEMENTS (continued)

(ii) CAPITAL CONTRIBUTION	2003 Actual \$'000	2002 Actual \$'000	Variation \$'000
Capital	29,915	25,988	3,927
<p>The higher expenditure was attributable to the Government's decision to purchase CADCOM rather than lease (\$3.582 million), provision of counter-terrorism equipment (\$3.700 million) and increase in the CAPSPEED system development. This was mainly offset by the completion of the Police Academy (\$8.245 million) and the upgrade of Resource Management Information System (\$1.200 million).</p>			

(iii) CONSOLIDATED FUND REVENUE ESTIMATES	2003 Actual \$'000	2002 Actual \$'000	Variation \$'000
Revenue	652	769	(117)
<p>The increase was mainly attributable to the decrease in the sale of lost, stolen and forfeited property totalling \$112,000 and vehicle sale proceeds totalling \$35,000 offset by an increase in infringement fines totalling \$32,000.</p>			

	2003 \$'000	2002 \$'000
42. SCHEDULE OF ADMINISTERED ITEMS		
(a) ADMINISTERED EXPENSES AND REVENUES		
EXPENSES		
Transfer	870	530
Commission expenses	62	99
Other	60	2
Total administered expenses	992	631
REVENUES		
Commonwealth Government grants	340	2
Licences, fines and other	547	629
Proceeds from disposal of non-current assets	105	-
Total administered revenues	992	631
(b) ADMINISTERED ASSETS AND LIABILITIES		
ASSETS		
Current		
Restricted cash	61	343
Accrued Income	60	-
Total administered assets	121	343
LIABILITIES		
Current		
Grants in advance	61	341
Payables	60	2
Total administered liabilities	121	343

	2003 \$'000	2002 \$'000
43. OTHER FINANCIAL INFORMATION		
Other financial information includes receipts of moneys, for which the Police Service only performs a custodial role. As the moneys collected cannot be used for the achievement of the agency's objectives, they are not brought to account in the Statement of Financial Position. These include:		
<ul style="list-style-type: none"> - Proceeds of Crime receipts pending advice from the courts - Stolen Monies Trust Account - Found Money Trust Account 		
(a) PROCEEDS OF CRIME		
OPENING BALANCE AT 1 JULY 2002	4,067	2,490
Receipts		
Proceeds of Crime	1,471	2,785
	5,538	5,275
Payments		
Refunds	278	424
Transfer to the Department of Justice	857	784
Transfer to the Miscellaneous Revenue	-	-
	1,135	1,208
CLOSING BALANCE AT 30 JUNE 2003	4,403	4,067
Purpose		
To hold moneys received pending identification of their purpose pursuant to section 9(2)(c)(iv) of the <i>Financial Administration and Audit Act 1985</i> . Moneys seized by police officers and believed to be proceeds of crime are held pending advice from the courts. The moneys are either refunded or transferred to the Department of Justice.		
(b) STOLEN MONIES TRUST ACCOUNT		
OPENING BALANCE AT 1 JULY 2002	201	380
Receipts		
Stolen Money	46	116
	247	496
Payments		
Refunds	46	35
Transfer to the Treasurer	-	260
	46	295
CLOSING BALANCE AT 30 JUNE 2003	201	201
Purpose		
To hold moneys seized by the Western Australia Police Service believed to be stolen moneys pending prosecution. Moneys seized by police officers and believed to be stolen are held pending identification of the rightful owner. In the event that the funds remain unclaimed, they are dealt with in accordance with the application of the <i>Unclaimed Money Act 1990</i> .		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$'000	2002 \$'000
43. OTHER FINANCIAL INFORMATION (continued)		
(c) FOUND MONEY TRUST ACCOUNT		
OPENING BALANCE AT 1 JULY 2002	135	106
Receipts		
Found Money	98	155
	233	261
Payments		
Refunds	76	121
Transfer to the Treasurer	-	5
	76	126
CLOSING BALANCE AT 30 JUNE 2003	157	135

Purpose

To hold moneys which have been found and surrendered to the Police Service, for which the lawful owner has not been ascertained within seven days of receipt of the money.

Trust funds are held pending the occurrence of one of the following events:

- (i) in the case of a person having established legal ownership of the money, be paid to that person;
- (ii) in the case of a finder of money having lodged a formal claim and indemnity, not before the expiration of one month from the date the money was surrendered, be paid to that person; or
- (iii) in the event of the funds remaining unclaimed, be dealt with in accordance with the application of the *Unclaimed Money Act 1990*.

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PRINCIPAL OFFICES

Local Police Stations

Police Assistance (08) 9222 1111
General Enquiries 131 444

Crime Stoppers

Free call 1800 333 000

Police Headquarters

2 Adelaide Terrace
East Perth 6004
Telephone (08) 9222 1111

Metropolitan Regional Office

Police Headquarters
2 Adelaide Terrace
East Perth 6004
Telephone (08) 9222 1464
Facsimile (08) 9222 1520

Southern Regional Office

Police Headquarters
2 Adelaide Terrace
East Perth 6004
Telephone (08) 9222 1651
Facsimile (08) 9222 1635

North-Eastern Regional Office

Police Headquarters
2 Adelaide Terrace
East Perth 6004
Telephone (08) 9222 1649
Facsimile (08) 9222 1652

Crime Investigation Support

Curtin House
60 Beaufort Street
Perth 6000
Telephone (08) 9223 3022
Facsimile (08) 9223 3664

Traffic and Operations Support

Police Headquarters
2 Adelaide Terrace
East Perth 6004
Telephone (08) 9222 1442
Facsimile (08) 9222 1736

Professional Standards

565 Hay Street
Perth 6000
Telephone (08) 9268 7525
Facsimile (08) 9268 7671

Strategic and Corporate Development

Police Headquarters
2 Adelaide Terrace
East Perth 6004
Telephone (08) 9222 1078
Facsimile (08) 9222 1387

Media and Public Affairs

Police Headquarters
2 Adelaide Terrace
East Perth 6004
Telephone (08) 9222 1529
Facsimile (08) 9222 1060

Human Resources

Law Chambers Building
573 Hay Street
Perth 6000
Telephone (08) 9268 7770
Facsimile (08) 9268 7888

Police Academy

81 Lakeside Drive
Joondalup 6027
Telephone (08) 9301 9500
Facsimile (08) 9301 9555

Asset Management

Police Headquarters
2 Adelaide Terrace
East Perth 6004
Telephone (08) 9222 1754
Facsimile (08) 9222 1807

Finance Division

Police Headquarters
2 Adelaide Terrace
East Perth 6004
Telephone (08) 9222 1578
Facsimile (08) 9222 1681

Website

Western Australia Police Service www.police.wa.gov.au

Associated Websites

Crime Stoppers www.wa.crimestoppers.com.au
Safer WA www.saferwa.wa.gov.au
Blue Light Association www.bluelight.com.au

STATEMENT OF COMPLIANCE

The Annual Report for 2002-2003 has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985* and the *Police Act 1892*.

At the time of signing, I am not aware of any circumstances that would render the particulars implied in this statement misleading or inaccurate.



B E MATTHEWS
COMMISSIONER OF POLICE
29 August 2003

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2003 ANNUAL REPORT