

SETTLEMENT AGENTS SUPERVISORY BOARD



Annual Report 2008–2009



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Statement of compliance

HON TROY BUSWELL BEc MLA
TREASURER; MINISTER FOR COMMERCE

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Settlement Agents Supervisory Board for the year ending 30 June 2009.

The Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



Mirina Muir
Chair



Valerie Haskins
Member

Dated: 18 September 2009

SECTION ONE: Overview

Our goal is that the people of Western Australia have confidence in the settlement industry

Executive summary – Report from the Chair



I am pleased to present for tabling the Settlement Agents Supervisory Board's Annual Report for the financial year ending 30 June 2009.

In 2008–09 the Board's priorities continued to focus on improving the overall performance and the professionalism of the settlement industry while working with the industry to maintain the high levels of industry compliance with the legislative obligations and standards of conduct witnessed in 2007–08.

The last financial year has been a challenging period for those of us involved in the industry in Western Australia. The global economic downturn's impact on the State's property market has been widely reported and there is now no question that the landscape of the Western Australian settlement industry has changed rapidly.

The decline over the past twelve months of the State's property market has brought with it associated challenges and pressures that many industry members have not encountered for a number of years. Taking this challenging environment into account the Board is generally pleased with the level of industry performance and compliance, with there being no real increase in consumer complaints, and no situations arising that involved the need to appoint supervisors to businesses. From the Board's perspective, the industry has met the demands of this difficult market through hard work and diligence and applauds its overall integrity.

To remain an effective regulatory body the Board realises that it must have legislation that keeps pace with changes in industry practices, technological advances and consumer requirements. To that end the Board continued its review of the *Settlement Agents Act 1981*, and its subsidiary legislation, with a working group put together in March 2009 to ensure any recommended reforms to legislation are relevant and effective.

The Board believes any updated legislation should reflect and cater for any significant new developments in the industry, such as the Council of Australian Government's (COAG) new national trade licensing scheme and the anticipated moves towards electronic conveyancing and a national system.

The Board will continue to consult with industry, including peak settlement industry bodies, affected stakeholder groups and consumers to obtain information and feedback on potential legislative reform and this will be considered in the Board's future recommendations on changes to the existing legislation.

As the State's regulatory body responsible for the licensing of industry members the Board has followed closely the COAG's initiative to develop a national trade licensing system. COAG's stated objective in establishing the National Licensing System (NLS) is to remove overlapping and inconsistent licensing regulation between state jurisdictions, thus paving the way for an improvement in Australia's workforce mobility and a subsequent

Executive summary – Report from the Chair

improvement in Australian business efficiencies and competitiveness.

Under the NLS a person or business will be able to apply for a national conveyancing licence that would be applicable Australia wide.

The Board is actively involved in the continuing consultative process with the COAG National Licensing Steering Committee and, to date, has submitted three information papers in response to COAG's NLS proposals in addition to attending four planning meetings. The Board supports the principle of the NLS provided a strong link between licensing and compliance enforcement is maintained.

The Board, with its considerable accumulated industry and regulatory experience, believes its continued input into all areas of the proposed new system is vital and stands prepared to continue to contribute positively in the establishment of a workable national licensing system.

The Board also continued its participation in the National Electronic Conveyancing System (NECS) State project team, working jointly with Landgate, industry and other key stakeholders to progress the joint state and federal government and industry initiative to create an efficient and convenient electronic system by which property based transactions will be able to be completed and land title dealings for registration will be able to be lodged. The stated outcome of the initiative is to provide a system that leads to a more efficient industry able to offer better, faster and cheaper services to buyers and sellers of real estate everywhere in Australia.

The Board's Compulsory Professional Development (CPD) initiative has enjoyed success in its second year of operation with feedback from industry participants of the program continuing to be largely positive. The reporting period saw the revision of *A guide to the Compulsory Professional Development program for settlement agents carrying on business in Western Australia* which was then published and distributed to all licensed individual

settlement agents. The revised guide seeks to provide an easy to read and comprehensive resource for CPD participants and is also available on the Board's website. The Board continues to fully subsidise the cost of attendance to core CPD activities and is mindful of ensuring all agents are given adequate opportunities to attend CPD courses.

The Board continues to be encouraged by the positive response received from the participants of the CPD program and is confident that the main aims of the initiative – to improve the professionalism of industry members whilst increasing consumer confidence in the overall industry – are being, and will continue to be, met.

In line with the Board's commitment to improving its online services and making the information it provides more accessible to industry and consumers, a number of improvements were made to its website during the last reporting period. These improvements included the addition of new content dedicated to auditors and the CPD program as well as the deployment of icons and images to improve ease of navigation

In 2008–09 the Board's priorities continued to focus on improving the overall performance and the professionalism of the settlement industry...

Executive summary – Report from the Chair

throughout the website. The Board also commenced the publication of relevant Board policy statements relating to its statutory functions and activities on its website.

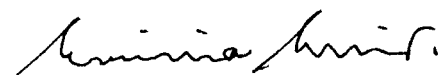
The information found on the Board's website is subject to a review process that is continual and cyclical, with a full review cycle concluded every financial year. The aim of the review process is to continually improve the accuracy, clarity and conciseness of the website and ensure its content remains easy to access and understand.

The Board's use of electronic communication was further developed with the issuing of its first editions of the *SASB e-Bulletin*. The e-Bulletin project has been initiated to take advantage of the instant distribution and accessibility that email communication allows and provide an educative resource to industry members that can be quickly and easily digested. To date six issues have been distributed to industry members via their email address and the feedback received in relation to the new initiative has been largely positive.

The new e-Bulletin will continue to be used in conjunction with the existing *Settlement Agents News* to build industry awareness of the compliance requirements and legislative obligations for settlement agents through the publication of articles dealing with industry practice issues and case studies, legislative amendments, disciplinary hearings and CPD updates.

To conclude I would like to gratefully acknowledge the significant contributions that my fellow members of the Settlement Agents Supervisory Board, Board staff and the staff of the Real Estate Branch of the Department of Commerce make in the carrying out of the Board's statutory functions. The achievements of the Board are only made possible through their consistent and reliable efforts.

I look forward to another year of focussed and busy activity by the Board in 2009–10.



Mirina Muir
Chair



Highlights for 2008–2009

Board and other proceedings

During the reporting period 1 July 2008 – 30 June 2009 the Board:

- convened for 14 board meetings;
- convened for nine licensing hearings;
- convened for no formal hearings of Fidelity Guarantee Account claims;
- received no new claims against the Fidelity Guarantee Account;
- conducted no interviews for licensing applications;
- directed the Registrar to prosecute one settlement agent;
- commenced no prosecutions against persons receiving rewards for referrals;
- commenced one disciplinary proceeding against agents in the State Administrative Tribunal (the SAT); and
- commenced no proceedings seeking authority to appoint a supervisor in the SAT.

Achievements

In 2008–09 the Board was able to achieve the following outcomes:

- 59 applications for new licences processed;
- 214 applications for triennial certificate renewal processed;
- 36 new investigations assessed and acknowledged;
- 26 trust fund investigations completed;
- 62 investigations into qualified audits completed;
- no new claims against the Fidelity Guarantee Account lodged and acknowledged;
- 61 educational and 15 breach non-compliance letters issued to industry by the Registrar;
- 133 proactive compliance visits made to settlement agencies across WA;
- four industry seminars conducted for agents on various topics covering different requirements of the *Settlement Agents Act 1981* (the Act) and the Settlement Agents' Code of Conduct 1982 (the Code of Conduct);
- six core CPD seminars conducted on behalf of the Board by West Coast Property Training (WCPT) and AAMC Training Group in the period 1 July 2008 – 31 December 2008; and
- 14 core and elective CPD seminars conducted on behalf of the Board by WCPT in the period 1 January 2009 – 30 June 2009.

Highlights for 2008–2009

Issues in 2008–09

Significant compliance issues

Licensee duties in arranging settlements

The majority of complaints referred to the Board during the 2008–09 period related to settlements where the agent had failed to make the appropriate enquiries and searches on behalf of their client, which had resulted in either a dispute over the conditions of the contract between the buyer and seller, or where one of the parties sought to withdraw from the contract. Rule 10 of the Code of Conduct requires the agent to conduct the appropriate searches and enquiries on behalf of their client as part of their settlement duties.

Unlicensed settlement activity

A number of instances of unlicensed activity were brought to the Board's attention over the year, mainly committed by people acting on behalf of family members or friends conducting settlement transactions unaware that it is an offence under section 26 of the Act to conduct

settlement transactions while unlicensed, unless they own or are purchasing the property in question. Further instances of unlicensed activity were brought to the Board's attention and involved parties who had previously been employed in the settlement industry, conducting settlement transactions while not holding either a current licence or triennial certificate under the Act.

The Board has previously sought assistance from the industry by requesting reporting of the suspected instances of unlicensed activity, and a number of agents have used the dedicated Settlement Agents Advice Line to provide information on suspected transactions to the Registrar.

Acting for both parties when a conflict arises

The Board continues to be concerned about the number of agents who act for both parties to a transaction, where one of the parties may wish to withdraw from the contract, or a dispute arises over the conditions of the contract. Although the Act allows agents to

represent both the buyer and seller in a settlement transaction, the Board advises agents to carefully consider whether it is appropriate to act for both parties due to the potential for issues to arise out of that arrangement.

Reward for referrals

On 19 May 2009 the Supreme Court (Court of Appeal) of Western Australia dismissed an appeal commenced by the Board in relation to a decision of the State Administrative Tribunal concerning rewards for referrals.

The decision of the Supreme Court can be located on the Supreme Court website Settlement Agents Supervisory Board v LJ Hooker Settlements Pty Ltd [2009] WASCA 89 (the Hooker Case) (<http://decisions.justice.wa.gov.au/supreme/supdcsn.nsf>) with the decision of the State Administrative Tribunal Settlement Agents Supervisory Board v LJ Hooker Settlements Pty Ltd [2008] WASAT 27 (the Strand Case) being located on its website (<http://decisions.justice.wa.gov.au/SAT/SATdcsn.nsf>).

The Board were not successful in either matter in which it had hoped would bring

clarity to the relevant provisions of the Settlement Agents Act 1981 (the Act).

The issue for the Board in commencing the appeal in the Supreme Court was whether the provision of units in a unit trust and distributions of entitlements to profit in proportion to unit holdings could infringe the Act where the unit holders were real estate agents and the respondent was a settlement agency. This issue involved the interpretation of subsections 44(7) and (8) of the Act and also section 3.

In the decision of the Hooker case, the Chief Justice found that sections 44(7) and 44(8) of the Act should be construed consistently as extending only to rewards paid or given "for" or "in consideration for" the referral of presumably relevant business to the licensee. His Honour found this conclusion reinforced by their terms of section 3 of the Act due to the definition of "reward" expressed in terms of "commission or remuneration". These words, the Chief Justice said connotes a connection between a particular transaction or service and the payment or receipt of the reward. This view

Highlights for 2008–2009

was said to be further reinforced by the reference to payments made or received as part of “a composite price or fee paid or received in respect of any transaction or service”.

Having reached this conclusion the Chief Justice went on to deal with the use of the words “directly or indirectly” in sub sections 44 (7) and (8) of the Act. He confined the use of these words to payments made through intermediaries and found support in section 3(2) of the Act.

With such an interpretation a conclusion can be reached that neither the allotment of units nor the payment of profits constituted a benefit received by the unit holder which depend upon or constitute a benefit in consideration for the referral of any particular services to the settlement agent.

The Board view the effect of the judgment of the Hooker Case to permit arrangements such as existed in that case and may also permit any arrangement where the money or benefit which flows between a settlement agent and person referring settlement agency work is not capable

of being related causally to the settlement business referred. However, this does not mean that some reward for referral arrangements may not be in breach of the Act. It may be that a simple transaction where a settlement agent pays a real estate agent a fee for each settlement referred would still be caught.

But what of the situation where the payment is determined as to amount by the number of referrals? As each scheme should be determined on its own merits the Board is of the view that any settlement agent wishing to contemplate such arrangements should seek legal advice to ensure that the arrangement made is not found to be contrary to the Act.

Consequently, the Board warns settlement agents that the Hooker Case should not be seen as a green light to any arrangement which, indirectly even, demonstrates a link between the referral or referrals and a payment. In this regard, the Chief Justices’ reasoning as to the effect of sub section 3 of the Act and the words directly or indirectly would assist the Board in the sense that his honour

refers to “composite price or fee” and payment through intermediaries.

The grey area may come in cases like the Strand Case where Judge Eckert saw a distinction between Strand’s position and what was in effect the position in the Hooker Case. It is possible that arrangements such as that in the Strand Case would still be found to be contrary to the Act even in the light of the Hooker Case. The Strand Case involved a unit trust and even though it allotted units and payments under them on a predictive basis as to the anticipated number of future referrals there may still be an infringement of the Act. This would be because the allotment of the units and the payments under them were based upon referrals given in the previous year. They could therefore be regarded as rewards for past referrals.

The decisions of the Court and Tribunal make it difficult for the Board to set out a comprehensive list of what arrangements will and will not breach the Act. The Board therefore advises industry members that those interested in such arrangements should take their own legal advice and also issue a

caution that the giving or receiving or rewards linked to referrals of settlement agency business to an agency has not become legal. Consequently where the Board becomes aware of such arrangements it will consider findings of an investigation on a case by case basis as to what it considers may or may not be the subject of disciplinary action.

Advice Line

The dedicated Settlement Agents Advice Line has been popular with both settlement agents and members of the public seeking accurate and consistent advice on settlement matters, and regular favourable comment has been received on the service provided. The advice line has also proven to be an invaluable source of information for the Board on emerging trends and issues, and has aided in the identification of unacceptable conduct of industry participants, and unlicensed activity, which is then referred to the Board Registrar. The Board will, as part of its community education service, continue to promote the advice line through its website and other publications.

Highlights for 2008–2009

Other issues

Compulsory Professional Development (CPD)

The Board's Compulsory Professional Development (CPD) initiative continued in the second half of 2008 after enjoying a successful first six months. The feedback received from participants confirmed that the benefits and aims of the program are being recognised by the settlement industry.

CPD compliance reports, run on a routine basis, indicated that the majority of individual licensed settlement agents were complying with the requirements of the program. A mailout to all non-compliant settlement agents in September 2008 proved an effective method of encouraging participants to meet their CPD obligations.

The development and delivery of the core and elective activities in 2009 was put out to tender and subsequently awarded to West Coast Property Training (WCPT). WCPT was also contracted to develop the distance learning package, to assist remote participants in meeting the requirements of CPD. The Board continues to fully

subsidise the cost of attendance at activities run by WCPT and is mindful of ensuring all agents are given adequate opportunities to attend courses.

The 2009 year began with a revised edition of *A guide to the Compulsory Professional Development program for Settlement Agents carrying on business in Western Australia* (the guide), being published in an easy-to-read A5 format. The guide was posted to all individual settlement agents, together with a letter detailing the 2009 program and a calendar with course dates.

The addition of a CPD tab to the front page of the Board's website has simplified access to important information, including a frequently asked questions page and links to other relevant websites. Other pages containing a CPD program overview, details of core and elective activities and a seminar evaluation form are also routinely updated.

The Board continues to be encouraged by positive feedback received from the settlement industry on the CPD program and ensures a high level of professionalism and consumer

confidence is being met. It is also expected that, as the program moves forward, compliance with and understanding of settlement legislation will continue to grow.

Review of the national licensing legislation

In the reporting period, work gathered pace on the development of the Council of Australian Government's (COAG) proposed National Licensing System (NLS). On 30 April 2009 an Intergovernmental Agreement was signed by the premiers and chief ministers of all jurisdictions, including the Hon Colin Barnett MLC MLA, Premier of Western Australia, confirming COAG's commitment to the NLS.

In 2008–09, the Board, as the State's regulatory body responsible for the licensing of the settlement industry's members, has been heavily involved in COAG's consultative process, attending four COAG National Licensing Steering Committee meetings and submitting three information papers in response to the NLS proposals and its associated legislation.

The NLS is scheduled to commence for settlement agents in July 2013, before which the Board intends to continue to make a meaningful contribution to the ongoing work that is being undertaken towards the establishment of a national licensing scheme that is workable and achieves COAG's stated goals, while also continuing to represent the interests of the State's industry members.

Staff training on settlement agency practices

The Board, with assistance from staff in the Proactive Compliance Section, conducted four training sessions for Real Estate Branch staff to ensure provision of consistent, accurate and high quality advice and service is delivered to industry members and the public on behalf of the Board. These training sessions covered the following topics:

- overview of Board functions;
- settlement processes;
- trust accounting and case studies; and
- buying homes in WA.

SECTION TWO: Organisational structure and profile



Organisational profile

Enabling legislation

The Board is the independent statutory authority established under the *Settlement Agents Act 1981* (the Act), to regulate people who conduct settlement transactions in Western Australia. The Board administers the Act, the Settlement Agents Regulations 1982 (the Regulations), and the Settlement Agents' Code of Conduct 1982 (the Code of Conduct).

The functions of the Board include:

- provision of advice to the Minister, including making recommendations and submitting proposals regarding the Act and Regulations;
- administration of the licensing scheme; and
- conducting and promoting education and providing advisory services for certain industry participants and members of the public.

Additionally, the Board can perform other functions conferred upon it by the Act, such as:

- compliance activities; and
- administration of the Fidelity Guarantee Account.

The Board is fully funded by industry in the form of:

- licensing revenue;
- interest earned on money held in agents' trust accounts; and
- interest earned on retained funds.

This money is used to fund the statutory functions of the Board to the settlement industry and the community of Western Australia. The effective delivery of these statutory functions underpins the Board's aim to achieve the outcome that:

The people of Western Australia have confidence in the settlement industry.

The people of Western Australia have confidence in the settlement industry.

Core values and conduct

The core values and conduct that will help the Board achieve its desired outcome are:

Accountability: the Board serves the needs of the public through the government in a professional, responsible and accountable manner.

Integrity: the Board deals with its members and staff, with the industry and the public on the basis of trust, understanding and respect for differing views and interests. The Board undertakes to perform its functions in a fair and open manner.

Professionalism: the Board performs its services to the best of its ability with optimum use of resources and with a focus on continuously improving quality, productivity, and professional development.

Responsiveness: the Board endeavours to provide high quality information and services to the government, industry, and the public.



Organisational profile

The statutory functions are provided by means of the following services.

1 Licensing	2 Compliance	3 Education & Awareness	4 Fidelity Guarantee Account
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Licensing: involves the quality control of people seeking to enter the settlement industry for the first time and of those already licensed in that industry.

Compliance: ensures that licensed settlement agents comply with the relevant legislation and financial reporting requirements, and those that undertake unlicensed activity are stopped from doing so.

Education and Awareness: aims to encourage awareness of 'best practice' throughout the settlement industry through activities such as proactive visits, the CPD program, seminars, publications and through the Board's website.

Fidelity Guarantee Account: centres on the assessment of reimbursement claims from consumers who have suffered pecuniary loss or loss of property due to the criminal or fraudulent conduct of a licensed settlement agent who holds a current triennial certificate, or their employees in the course of the business of that agent.

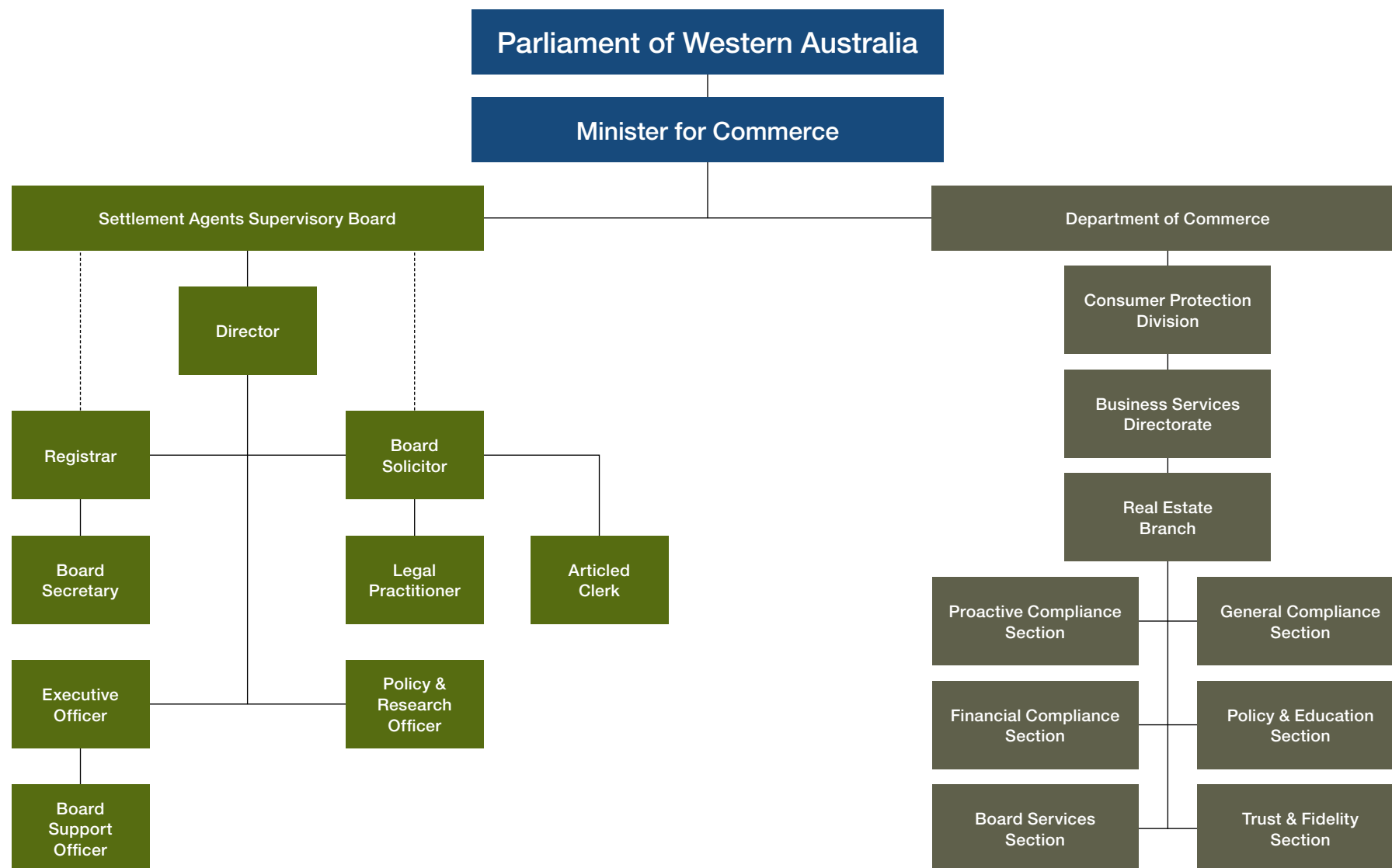
Service Delivery Agreement

The Board contracts the Department of Commerce to provide services under a Service Delivery Agreement (SDA). The services obtained from the Department assist the Board on carrying out its functions. The SDA sets out the services and performance measures between the Board and the Department, which are in accordance with government output based management requirements.

...the Board endeavours to provide high quality information and services to the government, industry, and the public.



Board organisational chart



Board members



Ms Mirina Muir (Chair)

Ms Mirina Muir was appointed as the Chair in May 2008 after previously holding the position of Legal Practitioner Member of the Board, from 2001 to 2005. Ms Muir brings to the position extensive experience as a legal practitioner with a background in education, mediation and arbitration. She is a chartered international arbitrator and accredited mediator and is currently the General Corporate Counsel for RCR Tomlinson Pty Ltd and the Principal Director of Arbitration and Mediation Australia.



Mr Steven Phillips (Legal Practitioner Member)

Mr Phillips is currently a legal practitioner operating his own law firm. Mr Phillips has been the Legal Practitioner Member of the Board since September 2005. Prior to this, Mr Phillips was appointed the Deputy Legal Member in March 2003.

Deputy: MS SABINA SCHLINK



Mr Rod Lane (Commercial Member)

Mr Rod Lane is a Fellow of the Australian Society of Practising Accountants, a Fellow of the Institute of Chartered Secretaries Australia, and an Associate Fellow of the Australian Institute of Management. He operates his own private management company and has been a member of the Board since October 2005.

Deputy:MR BRIAN DARLING



Ms Judith Pinczuk (Elected Member)

Ms Pinczuk is one of two members elected for appointment to the Board by licensed settlement agents. She is a licensed real estate settlement agent with more than 20 years experience in the industry, and has operated her own agency for 10 years. Ms Pinczuk has been a member of the Board since June 2003.

Deputy:MR DOMINIC LOIACONO



Ms Valerie Haskins (Elected Member)

Ms Haskins is one of two members elected for appointment to the Board by licensed settlement agents. She is a licensed real estate settlement agent with 30 years experience in the industry, and has operated her own agency for over 20 years. Ms Haskins joined the Board in July 1995.

Deputy: MR STEPHEN BRITTEN

Board structure

The required composition of the Board is set out in section 6 of the Act. There are five members of the Board appointed by the Governor of Western Australia:

- one must be a person who is not a licensed agent who is also appointed Chair;
- one must be a person who is a legal practitioner and not a licensed agent;
- one must be a person who is experienced in commercial practice and not a licensed agent; and
- two must be licensed agents elected by licensed agents to the position.

Members may hold office for up to four years and are eligible for re-election or reappointment. The Governor may appoint a deputy of a member.

Our people

The Board engages nine staff. The Director, Board Solicitor, Legal Practitioner, Articled Clerk, Board Executive Officer and Board Support Officer are employed in a joint funding arrangement with the Real Estate and Business Agents Supervisory Board. The Registrar, Research and Policy Officer and Board Secretary are employed directly by the Board.

Role of key staff

Director

The Director is the Chief Employee of the Board and provides advice and assistance to the Board in its day-to-day operations. The Director is also responsible for ensuring that the Board's policies and strategies for regulating the settlement industry are implemented and monitored.

The Director manages the Board's financial and human resources, oversees legal services, assists with planning and strategic issues and represents the Board in negotiating, monitoring, and reporting on contracts with external providers, including the Service Delivery Agreement with the Department of Commerce.

The Director also assists the Board to comply with legislation relevant to its statutory obligations.

Board Solicitor

The Board Solicitor manages legal services for the Board. This includes providing advice to the Board and its inspectors on the interpretation and application of legislation administered by the Board. The Board Solicitor also provides advice on other matters relevant to the Board, such as the conduct of proceedings before the Board, the SAT and the courts.

The Board Solicitor also briefs external counsel to obtain advice or legal representation where necessary.

Registrar

The Registrar assists in overseeing the operations of the Board and provides leadership and guidance to Board and branch staff. The Registrar assists the Director on policy, legislative and operational issues that may impact on the Board's viability or ability to meet legislative requirements. It is the Registrar's duty to contribute as a member of a number of staff and Board sub-committees to assist in the management, development, implementation and evaluation of Board objectives and policies and manage Board projects as directed.

The Registrar is also responsible for determining how investigations are concluded.

Corporate governance

Legislation and statutory reporting compliance

In performing its functions, the Board complies with or has regard to the following statutes:

- *Settlement Agents Act 1981;*
- *Real Estate and Business Agents Act 1978;*
- *State Records Act 2000;*
- *Public Sector Management Act 1994;*
- *State Supply Commission Act 1991;*
- *Occupational Safety and Health Act 1984;*
- *Equal Opportunity Act 1984;*
- *Disabilities Services Act 1993;*
- *Financial Management Act 2006;*
- *Freedom of Information Act 1992;*
- *Public Interest Disclosure Act 2003;*
- *Electoral Act 1907;*
- *Criminal Code Act Compilation Act 1913;*
- *Fair Trading Act 1987;*
- *Mutual Recognition (Western Australia) Act 2001;*
- *Mutual Recognition Act 1992 (Cwlth);*
- *State Administrative Tribunal Act 2004;*
- *Magistrates Court Act 2004; and*
- *Supreme Court Act 1935.*



SECTION THREE: Performance management framework

Performance management framework



The Department of Commerce provides the Board with a range of services, some of which come under the obligatory reporting requirements. Please refer to these activities in the Department of Commerce 2008–09 Annual Report for further information.

The Board acknowledges and supports the principles applicable to people with disabilities stated in Schedule One of the *Disability Services Act 1993*. The Board's *Disability Access and Inclusion Plan 2007–2011*, ensures that services are delivered effectively to its officers, customers and the wider community. A copy of the plan can be downloaded from the Board's website.

Reporting requirements of section 175ZE of the *Electoral Act 1907*

Under section 175ZE of the *Electoral Act 1907*, the Board is required to report on expenditure incurred if the following types of bodies are used to promote or market Board services:

- advertising agencies;
- market research organisations;
- polling organisations;

- direct mail organisations; and
- media organisations.

The Board reports that it did incur such expenditure in the reporting period totalling \$24,791.98.

Public sector standards in human resource management

The Board is required to comply with the Public Sector Standards in Human Resource Management and the Western Australian Public Sector Code of Ethics in its dealings with staff. During 2008–09, the Board received no applications for breaches of the standards. In addition, the Board:

- received no workers' compensation claims;
- did not re-deploy any of its staff;
- has not terminated any positions; and
- was not involved in any industrial disputes.

Board members and staff are required to comply with the Board's Code of Conduct for Board Members and Officers 2007. The Code of Conduct for Board Members and Officers 2007 sets standards concerning the Board's operational requirements and expected

behaviour of its members and staff as they carry out their day-to-day work.

When the Board is in session, members are required to act in accordance with their own independent views and experiences, in light of the role and purpose of the Board. Members should not perform their duties in a manner that represents or protects the interests of any particular organisation with which they are associated.

Freedom of Information requests

The *Freedom of Information Act 1992* allows members of the public to lodge requests for copies of documents relating to the Board and its operations. The Board endeavours to make its operations transparent and accessible. In the year 2008–09, the Board received no requests for information under the Freedom of Information legislation.

The Department of Commerce provides an administrative function to the Board in relation to Freedom of Information matters. People wishing to lodge a Freedom of Information application with the Board are advised to contact the

Performance management framework

Freedom of Information Coordinator on 9282 0923. All requests for information under the *Freedom of Information Act 1992* must be submitted in writing and addressed to:

Freedom of Information Coordinator
Department of Commerce
Locked Bag 14
Cloisters Square
Perth WA 6850

Government policy requirements

Corruption prevention

Corruption prevention requires agencies to incorporate into their risk management activities, specific consideration of the risk of corruption and misconduct. In 2008–09, several activities were undertaken in order to minimise the potential for corrupt behaviour and included the following:

- Through the use of internal communication tools such as the Department of Commerce's News Publication, employees were regularly reminded of the need to comply with the Western Australian Public Sector Code of Ethics and Commerce's Code of Conduct.

- Information was made available on conflicts of interest issues and employees were made aware that potential or real conflicts of interest had to be discussed initially with their line manager and if necessary listed in Commerce's Conflict of Interest Register.
- Settlement Agents Supervisory Board Code of Conduct for Board Members and Officers 2007.
- Seminars by external consultants for staff.

Occupational Safety and Health Management

In carrying out its statutory functions and in its role as an employer the Board is committed to providing a safe workplace for its staff.

Under its established Occupational Safety and Health Management Plan the Board maintains an appropriate level of understanding of what constitutes a safe working environment under the *Occupational Safety and Health Act 1984* and commits to providing ongoing safety checks and training to its employees.

The Board has developed an Occupational Safety and Health Management Strategy which is used to consult with employees on health and safety issues.

The Occupational Safety and Health Management Strategy allows Board employees to:

- elect an Occupational Safety and Health representative;
- be provided with information aimed at reducing overuse injuries common to an office environment;
- receive regular occupational safety and health training; and
- receive first aid training.

Additionally, the Board Director and Occupational Safety and Health representative conduct regular workplace safety checks and regularly monitor developments in health and safety legislation and management systems.

Report on annual OSH performance 2008–09

Indicator	Target 2008–09	Result 2008–09
Number of fatalities	None	None
Lost time injury/disease (LTI/D) incidence rate	None or 10 per cent reduction on previous year	None
Lost time injury severity rate	None or 10 per cent improvement on previous year	None

SECTION FOUR: Performance report on services

Service One: Licensing

Strategic objectives

The Board's 2008–09 reporting period objectives were to:

- administer the scheme of licensing in accordance with the Act;
- assess the fitness¹ of people entering the industry and of those applying to renew their triennial certificates; and
- audit the computer databases to ensure the information recorded is accurate.

Performance

In 2008–09 the Board was able to achieve the following outcomes:

- 59 applications for new settlement agent licences processed;
- 214 applications for triennial certificate renewal processed;
- 99 per cent of applications acknowledged within five days of receipt;

- 98 per cent of new licence applicants advised of the outcome of their application within eight days of a Board decision; and
- 94 per cent of agents applying to renew their triennial certificate advised of the outcome of their application within five days of a Board decision.

Overview

All settlement agents require a licence as well as a current triennial certificate in order to carry on business in Western Australia. The licence issued by the Board is continuous², while the triennial certificate must be renewed every three years.

The Board assesses licence applications to ensure that only suitably qualified people enter the industry as settlement agents. To create high standards of practice and behaviour in the industry, uniform minimum standards of competency apply.

Settlement agent licensing fees

The fees charged by the Board in accordance with the Settlement Agents Regulations 1982 for real estate and business settlement agent licensing applications during the reporting period were as follows:

New agent applications

Individual	\$778
Firm or partnership/ Body corporate	\$972

Agent renewal applications

Individual/Firm/Body corporate	\$554
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Note: These fees are inclusive of a Fidelity Guarantee Account payment of \$150.

The Board conducted its annual review of the fees in accordance with the *Financial Management Act 2006*. This review was conducted in line with the State Government's policy that any increases in fees are to be on a cost recovery basis. The Board's recommendation that the fees be increased by the agreed Consumer Price Index of 4.2 per cent was approved by the Minister for Commerce and has been submitted for formal

approval and amendments to the relevant regulations. The fee increase was formally approved and became effective as of 1 July 2009.

Holding fee

Agents who wish to continue to hold a licence, but do not want to carry on business may do so by paying a holding fee of \$190. This places their licence on hold for a period of three years. At the end of the reporting period, 124 real estate settlement agents and four business settlement agents had their licence on hold.

Licensing kit

A licensing kit that provides information for new licence holders is available on the Board's website. The kit consists of information on setting up a trust account, auditing processes, and the CPD guide. The licensing kit also provides a fact sheet titled *Licensing of settlement agents* that includes information for agents in other states and territories of Australia who may be seeking a Western Australian licence under the *Mutual Recognition (Western Australia) Act 2001* and the *Mutual Recognition Act 1992 (Cwlth)*.

¹ Section 27(1)(b) of the Settlement Agents Act 1981, states that to be granted and hold a licence an applicant must be "...a person of good character and repute and a fit and proper person". The Board considers this and a number of factors set out in s27 of the Act when considering the suitability of an applicant.

² Subject to there being a current triennial certificate being held or a licence holding fee paid.

Service Two: Compliance

Strategic objectives

In 2008–09, the Board strived to meet the following objectives:

- that agents comply with the requirements of the *Settlement Agents Act 1981* (the Act) and the Settlement Agents' Code of Conduct (the Code of Conduct);
- that the settlement industry delivers ethical and professional services;
- that complaints are investigated promptly and dealt with by the Board in a timely manner;
- that audit reports are received on time and not qualified;
- that prompt action is taken against agents who fail to comply with the requirements of the Act and the Code of Conduct; and
- that in appropriate cases the Board commences proceedings before the State Administrative Tribunal (the SAT) or other appropriate court or tribunal.

Performance

In 2008–09 the Board was able to achieve the following outcomes:

In general compliance

- 37 investigations commenced;
- 53 investigations completed;
- 100 per cent of investigations acknowledged within five days; and
- 89 per cent of investigations commenced within 10 working days.

In financial compliance

- 57 qualified audit investigations were commenced;
- 62 investigations into qualified audits completed;
- 100 per cent of qualified audit investigations commenced within 10 working days;
- 24 trust account investigations commenced;
- 26 trust account investigations completed; and
- 100 per cent of trust account investigations commenced within 10 working days (on average 1.9 days).

General compliance

The Registrar and the Board's inspectors have powers of investigation, which they may exercise for the purpose of determining whether a settlement agent is complying with the requirements of the Act, the Code of Conduct and any conditions of their licence and for detecting offences under the Act.

When the Board receives a complaint, or the matter is otherwise brought to its attention, the Registrar will determine whether it requires investigation. If the preliminary assessment identifies sufficient cause for concern, then the Registrar may issue a direction for a formal investigation to proceed.

Where the Registrar directs a formal investigation into a complaint, an inspector will seek further information from the agent concerned, and any other persons involved. At the conclusion of an investigation the Board will take action relevant to the investigation's outcome.



Service Two: Compliance

This year saw a decrease in the number of new investigations commenced into the conduct of agents. In 2008–09 the Board commenced 37 investigations, compared to 49 in the previous reporting period.

Where an investigation or inquiry reveals evidence of non-compliance with the Act or Code of Conduct, this will not always result in proceedings being commenced in the SAT or a court of law. Depending on the circumstances, the Registrar may close the matter without recommending to the Board that it commences disciplinary or other proceedings. In 2008–09, the Registrar closed 53 investigations, and issued 10 breach non-compliance letters and two advisory letters.

If there is sufficient evidence of a breach, the Board may commence proceedings against the agent in the SAT or Magistrates Court. Factors such as the nature of the conduct, prior history of compliance with the Act or the Code of Conduct, and the strength

of the evidence available will be taken into consideration. In this reporting period, the Board commenced one and completed three proceedings in the SAT and commenced no matters in the Magistrates Court.

Financial compliance

Every settlement agent who holds a triennial certificate is required to maintain one or more trust accounts. The Act and the Regulations set out how agents are to maintain a formal set of trust accounting records that are able to show (at any time) the state of a settlement agent's trust account(s).

New agents are required to attend a trust account seminar within six months of their licence being granted. Participants in the seminar are eligible for two CPD points.

Agents are required to appoint an auditor of their trust accounts at the time of obtaining their licence and triennial certificate. The Act requires the auditor to submit to the Board,

by 30 September each year, an audit report of the agent's trust accounts. The Board treats all qualified audit reports as a priority issue.

Apart from qualified audit reports being received from auditors, there are three main ways that non-compliance with the trust account provisions can come to the attention of the Board. They are:

- during an investigation into general compliance issues the investigator may identify potential breaches relating to the trust accounts;
- complaints may be received directly relating to an agent's operation of their trust account; and
- financial institutions notifying the Board when a trust account becomes overdrawn.

During 2008–09, the Board commenced 57 investigations into qualified audit reports compared to 64 from the previous reporting period. Although the Board is concerned about the number of audits that are qualified, it believes that to some extent this is

a consequence of auditors becoming increasingly aware of the expectations of the Board regarding auditing agents' trust accounts. This has resulted in audits being qualified for matters that are not considered significant, such as: clerical or titling errors so that the agent's triennial certificate number or trading name have not been included; reconciliations completed but some done a few days late or not signed and dated; or trust accounts overdrawn by very small amounts such as a few cents or dollars. This increased awareness can be attributed to the education program and industry seminars run by the Board, and the publication of *A guide to auditing settlement agents' trust accounts*.

There were also 24 trust account investigations commenced in 2008–09 compared to 24 from the previous reporting period.

Service Three: Education and awareness

Strategic objectives

In 2008–09, the Board endeavoured to meet the following education and awareness objectives:

- conduct proactive compliance visits to settlement agencies that have not received a visit for three years;
- provide industry seminars to assist agents to comply with the Act and the Code of Conduct;
- provide a counter information service to members of the public and industry;
- provide a telephone information service to members of the public and industry;
- support and fund education programs for members of the public and for the professional development of agents;
- develop educational material, including brochures and guides, for distribution to members of the public and industry;
- conduct training sessions for branch staff to ensure the provision of consistent, accurate and high quality advice and service to members of the public and industry;
- publish the quarterly newsletter, *Settlement Agents News*, for distribution to licensees, auditors and members of the public who wish to receive a copy;
- publish regular e-Bulletins as needed and further progress the e-Bulletin project;
- provide the most up-to-date information on the Board's website; and
- continue to improve the Compulsory Professional Development program designed to update the knowledge and skills of agents in the areas of industry developments, legislative change and work practices.

Performance

In 2008–09 the Board achieved the following outcomes:

- 133 proactive compliance visits of settlement agencies across Western Australia;
- four industry seminars delivered to agents on various topics covering different requirements of the Act and the Code of Conduct;
- four issues of the *Settlement Agents News* were published and distributed to all licensees, auditors and members of the public who requested a copy; and
- six e-Bulletins were issued.



Service Three: Education and awareness

Overview

Proactive compliance

The Board introduced the Proactive Compliance Program in 1999. The purpose of the program is to promote and improve the level of compliance and ethical standards in the settlement industry. The Board's Proactive Compliance Officers visit agencies to provide advice and assist agents in their compliance to legislative requirements. Participation by agents is voluntary. This financial year, the Board conducted 133 proactive visits to agencies, a 46 per cent increase from the 91 agencies visited in 2007–08. Of those visits nine were carried out in regional areas. Focus is now on new agents and those considered a higher risk (for example agents who have received a qualified audit report). Proactive compliance visits are carried out in accordance with a standard process, which includes examining:

- employment records and comparing these with the Board Register;
- whether correspondence and documents conform to the Act and the Code of Conduct;

- whether agents are exercising control over the issue and signing of trust cheques;
- the correct timing of the drawing of the agent's fees;
- whether the agency has up-to-date copies of legislative requirements; and
- whether the person in *bona fide* control is proficient in performing bank reconciliations.

Where non-compliance is identified, practical advice and guidance is given, within reason, on how the agency may correct the problem, and comply with the requirements of the Act and the Code of Conduct. If the non-compliance is serious the visit is stopped. The majority of feedback received from agents who have participated in the program indicates that the proactive compliance visits were helpful and informative.

Industry seminars

The Board conducted four industry seminars for settlement agents and auditors, focusing on legislation and compliance issues. Feedback from

these seminars was positive, with participants commenting on the usefulness of the information presented. The seminars were conducted in Perth with 263 people attending. Topics covered during the seminars included:

- auditing requirements of the *Settlement Agents Act 1981* (the Act) and the Settlement Agents' Code of Conduct 1982 (the Code of Conduct); and
- risk management and
- professional indemnity insurance claims.

The risk management seminars were conducted in conjunction with Jardine Lloyd Thompson Pty Ltd and Vero Insurance Ltd as a component of the CPD Program for settlement agents

Information services

Settlement Agents Advice Line initiative

The dedicated Settlement Agents Advice Line has been popular with both settlement agents and members of the public seeking accurate and consistent advice on settlement matters, and

regular favourable comment has been received on the service provided. The advice line has also proven to be an invaluable source of information for the Board on emerging trends and issues, and has aided in the identification of unacceptable conduct of industry participants, and unlicensed activity, which is then referred to the Registrar. The Board will, as part of its community education service, continue to promote the advice line through its website and other publications.

In 2008–09, people seeking information on settlement matters were still able to call the Real Estate and Settlement Advice Line for the cost of a local call statewide. 96 per cent of calls to this line were answered within 40 seconds. All settlement related calls were transferred directly on to and dealt with by the Board's settlement compliance staff via the dedicated line. Main areas of enquiry related to matters such as penalty interest, settlement fees, contractual conditions and clarification about newsletter and e-Bulletin articles.

Service Three: Education and awareness

Education Advisory Committee

The role of the Board's Education Advisory Committee is to advise the Board on education initiatives and priorities. The Committee is comprised of the following members:

- Ms Valerie Haskins – Board member and Education Advisory Committee Chair;
- Mr Geoff Couper – Board Registrar;
- Ms Jill Nelson-Coulon – Australian Institute of Conveyancers WA Division Inc;
- Ms Liz Reiss – Independent Settlement Agents Association; and
- Ms Jackie Crank – Director West Coast Property Training.

In April 2009 a Working Group was created to focus on the review of the Act. It comprised the above members and:

- Mr Stephen Britten – Deputy Board member;
- Mr Steven Phillips – Board member; and
- Mr Rob Ockerby – Director Ockerby Real Estate.

In 2008–09, the Committee met eight times. Some of the matters the Committee considered included the Memorandum of Understanding (MOU) between TAFE and the Board, best practice guidelines for the use of revenue on-line (ROL), review of the Joint Form of General Conditions, review of the Substituted Buyer form, and monitoring of the CPD program.

The most significant issues for the Education Advisory Committee and Working Group were National Licensing and the review of the Act.

Settlement Agents News

The *Settlement Agents News* is a printed newsletter distributed quarterly and is an important source of information for all licensees, auditors and other settlement industry members. The newsletter provides information on industry practice issues, case studies from relevant disciplinary proceedings, legislative amendments and any other relevant, topical issues such as Compulsory Professional Development news and updates.

The *Settlement Agents News* is mailed to all licensees and auditors and can also be distributed to the public upon request, free of charge. All recent and archived editions can also be downloaded from the Board's website.

e-Bulletin initiative

The Board continued to progress the e-Bulletin initiative employed as an effective communication tool to disseminate important and timely information to the industry, via email. The introductory period of the e-Bulletin began in October 2008 and since then has been distributed six times, with approximately 350 industry members on the receiving list. This number is expected to increase with efforts being made to encourage stakeholders to add their details to the mailing list.

Following a review of the initiative in June 2009, the Board decided to continue the distribution of e-Bulletins as an effective way for the industry to receive the latest information about settlement issues throughout Western Australia.



Service Three: Education and awareness

Website

The website is a significant resource that highlights the Board's commitment to conduct and promote education and to provide advisory services to both industry representatives and the public. The website provides industry members with access to detailed information about licensing requirements, general and financial compliance matters, industry seminars, downloadable copies of industry publications and CPD information.

Home buyers and sellers can download relevant publications, estimate settlement fees using the electronic calculator function, as well as access information on the Fidelity Guarantee Account and information on how to lodge a complaint with the Board. The website also provides access to electronic copies of relevant legislation as well as lists decisions arising out of disciplinary proceedings and other services provided by the Board.

January 2009 saw the addition of two new sections to the website; 'For Auditors' and 'CPD'. These dedicated sections provide useful information

for trust account auditors and CPD participants respectively. The content of the website is continuously reviewed and new information is added on a regular basis to ensure the information is accurate, readily accessible and easy to understand.

The Board decided in May 2009 to redevelop its website as part of a commitment to its continuing improvement. The new website will focus on facilitating navigation and improving access to information and documents. The new website is expected to be launched towards the end of 2009.

The Board's website is available at www.sasb.wa.gov.au.

Publications

The Board produces nine publications, which provide important information to both industry and members of the public on topical issues relevant to real estate business settlement transactions.

These publications are:

- *A guide to auditing settlement agents' trust accounts;*
- *A guide to investigations and disciplinary proceedings;*
- *A guide to the Compulsory Professional Development program for settlement agents carrying on business in Western Australia;*
- *Choosing a settlement agent;*
- *Information for complainants – settlement industry;*
- *Licensing of settlement agents;*
- *Property settlement;* and
- *SASB Trust account handbook;*

The Board, in conjunction with the Real Estate and Business Agents Supervisory Board, also produces a joint publication titled *Complaint handling guidelines for the settlement and real estate industries*.

In 2008–09, complete reviews of the following publications were completed: *A guide to investigations and disciplinary proceedings*, *A guide to the CPD program for settlement agents*, *Choosing a settlement agent* and *Licensing of settlement agents*.



Service Four: Fidelity Guarantee Account

Strategic objectives

The purpose of the Fidelity Guarantee Account (Fidelity Account) is to provide financial reimbursement to people who suffer pecuniary loss or loss of property through the criminal or fraudulent actions of a licensed agent who holds a current triennial certificate, in the course of a the business of that agent. This also includes the actions of an agent's employees.

Performance

In 2008–09 the Board was able to achieve the following outcomes:

- no claims lodged against the Fidelity Account;
- two claims finalised;
- 100 per cent of claims acknowledged within five working days; and
- 100 per cent of claim assessments commenced within 10 working days.

Overview

The Fidelity Account is financed through contributions from agents, interest on agents' trust accounts, and interest generated on the Fidelity Account. The Fidelity Account is kept at Treasury, forming part of the Trust Fund constituted under section 16 of the *Financial Management Act 2006*. Money standing to the credit of the Fidelity Account is invested with Treasury, and income derived from this is credited to the Fidelity Account.

The criteria for making a claim are:

- the applicant has suffered financial loss or loss of property;
- the loss was due to the defalcation (which includes criminal or fraudulent conduct) of a licensed settlement agent or their employee;
- the agent is licensed and holds a current triennial certificate; and
- the loss occurred in the course of the business of the agent.

Fidelity Account claims lodged

Financial year	2004–05	2005–06	2006–07	2007–08	2008–09
Number of claims	155	19	9	1	0

There were no claims lodged against the Fidelity Account in 2008–09.

The Board publishes an information guide designed to assist claimants in completing the form. This is available at www.sasb.wa.gov.au and contains information about the Fidelity Account, including eligibility criteria and an overview of the claim process.



Auditor General's opinion



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

SETTLEMENT AGENTS SUPERVISORY BOARD FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2009

I have audited the accounts, financial statements, controls and key performance indicators of the Settlement Agents Supervisory Board.

The financial statements comprise the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

Board's Responsibility for the Financial Statements and Key Performance Indicators

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Page 1 of 2

4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664

Auditor General's opinion

Settlement Agents Supervisory Board

Financial Statements and Key Performance Indicators for the year ended 30 June 2009

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.pdf.

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators 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 and key performance indicators.

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Settlement Agents Supervisory Board at 30 June 2009 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Board 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; and
- (iii) the key performance indicators of the Board are relevant and appropriate to help users assess the Board's performance and fairly represent the indicated performance for the year ended 30 June 2009.



COLIN MURPHY
AUDITOR GENERAL
17 September 2009

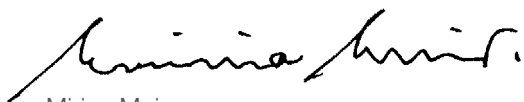
SECTION FIVE: Performance Indicators



Certification of performance indicators

Certification of performance indicators

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Settlement Agents Supervisory Board's performance, and fairly represent the performance of the Settlement Agents Supervisory Board for the financial year ended 30 June 2009.



Mirina Muir
Chair



Valerie Haskins
Member



Tim Banfield
A/Director SASB
Chief Finance Officer

Dated: 10 September 2009



Performance indicators 2008-2009

Statutory role of the Board

The Board acts in the public interest as the supervisory authority for settlement agents in Western Australia. A statutory function required of the Board is to regulate the manner in which settlement agents conduct themselves when entering into or assisting in settlement transactions.

Outcome

At the highest level, the desired outcome of the Board is that:

The people of Western Australia, both the industry and the public, have confidence in the settlement industry.

Effectiveness indicator

The extent to which settlement agents and others comply with the requirements of the Settlement Agents Act 1981 in relation to the management of their trust accounts.

The Board aims to positively influence the behaviour of industry participants through effective compliance activities. The extent to which the people of Western Australia can be confident that the settlement industry operates in accordance with regulatory requirements is assessed by the level of compliance relating to the management of trust accounts.

The Board's experience is that the extent of compliance in respect to trust accounts is the best single test providing a reliable indication of the extent to which agents are generally complying with the requirements of

the Act. Breaches in relation to the management of trust accounts usually indicate other problems or breaches that may be occurring within an agency.

An independent auditor, who has conducted an examination of an agent's trust account management, provides the Board with an audit opinion. An unqualified opinion is issued when the auditor considers the agent's trust accounts are, and have been during the period of the audit, kept in order. One aim of independent scrutiny is to provide a level of confidence regarding the management of the trust accounts. Therefore, the extent to which settlement agents submit unqualified audit opinions is an indication of the degree of confidence that can be held in the industry.



Performance indicators 2008-2009

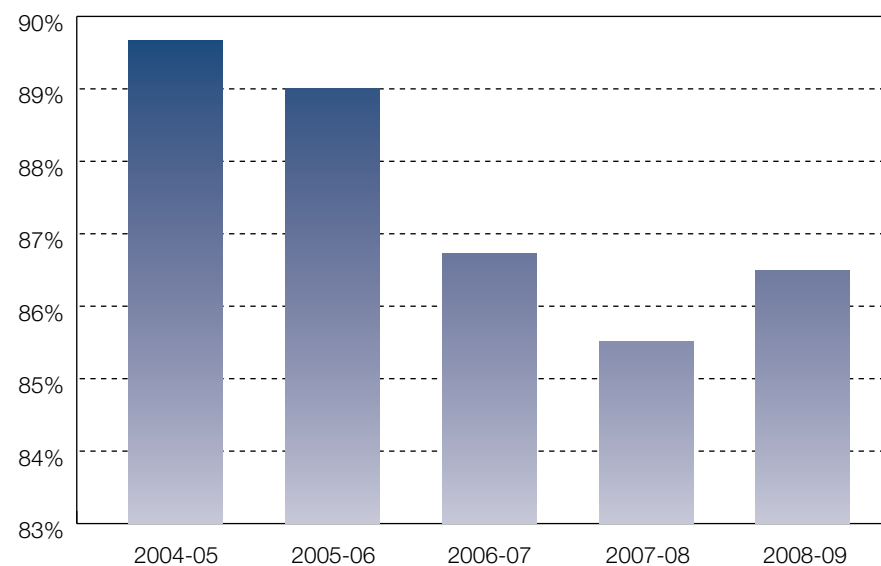
Measure

The proportion of settlement agents that submit an unqualified audit report or a statutory declaration.

No. of agents submitting an unqualified audit report
+ No. of agents submitting a statutory declaration

	Total No. of agents				
	2004-05	2005-06	2006-07	2007-08	2008-09
Unqualified Audit Reports	240	256	242	230	243
Qualified Audit Reports	38	39	54	60	56
Statutory Declarations	90	100	111	124	122
No Audit reports	0	5	0	0	1
Total agents	368	400	407	414	422
% of agents submitting an unqualified audit or statutory declaration	89.67	89	86.73	85.51	86.49

Per cent of agents submitting an unqualified audit or statutory declaration



Performance indicators 2008-2009

Notes to the indicator

The Act requires agents to manage monies received for or on behalf of their principals (clients) through a trust account. If a licensed agent does not conduct a single transaction in the reporting period then they must submit a statutory declaration confirming this. For example, where an individual licensee works for a company it is the company's trust accounts that are audited. Those agents who have a current triennial certificate and are not trading and are not in *bona fide* control or a branch manager must submit a statutory declaration.

The Board places significant reliance on audit reports to ensure that agents maintain their trust accounts in accordance with the statutory requirements. Since 2001-02 the Board has maintained a 'no tolerance' policy towards agents and auditors who fail to comply with the trust account auditing provisions of the Act. The Board will commence proceedings appropriate for such breaches or non-compliance with the Act. If this involves the State Administrative Tribunal who on

application find that there is proper cause for disciplinary action against the agent, sanctions may include a reprimand, a fine, suspension or cancellation of the agent's licence may be imposed.

This year there were eight more active agents conducting settlement transactions than last year, with 13 more unqualified audits and four less qualified audits. The proportion of settlement agents submitting unqualified audits or statutory declarations has increased slightly from 85.51 per cent last year to 86.49 per cent this year.

The number of audits that are qualified can be described to some extent as a direct consequence of auditors becoming increasingly aware of the expectations of the Board regarding auditing agents' trust accounts. This has resulted in audits being qualified for matters that are not considered significant. This increased awareness can be attributed to the education program and industry seminars conducted by the Board and its independence of audit policy.

Key service

The key service provided by the Board is regulation of the settlement industry through the discharge of the Board's statutory functions.

The Board undertakes a range of activities to ensure both agents and the public are aware of their rights and responsibilities, licenses settlement agents, takes action to ensure compliance with the Act and the Code of Conduct, and administers the Fidelity Guarantee Account.

Efficiency indicator

The average cost per licensed agent, of regulating the settlement industry.

The Board provides a range of services aimed to ensure that settlement agents comply with the requirements of the Act. This indicator measures the efficiency with which the Board achieves this.



Performance indicators 2008-2009

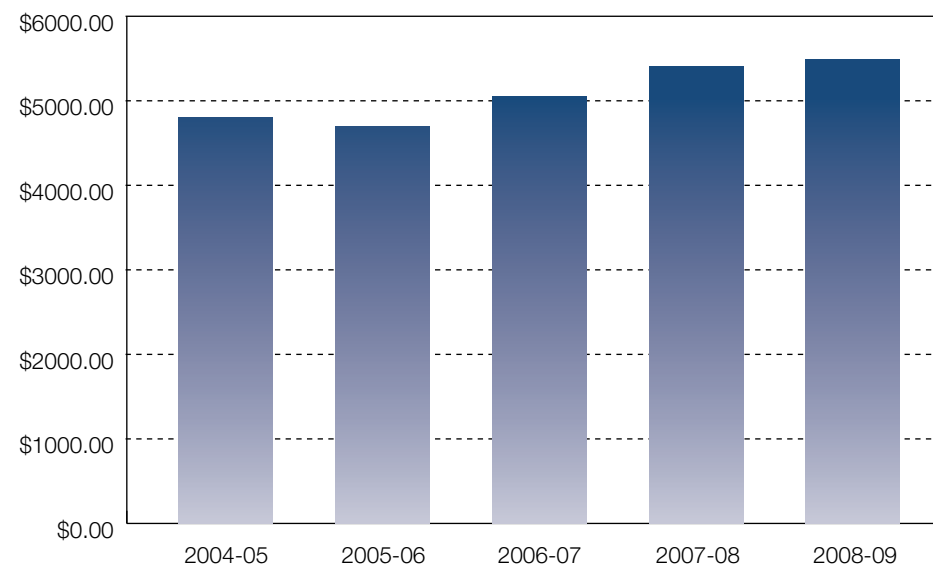
Measure

Total cost of regulating the industry divided by the number of active licensed agents in Western Australia.

	2004-05	2005-06	2006-07	2007-08	2008-09
Annual Cost*	\$1,767,611	\$1,879,515	\$2,060,772	\$2,232,614	\$2,315,788
Active Licensed Agents	368	400	407	414	422
Cost per Active Licensed Agent	\$4,803.29	\$4,698.79	\$5,063.32	\$5,392.79	\$5,487.65

Note: The annual cost of regulating the settlement industry has been calculated using the total annual expenditure of the Board less Fidelity Guarantee Account payments made in that financial year. Fidelity Guarantee Account payments have been excluded as these payments relate to the reimbursement of losses that were incurred by the defalcation of a licensed settlement agent in previous financial years and therefore do not reflect on the true annual cost of regulating the settlement industry.

Cost per licensed agent of regulating the settlement industry



Notes to the indicator

The efficiency indicator is based on the cost of delivering the service per each active licensed settlement agent. In the 2008–09 financial year a total of \$2,315,788 was expended on regulating an industry with 422 active licensed agents.

This year has seen the average cost of regulating the settlement industry for each licensed agent increase from \$5,392.79 in 2007–08 to \$5,487.65 in this financial year. This was mainly due to an increase in employee benefits expenses, advertising costs, legal expenses, sundry assets, and consultants' and contractors' fees.

The Board remains committed to ensuring the community of Western Australia has confidence in the settlement industry, and will allocate sufficient resources to meet the expectations and demands of the community.



SECTION SIX: Financial statements

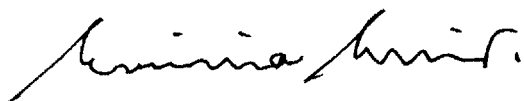


Certification of financial statements

Certification of financial statements

The accompanying financial statements of the Settlement Agents Supervisory Board have been prepared in accordance with the provisions of the *Financial Management Act 2006* from proper accounts and records and to present fairly the financial transactions for the year ending 30 June 2009 and the financial position at 30 June 2009.

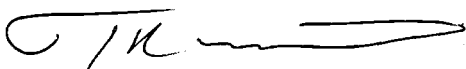
At the date of signing, we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Mirina Muir
Chair



Rod Lane
Member



Tim Banfield
A/Director SASB
Chief Finance Officer

Dated: 10 September 2009



Income Statement for the Year Ended 30 June 2009

	Note	2009 \$	2008 \$
INCOME			
<i>Revenue</i>			
Agents trust account interest		4,135,587	6,885,849
Licence revenue	4.	111,790	98,087
Contributions to the Fidelity Guarantee Account		34,800	34,650
Fines and costs		14,890	28,222
Interest revenue	5.	2,179,232	2,401,085
Other revenues	6.	64,362	67,331
<i>Gains</i>			
Gains on disposal of non-current assets	7.	–	27
Total Income		6,540,661	9,515,251
EXPENSES			
<i>Expenses</i>			
Employee benefits expense	8.	448,073	391,326
Board fees		35,410	31,686
Supplies and services	9.	1,641,399	1,603,293
Depreciation and amortisation expense	10.	15,630	25,372
Accommodation expenses	11.	228	1,087
Grants	12.	138,569	148,899
Other expenses	13.	36,479	30,951
Total Expenses		2,315,788	2,232,614
Profit for the period		4,224,873	7,282,637

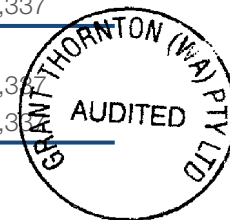
The Income Statement should be read in conjunction with the accompanying notes.



Balance Sheet as at 30 June 2009

	Note	2009 \$	2008 \$
ASSETS			
Current Assets			
Cash and cash equivalents	21.	18,717,440	17,524,216
Restricted cash and cash equivalents	21.	24,257,805	20,572,805
Receivables	14.	667,727	1,246,499
Total Current Assets		43,642,972	39,343,520
Non Current Assets			
Property, plant and equipment	15.	6,688	22,318
Intangible Assets	16.	—	—
Total Non-Current Assets		6,688	22,318
TOTAL ASSETS		43,649,660	39,365,838
LIABILITIES			
Current Liabilities			
Payables	18.	221,958	190,742
Provisions	19.	41,525	46,823
Licence revenue received in advance	4.	96,433	90,764
Other current liabilities	20.	150	150
Total Current Liabilities		360,066	328,479
Non Current Liabilities			
Licence revenue received in advance	4.	79,651	73,143
Provisions	19.	54,733	33,879
Total Non Current Liabilities		134,384	107,022
Total Liabilities		494,450	435,501
NET ASSETS		43,155,210	38,930,337
EQUITY			
Retained earnings		43,155,210	38,930,337
TOTAL EQUITY		43,155,210	38,930,337

The Balance Sheet should be read in conjunction with the accompanying notes.

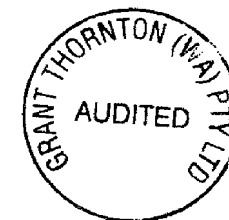


Statement of Changes in Equity for the Year Ended 30 June 2009

	Note	2009 \$	2008 \$
Balance of equity at start of period		38,930,337	31,660,863
RETAINED EARNINGS			
Balance at start of period		38,930,337	31,660,863
Change in accounting policy		–	(13,163)
Restated balance at start of accounting period		38,930,337	31,647,700
Profit for the period		4,224,873	7,282,637
Balance at end of period		43,155,210	38,930,337
Balance of equity at end of period		43,155,210	38,930,337
Total income and expense for the period ^(a)		4,224,873	7,282,637

^(a) The aggregate net amount attributed to each category of equity is: surplus \$4,224,873 (2008: surplus \$7,282,637).

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

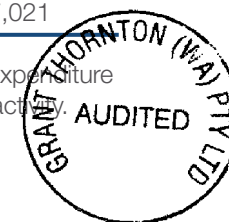


Cash Flow Statement for the Year Ended 30 June 2009

	Note	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Agents trust account interest received		4,449,222	6,930,103
Bank and investment interest received		2,534,805	2,167,132
Licence receipts		123,967	110,022
Contributions paid into the Fidelity Guarantee Account		34,800	34,650
GST receipts on sales		197	54
GST receipts from ATO		38,921	25,642
Other receipts		83,043	58,411
Payments			
Employee benefits		(432,517)	(381,355)
Supplies and services		(1,766,110)	(1,636,715)
GST payments on purchases		(49,535)	(30,806)
Grants		(138,569)	(148,899)
Net cash provided by operating activities	21.	4,878,224	7,128,239
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non current physical assets		–	27
Purchase of non current physical assets ^(a)		–	(11,291)
Net cash (used in) investing activities		–	(11,264)
Net increase in cash and cash equivalents		4,878,224	7,116,975
Cash and cash equivalents at the beginning of period		38,097,021	30,980,046
CASH AND CASH EQUIVALENT ASSETS AT THE END OF PERIOD	21.	42,975,245	38,097,021



Due to the change in capitalisation threshold where assets below \$5,000 are to be expensed, the cash flows under investing activities represents the extent to which expenditure has been made for resources that are initially recognised as an asset in the balance sheet. Therefore, expenditure on items below \$5,000 is classified as an operating activity. The Cash Flow Statement should be read in conjunction with the accompanying notes.



Notes to the Financial Statements for the Year Ended 30 June 2009

1. Australian equivalents to International Financial Reporting Standards

General

The Board's financial statements for the year ending 30 June 2009 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprises a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Interpretations).

In preparing these financial statements the Board has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Board cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Board for the annual reporting period ending 30 June 2009.

2. Summary of significant accounting policies

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has 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.

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar (unless otherwise stated).

There have been no judgements made in the process of applying the Board's accounting policies that have significant effect on the amounts recognised in the financial statements.

(c) Reporting Entity

The reporting entity comprises only the Board and there are no related bodies.



Notes to the Financial Statements for the Year Ended 30 June 2009

(d) Income

Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for major business activities as follows:

Proceeds from triennial licensing fees are allocated over 36 months from the month of receipt. The portion of licensing fees which are related to the current year are recognised as revenue. The remainder of the proceeds is recognised as Revenue received in advance.

Interest revenue is recognised as the interest accrues.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non current assets.

(e) Property, Plant and Equipment

Capitalisation/Expensing of assets

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

Subsequent measurement

After recognition as an asset the Board uses the cost model with all items of property, plant and equipment carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation

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

Depreciation on assets is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Computers hardware	3 years
Office and other equipment	3 to 5 years

Prior to the current year all the Boards items of property, plant and equipment were classified under the one category of Computers and equipment. The class of assets has now been split between Computer Hardware and Office and Other Equipment.



Notes to the Financial Statements for the Year Ended 30 June 2009

(f) Intangible Assets

Capitalisation/Expensing of assets

Acquisitions of intangible assets costing \$5,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred of less than \$5,000 are immediately expensed directly to the Income Statement.

All intangible assets are initially measured at cost. For assets acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Board have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

REMIS software ^(a)	5 years
Software ^(a)	3 to 5 years

^(a) Software that is not integral to the operation of any related hardware.

Computer Software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

Web site costs

Web site costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

(g) Impairment of Assets

Property, plant and equipment and intangible assets are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is written down to the recoverable amount and an impairment loss is recognised. As the Board is a not for profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption, expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at each balance sheet date irrespective of whether there is any indication of impairment.



Notes to the Financial Statements for the Year Ended 30 June 2009

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at each balance sheet date.

See note 17. 'Impairment of assets' for the outcome of impairment reviews and testing.

(h) Leases

The Board has entered into a number of operating lease arrangements for the rent of vehicles where the lessor effectively retains all of the risks and benefits incidental to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Income Statement over the lease term as this is representative of the pattern of benefits to be derived from the use of these vehicles.

(i) Financial instruments

In addition to cash the Board has two categories of financial instrument:

- Receivables; and
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables

Financial Liabilities

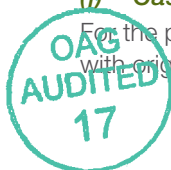
- Payables

Initial recognition and measurement is at fair value. The transaction cost or the face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(i) Cash and cash equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These include cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.



Notes to the Financial Statements for the Year Ended 30 June 2009

(k) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. 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 Board will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(l) Payables

Payables are recognised when the Board becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

(m) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date.

(i) Provisions – Employee Benefits

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

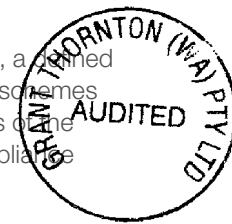
The expected future payments are discounted to present value using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Superannuation

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or to the Gold State Superannuation (GSS) Scheme, a defined benefit lump sum scheme also closed to new members. Employees commencing employment prior to 16 April 2007 who were not members of the Pension or the GSS schemes became non contributory members of the West State Superannuation (WSS) Scheme. Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Board makes concurrent contributions to GESB on behalf of employees in compliance



Notes to the Financial Statements for the Year Ended 30 June 2009

with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESB Schemes.

The Pension Scheme and the pre-transfer benefit for employees who transferred to the GSS Scheme are defined benefit schemes. These benefits are wholly unfunded and the liabilities for future payments are provided for at balance sheet date. The liabilities under these schemes have been calculated separately for each scheme annually by Price Waterhouse Coopers using the projected unit credit method.

The expected future payments are discounted to present value using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The GSS Scheme, the WSS Scheme and the GESBS Scheme, where the current service superannuation charge is paid by the Board to the GESB, are defined contribution schemes. The liabilities for current service superannuation charges under the GSS Scheme, WSS Scheme and the GESBS Scheme are extinguished by the concurrent payment of employer contributions to the GESB.

The Gold State Superannuation Scheme is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, from the Boards perspective, apart from the transfer benefits, it is a defined contribution plan under AASB 119.

(ii) Provisions – Other

Employment On Costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the Board's 'Employee benefits expense' and the related liability is included in Employment on-costs provision.

(n) Superannuation Expense

The superannuation expense of the defined benefit plans is made up of the following elements:

- Current service cost;
- Interest cost (unwinding of the discount);
- Actuarial gains and losses; and
- Past service cost.

Actuarial gains and losses of the defined benefit plans are recognised immediately as income or expense in the income statement.

The superannuation expense of the defined contribution plans is recognised as and when the contributions fall due.



Notes to the Financial Statements for the Year Ended 30 June 2009

(o) Accrued Salaries

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 end. The Board considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(p) Comparative Figures

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

3. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Board has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2008 that impact on the Board:

Review of AAS 27 'Financial Reporting by Local Governments', 29 'Financial Reporting by Government Departments' and 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:

AASB 1004 'Contributions';

AASB 1050 'Administered Items';

AASB 1051 'Land Under Roads';

AASB 1052 'Disaggregated Disclosures';

AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137];

Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities.

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and revised topic-based Standards and Interpretation. These requirements remain substantively unchanged. AASB 1050, AASB 1051 and AASB 1052 do not apply to Statutory Authorities. The other Standards and Interpretation make some modifications to disclosures and provide additional guidance (*for example, Australian Guidance to AASB 116 'Property, Plant and Equipment' in relation to heritage and cultural assets has been introduced*), otherwise, there is no financial impact.

Changes in accounting estimates

There were no changes in accounting estimates that will have an effect on the current reporting period.



Notes to the Financial Statements for the Year Ended 30 June 2009

Voluntary changes in Accounting Policy

As from the 1st of July 2008 the Board changed the asset recognition threshold for property, plant & equipment and intangible assets from \$1,000 to \$5,000.

This is in accordance with a standard asset capitalisation threshold set under TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'.

In applying this change the amount written off (\$13,163) has been adjusted under AASB 108 against the opening balance of accumulated retained earnings at 1 July 2008.

Future impact of Australian Accounting Standards not yet operative

The Board cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Board has not applied early the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued and which may impact the Board but are not yet effective. Where applicable, the Board plans to apply these Standards and Interpretations from their application date:

Title	Operative for reporting periods beginning on/after
AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Board does not expect any financial impact when the Standard is first applied.	1-January-2009
AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]. This Standard amends AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. The Board does not expect any financial impact when the Standard is first applied prospectively.	1-July-2009
AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]'. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. The Board does not expect any financial impact when the Standard is first applied.	1-January-2009



Notes to the Financial Statements for the Year Ended 30 June 2009

4. Licence income

Proceeds from triennial licensing fees are allocated over 36 months from the month of receipt.

Fees relating to the current financial year are recognised as revenue. The balance of the fees are credited into the Revenue received in advance accounts.

Analysis of the fees is as follows:

	2009 \$	2008 \$
Revenue received in advance 1 July balance (current)	90,764	79,445
Revenue received in advance 1 July balance (non current)	73,143	72,527
Cash received during the year	123,967	110,022
Total receipts received	287,874	261,994
Revenue recognised during the year	111,790	98,087
Revenue received in advance	176,084	163,907
Held in		
Revenue received in advance account (current)	96,433	90,764
Revenue received in advance account (non current)	79,651	73,143
Total	176,084	163,907

5. Interest Revenue

Received from

	2009 \$	2008 \$
Interest from on call bank accounts	107,502	74,693
Interest from Investment accounts	2,071,730	2,326,392
Total	2,179,232	2,401,085



Notes to the Financial Statements for the Year Ended 30 June 2009

6. Other revenues

Other revenues consists of:

	2009 \$	2008 \$
Copy of licence	80	248
Contribution to vehicle use	2,120	989
Miscellaneous revenue	12,103	14,867
Contribution to insurance	59	32
Refund by DOCEP	–	51,195
Recovery of fidelity funds	50,000	–
Total	64,362	67,331

7. Net gain/(loss) on disposal of non current assets

	2009 \$	2008 \$
Costs of Disposal of Non-Current Assets		
Computers hardware	–	–
Proceeds from Disposal of Non-Current Assets		
Computers hardware	–	27
Net gain/(loss)	–	27



Notes to the Financial Statements for the Year Ended 30 June 2009

8. Employee benefits expense

The Board procures services from the Dept of Commerce under a service delivery agreement. The current arrangement which started in the 1999/2000 financial year is for an all inclusive fixed fee. The wages and salaries figure below represents only that of employees directly employed by the Board.

	2009 \$	2008 \$
Wages and salaries	373,403	317,072
Change in Annual Leave Provisions	(3,147)	3,951
Change in Long Service Leave Provisions	17,632	4,632
Superannuation	28,387	25,293
Other related expenses	31,798	40,378
Total Staff costs	448,073	391,326

Other related expenses include training & conferences, travel, vehicles and FBT.

Employment on-costs such as workers' compensation insurance are included at note 13. 'Other expenses'. The employment on costs liability is included at note 19. 'Provisions'.



Notes to the Financial Statements for the Year Ended 30 June 2009

9. Supplies and services

	2009 \$	2008 \$
Advertising	26,484	3,206
Bank charges	843	316
Communications	3,459	5,515
Consultants and contractors fees	29,176	3,110
Consumables	8,669	7,501
Hire charges	4,562	3,042
Insurance	7,281	5,905
Legal	90,435	78,330
Miscellaneous	1,002	1,000
Printing	9,429	9,286
Professional services	41,456	58,656
Repair and maintenance	—	22
Service Delivery Agreement	1,388,175	1,420,276
Software < \$5,000 & Software Licences	2,277	—
Stationery	4,046	4,976
Sundry assets costing under \$1000	23,942	1,498
Website subscription	163	654
Total	1,641,399	1,603,293

The Service Delivery Agreement costs cover the procurement of services from the Department of Commerce. The current agreement is for a fixed fee which is reviewed annually.



Notes to the Financial Statements for the Year Ended 30 June 2009

10. Depreciation and amortisation expense

	2009 \$	2008 \$
Depreciation		
Computer Hardware	–	10,061
Office & other equipment	15,630	15,311
Total depreciation	15,630	25,372
Amortisation		
Intangible assets (REMIS software)	–	–
Total amortisation	–	–
Total depreciation and amortisation	15,630	25,372

11. Accommodation expenses

	2009 \$	2008 \$
Occupancy costs and parking	228	1,087

12. Grants

	2009 \$	2008 \$
Education grants		
West Coast Property Training	101,200	29,200
AAMC Training Group	28,836	48,453
TAFE WA	–	71,246
Kaplan Education	1,533	–
Individual agents	7,000	–
Total	138,569	148,899
Total grants	138,569	148,899



Notes to the Financial Statements for the Year Ended 30 June 2009

13. Other expenses

	2009 \$	2008 \$
Audit fees	23,000	22,400
Employment on costs ^(a)	4,103	8,551
Refund of previous years agents trust interest	9,376	—
	36,479	30,951

^(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 18. 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

14. Receivables

	2009 \$	2008 \$
Current		
Accounts receivable	94,227	—
Accrued agents trust account interest	229,844	543,480
Accrued investment interest	332,992	688,564
GST Recoverable	10,664	14,455
Total	667,727	1,246,499



Notes to the Financial Statements for the Year Ended 30 June 2009

15. Property, plant and equipment

	2009 \$	2008 \$
Computers Hardware at cost	5,639	5,639
Accumulated Depreciation	(5,639)	(5,639)
Accumulated Impairment Losses	—	—
	—	—
Office & Other Equipment at cost	52,315	52,315
Accumulated Depreciation	(45,627)	(29,997)
Accumulated Impairment Losses	—	—
	6,688	22,318
Total Property Plant & Equipment	6,688	22,318



Notes to the Financial Statements for the Year Ended 30 June 2009

Reconciliations of the carrying amount of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

	2009 \$	2008 \$
Computers Hardware		
Carrying amount at start of year	–	19,234
Additions	–	3,791
Disposals	–	(15,619)
Accumulated depreciation on disposals	–	15,619
Depreciation expense	–	(10,061)
Change in accounting policy	–	(12,964)
Carrying amount at end of year	–	–
Office & Other Equipment		
Carrying amount at start of year	22,318	30,328
Additions	–	7,500
Disposals	–	–
Accumulated depreciation on disposals	–	–
Depreciation expense	(15,630)	(15,311)
Change in accounting policy	–	(199)
Carrying amount at end of year	6,688	22,318
Total Property, plant and equipment	6,688	22,318



Notes to the Financial Statements for the Year Ended 30 June 2009

16. Intangible assets

	2009 \$	2008 \$
REMIS Software at cost	—	—
Accumulated amortisation	—	—
Accumulated Impairment Losses	—	—
	—	—
REMIS Software		
Carrying amount at start of year	—	—
Additions	—	—
Disposals	—	121,838
Accumulated amortisation on disposals	—	(121,838)
Amortisation expense	—	—
Carrying amount at end of year	—	—

17. Impairment of assets

There were no indications of impairment of Property, plant and equipment and Intangible assets at 30 June 2009.

The Board held no goodwill or intangible assets with an indefinite useful life during the reporting period and at balance sheet date there were no intangible assets not yet available for use.

There were no surplus assets at 30 June 2009 held for sale or write off.



Notes to the Financial Statements for the Year Ended 30 June 2009

18. Payables

	2009 \$	2008 \$
Current		
Accrued Expenses		
Audit Fees	23,000	22,400
Salaries	4,726	9,186
Reimbursement to Dept of Commerce	176,892	159,106
GST Payable	197	50
Miscellaneous creditors	17,143	–
Total	221,958	190,742

19. Provisions

	2009 \$	2008 \$
Current		
Employee Benefits Provisions		
Annual leave ^(a)	18,006	21,153
Long service leave ^(b)	16,941	18,424
Superannuation	3,211	3,513
	38,158	43,090
Other provisions		
Employment on costs ^(c)	3,367	3,733
Total	41,525	46,823



Notes to the Financial Statements for the Year Ended 30 June 2009

19. Provisions (continued)

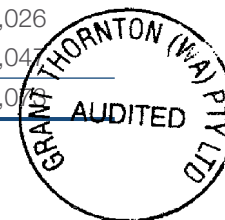
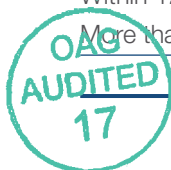
	2009 \$	2008 \$
Non Current		
Employee Benefits Provisions		
Long service leave ^(b)	50,764	31,649
Superannuation	3,472	2,072
	54,236	33,721
Other provisions		
Employment on costs ^(c)	497	158
Total	54,733	33,879

^(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows

	2009 \$	2008 \$
Within 12 months of balance sheet date	10,753	12,734
More than 12 months after balance sheet date	7,253	8,419
	18,006	21,153

^(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2009 \$	2008 \$
Within 12 months of balance sheet date	25,640	18,026
More than 12 months after balance sheet date	42,065	32,047
	67,705	50,073



Notes to the Financial Statements for the Year Ended 30 June 2009

19. Provisions (continued)

- ^(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation premiums. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 14. 'Other expenses'.

Movements in Other Provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

	2009 \$	2008 \$
Employment on-cost provision		
Carrying amount at start of year	3,891	3,181
Additional provisions recognised	(27)	710
Carrying amount at end of year	3,864	3,891

20. Other liabilities

	2009 \$	2008 \$
Current		
Unclaimed monies	150	150
Total	150	150



Notes to the Financial Statements for the Year Ended 30 June 2009

21. Notes to the Cash Flow Statement

Cash resources are held exclusively for use by the Settlement Agents Supervisory Board under the provisions of the Settlement Agents Act 1981.

Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	2009 \$	2008 \$
Cash and cash equivalents at bank		
Education and General Purpose Account	576,940	383,716
Fidelity Guarantee Account (Restricted cash)	267,805	382,805
Board Interest Account	500	500
	845,245	767,021
Cash and cash equivalents held with Treasury		
Education and General Purpose Account	18,140,000	17,140,000
Fidelity Guarantee Account (Restricted cash)	23,990,000	20,190,000
	42,130,000	37,330,000
	42,975,245	38,097,021
Cash and cash equivalents	18,717,440	17,524,216
Restricted cash and cash equivalents	24,257,805	20,572,805
Total cash and cash equivalents	42,975,245	38,097,021



Notes to the Financial Statements for the Year Ended 30 June 2009

Reconciliation of profit to net cash flows provided by operating activities

	2009 \$	2008 \$
Profit	4,224,873	7,282,637
Non-cash items:		
Depreciation and amortisation expense	15,630	25,372
Net (gain)/loss on sale of property, plant & equipment	–	(27)
(Increase)/decrease in assets:		
Current receivables	578,773	(201,146)
Increase/(decrease) in liabilities		
Current Payables	31,216	(504)
Current Provisions	(5,298)	1,675
Revenue received in advance, current liabilities	5,669	11,319
Other current liabilities	–	–
Non current provisions	20,854	8,296
Revenue received in advance, non current liabilities	6,507	617
Net cash provided by operating activities	4,878,224	7,128,239

22. Contingent Liabilities and Contingent Assets

Contingent Liabilities

In addition to the liabilities incorporated in the financial statements the Board is aware of 1 claim (3 as at 30/6/2008) against the Fidelity Guarantee Account totalling \$0.3m (\$2.0m as at 30/6/2008) for which no liability has been admitted by the Board.

Contingent Assets

The Board does not have any contingent assets in addition to the assets included in the financial statements.



Notes to the Financial Statements for the Year Ended 30 June 2009

23. Remuneration of members of the Board and senior officers

Remuneration of members of the Board

The number of members of the Board whose total of fees, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

	2009	2008
\$0 – \$10,000	8	8
\$10,001 – \$20,000	1	1
Total remuneration of members of the Board is:	38,617	49,067

The total remuneration includes the superannuation expense incurred by the Board in respect of members of the Board.

No members of the Board are members of the Pension Scheme.

Remuneration of Senior Officers

The number of senior officers other than senior officers reported as members of the Board whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, falls within the following bands are:

	2009	2008
\$30,001 – \$40,000	1	1
Total remuneration of senior officers is:	35,783	33,286

The superannuation included here represents the superannuation expense incurred by the Board in respect of senior officers other than senior officers reported as members of the Board.

No senior officers are members of the Pension Scheme.

The Board procures services from the Dept of Commerce. The number of senior officers providing these services are included in the annual report of the Department.

24. Remuneration of auditor

Remuneration to the Auditor General in respect to the audit for the current financial year is as follows;

	2009	2008
Auditing the accounts, financial statements and performance indicators	\$ 23,000	\$ 22,400



Notes to the Financial Statements for the Year Ended 30 June 2009

25. Segment (service) information

The service provided by the Board is 'Regulation' or 'regulatory services'.

As there is only one service for the Board there is no separate reporting under services.

26. Supplementary financial information

Write-offs

The Board approve write-offs totalling \$1,073 during the financial year. These were for the difference in licence fees for applications made prior to a fee increase and the fee applicable at the time the applications were approved.

27. Commitments

Lease commitments

Commitments in relation to leases contracted for at the balance sheet date but not recognised in the financial statements as liabilities are payable as follows:

	2009 \$	2008 \$
Within 1 year	985	3,643
Later than 1 year and not later than 5 years	–	1,007
Later than 5 years	–	–
	985	4,650
Representing:		
Non-cancellable operating leases	985	4,650

These commitments are all inclusive of GST.

The Board does not have any capital or finance lease commitments contracted for at the balance sheet date not recognised as liabilities.



Notes to the Financial Statements for the Year Ended 30 June 2009

28. Special purpose accounts

Special Purpose Account [section 16(1)(c)] of FMA

The Settlement Agents Supervisory Board Treasury Trust Account

The purpose of the trust account is to hold moneys:

- 1) from the executor(s) or trustees of a settlement agent as defined by section 3 of the *Settlement Agents Act 1981* (the Act);
- 2) from a liquidator appointed to a settlement agent as defined by section 3 of the Act;
- 3) from a supervisor appointed to a settlement agent as defined by section 3 of the Act;
- 4) from a trustee of a bankrupt estate of a settlement agent as defined by section 3 of the act;;
- 5) by order of the State Administrative Tribunal or Court of competent jurisdiction; or
- 6) for the purposes of the operations of the SASB.

The monies detailed below are not included in the Board's financial statements as they are being held in trust pending distribution and form no part of the financial operations of the Board.

	2009 \$	2008 \$
Opening balance	—	—
Receipts	1,328	—
Payments	—	—
Closing Balance	1,328	—

29. Events occurring after the balance sheet date

The Board is not aware of any events occurring after the balance sheet date that materially affect these financial statements.



Notes to the Financial Statements for the Year Ended 30 June 2009

30. Explanatory statement

This statement provides detail of any significant variations between estimates and actual results for 2009 and between the actual results for 2008 and 2009.

Significant variations are considered to be those greater than 10% and \$50,000

Significant variations between estimate and actual results for the financial year

	2009 Estimate \$	2009 Actual \$	Variation \$
Income			
Other revenues	2,400	64,362	61,962
Expenses			
Fidelity payments	954,655	—	(954,655)

Other revenues

The over budget situation is due primarily to a recovery of fidelity payments and a refund for previous years insurance payments.

Fidelity payments

The Board allowed in the budget full payment of contingent liabilities for fidelity claims. These claims were either not allowed, withdrawn or have yet to be finalised. Thus no payments were recorded for the year.

Significant variations between actual results and prior year – revenues and expenditure

	2009 \$	2008 \$	Variation \$
Income			
Agents trust account interest	4,135,587	6,885,849	(2,750,263)
Expenses			
Employee benefits expense	448,073	391,326	56,747

Agents trust account interest

The decrease in income from agents trust accounts is due to a combination of lower interest rates and activity/prices in the industry.

Employee benefits expense

The increase in employee expenses is due to additional staffing and an increase in leave liability.



Notes to the Financial Statements for the Year Ended 30 June 2009

31. Financial instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Board are cash and cash equivalents, receivables and payables. The Board has limited exposure to financial risks. The Board's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the Board's receivables defaulting on their contractual obligations resulting in financial loss to the Board.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of these assets inclusive of any provisions for impairment, as shown in the table at Note 29c.

The Board trades only with recognised, creditworthy third parties. The Board has policies in place to ensure that services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Board's exposure to bad debts is minimal. At the balance sheet date, there were no significant concentrations of credit risk.

Allowance for impairment of financial assets is calculated on objective experience such as observable data indicating changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 30c 'Financial Instruments Disclosures'.

Liquidity risk

Liquidity risk arises when the Board is unable to meet its financial obligations as they fall due. The Board is exposed to liquidity risk through its trading in the normal course of business.

The Board has appropriate procedures to manage cash flows by monitoring cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in the market prices such as foreign exchange rates and interest rates will affect the Board's income or the value of its holdings of financial instruments.

The Board does not trade in foreign currency and is not materially exposed to other price risks.

The Board's exposure to market risk for changes in interest rates relate primarily to cash and cash equivalent holdings. Variations in interest rates have a direct impact on the Board's earnings however, movements in interest rates are beyond the Board's control.

Other than detailed in the interest rate sensitivity analysis table the Board has limited exposure to interest rate risk because it has no borrowings.



Notes to the Financial Statements for the Year Ended 30 June 2009

(b) Categories of Financial Instruments

In addition to cash the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows.

	2009 \$	2008 \$
Financial Assets		
Cash assets	18,717,440	17,524,216
Restricted cash assets	24,257,805	20,572,805
Receivables	667,727	1,246,499
Financial Liabilities		
Financial liabilities measured at amortised cost ^(a)	398,192	354,800

^(a) the amount of financial liabilities measured at amortised cost excludes GST payable to the ATO (statutory receivable/payable)

(c) Financial Instruments Disclosures

Credit Risk, Liquidity Risk and Interest Rate Risk Exposure

The following table discloses the Boards maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Board's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown below.

The table discloses the ageing analysis of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Board.

The Board does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Board does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.



Notes to the Financial Statements for the Year Ended 30 June 2009

Interest rate exposures of financial assets

	Weighted Avg Effective Int Rate %	Carrying Amount \$	Variable Interest Rate \$	Non Interest Bearing \$
Financial Assets				
2009				
Cash assets	3.2%	18,717,440	18,717,440	—
Restricted cash assets	3.2%	24,257,805	24,257,805	—
Receivables		94,227	—	94,227
		43,069,472	42,975,245	94,227
2008				
Cash assets	7.6%	17,524,216	17,524,216	—
Restricted cash assets	7.6%	20,572,805	20,572,805	—
Receivables		—	—	—
		38,097,021	38,097,021	—

The amount of receivables excludes the GST recoverable from the ATO (statutory receivable)

The Board does not have any past due or impaired financial assets.

Liquidity Risk

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the balance sheet date. The table includes both interest and principal cash flows. An adjustment has been made where material.



Notes to the Financial Statements for the Year Ended 30 June 2009

Interest rate exposures of financial liabilities

	Weighted Avg Effective Int Rate %	Carrying Amount \$	Variable Interest Rate \$	Non Interest Bearing \$
Financial Liabilities				
2009				
Payables ^(a)	3.2%	221,761	221,761	–
Licence revenue received in advance		176,084	–	176,084
		397,845	221,761	176,084
2008				
Payables ^(a)	7.6%	190,692	190,692	–
Licence revenue received in advance		163,908	–	163,908
		354,600	190,692	163,908

^(a) The amount of financial liabilities measured at amortised cost excludes GST payable to the ATO (statutory receivable/payable).



Notes to the Financial Statements for the Year Ended 30 June 2009

Interest Rate Sensitivity Analysis

The following table represents a summary of the interest rate sensitivity of the Board's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

		-1% change		+1% change	
2009	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
Financial Assets					
Cash assets	18,717,440	(187,174)	(187,174)	187,174	187,174
Restricted cash assets	24,257,805	(242,578)	(242,578)	242,578	242,578
Financial Liabilities					
The Board does not have any Financial Liabilities subject to interest rate sensitivity.					
Total Increase/(Decrease)		(429,752)	(429,752)	429,752	429,752

		-1% change		+1% change	
2008	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
Financial Assets					
Cash assets	17,524,216	(175,242)	(175,242)	175,242	175,242
Restricted cash assets	20,572,805	(205,728)	(205,728)	205,728	205,728
Financial Liabilities					
The Board does not have any Financial Liabilities subject to interest rate sensitivity.					
Total Increase/(Decrease)		(380,970)	(380,970)	380,970	380,970

Fair Values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent reasonable approximations of fair value unless otherwise stated in the applicable notes.



Appendix

The following table provides details and results of concluded State Administrative Tribunal disciplinary matters during the period 1 July 2008 – 30 June 2009.

VR Number	Respondents	Findings	Penalty	Costs
VR 39 of 2008	Champion Settlements Pty Ltd	Disciplinary action against the respondent pursuant to section 84(1) of the Act in that the respondent acted contrary to section 49(3) of the Act and rules 16, 11, 12, 6a(2) and 7 of the Code of Conduct.	The respondent is to pay the applicant a fine in the sum of \$3,000.00 in clear funds within 28 days of the date of this order failing which the respondent's licence will be suspended until payment is made.	The respondent is to pay the applicant costs fixed in the sum of \$500.00 in clear funds within 28 days of the date of this order failing which the respondent's licence will be suspended until payment is made.
VR 111 of 2008	Ealing Pty Ltd trading as Cape Settlements	Disciplinary action against the respondent pursuant to section 84 of the Act in that the respondent acted contrary to rules 16, 11, 6A(2) and 7 of the Code of Conduct.	The respondent is to pay a fine of \$2,000.00 to the Board within 28 days of the date of the order, failing which the respondent's licence will be suspended until payment is made.	The respondent is to pay the Board's costs fixed at \$500.00 within 28 days of the date of the order, failing which the respondent's licence will be suspended until payment is made.
VR 32 of 2009	Michelle Morgan trading as Dynamic Settlements	Disciplinary action against the respondent pursuant to section 84(2)(c)(ii)&(iii) of the Act in that the respondent acted contrary to section 49(4) of the Act and rule 24 of the Code of Conduct.	The respondent is to pay the applicant a fine in the sum of \$4,000.00 in clear funds within 28 days of the date of this order failing which the respondent's licence will be suspended until payment is made.	The respondent is to pay the applicant costs fixed in the sum of \$1,000.00 in clear funds within 28 days of the date of this order failing which the respondent's licence will be suspended until payment is made.

Appendix

The following table provides details and results of concluded Supreme Court Appeals during the period 1 July 2008 – 30 June 2009.

VR Number	Respondents	Findings	Penalty	Costs
VR 38 of 2007	LJ Hooker Settlements Pty Ltd	In October 2007 the SAT heard proceedings brought against LJ Hooker Settlements Pty Ltd by the Board, contending that the issue of units, and the payment of profits in accordance with unit holdings, constituted a breach of section 44(8) of the Act. The application was dismissed in February 2008. The Supreme Court upheld the decision of the SAT to dismiss the application against the respondent in May 2009.	N/A	N/A

SASB 2008-2009 Annual Report – Questionnaire

The Board invites readers to provide feedback on the quality and usefulness of this annual report. The information obtained will be used when drafting the annual report for the next reporting year. Thank you for your time.

1. Overall, how informative did you find the annual report?

- | | |
|---|---|
| <input type="checkbox"/> Very informative | <input type="checkbox"/> Not informative at all |
| <input type="checkbox"/> Fairly informative | <input type="checkbox"/> Unsure |
| <input type="checkbox"/> Not very informative | |

2. Did the report meet your needs?

- | | | |
|------------------------------|-----------------------------|---------------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Unsure |
|------------------------------|-----------------------------|---------------------------------|

3. What is your overall impression of this report?

Language

- | | |
|---|--|
| <input type="checkbox"/> Easy to understand | <input type="checkbox"/> Difficult to understand |
| <input type="checkbox"/> Average | <input type="checkbox"/> Unsure |

Volume of information

- | | |
|-----------------------------------|-------------------------------------|
| <input type="checkbox"/> Too much | <input type="checkbox"/> Too little |
| <input type="checkbox"/> Suitable | <input type="checkbox"/> Unsure |

Design/Layout

- | | |
|----------------------------------|---------------------------------|
| <input type="checkbox"/> Good | <input type="checkbox"/> Poor |
| <input type="checkbox"/> Average | <input type="checkbox"/> Unsure |

Range of information

- | | |
|----------------------------------|---------------------------------|
| <input type="checkbox"/> Good | <input type="checkbox"/> Poor |
| <input type="checkbox"/> Average | <input type="checkbox"/> Unsure |

4. Are there any other types of information you would like to see included in future annual reports?

5. What was your reason for reading this report?

6. Are there any areas you think need to be covered more thoroughly?

7. Please give us your overall opinion of the report. Include any changes you believe need to be made or any suggestions you have.

Your completed questionnaire can be either posted, faxed or hand delivered to SASB.

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