



Government of **Western Australia**
Department of **Commerce**

SETTLEMENT AGENTS SUPERVISORY BOARD

Final Report

2010 > 2011



STATEMENT OF COMPLIANCE

For year ended 30 June 2011

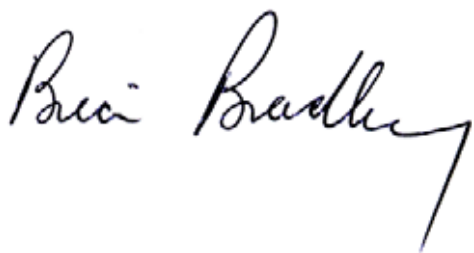


Hon Simon O'Brien MLC

Minister for Finance; Commerce; Small Business

In accordance with section 72 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Final Report of the Settlement Agents Supervisory Board for the financial year ended 30 June 2011.

The Final Report has been prepared in accordance with section 112 of the *Settlement Agents Act 1981* which applies the relevant provisions of the *Financial Management Act 2006* and the *Auditor General Act 2006*.

A handwritten signature in black ink, appearing to read 'Ben Bradbury', with a long, sweeping tail stroke.

Reporting Officer

7 September 2011

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Overview



EXECUTIVE SUMMARY

Highlights for 2010-11

Board and other proceedings

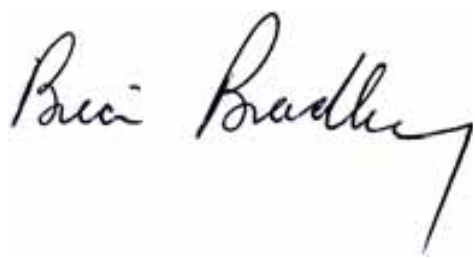
During the reporting period 1 July 2010 – 30 June 2011 the Board:

- convened for 12 board meetings;
- convened for 3 licensing hearings;
- commenced 8 disciplinary proceedings against agents in the State Administrative Tribunal (the SAT);

Achievements

During the reporting period 1 July 2010 – 30 June 2011 the Board:

- processed 37 applications for new licences;
- processed 180 applications for triennial certificate renewal;
- assessed and acknowledged 53 new general compliance investigations;
- completed 26 trust account investigations;
- completed 76 investigations into qualified audits;
- issued 61 educational and 11 breach non-compliance letters to industry from the Registrar;
- made 114 proactive compliance visits to settlement agencies across WA; and
- had 9 core and elective CPD seminars conducted on its behalf by West Coast Property Training (WCPT) and 1 elective CPD seminars held by the Australian Institute of Conveyancers (AICWA).



Reporting Officer
7 September 2011



OPERATIONAL STRUCTURE

Enabling Legislation

The Settlement Agents Supervisory Board (the Board) was 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 administered the Act, the Settlement Agents Regulations 1982 (the Regulations), and the Settlement Agents' Code of Conduct 1982 (the Code of Conduct).

Responsible Minister

The Hon Simon O'Brien MLC took over responsibility as the Minister for Commerce on 14 December 2010. Throughout the reporting period until 13 December 2010 the responsible minister was the Hon Bill Marmion BE MBA MLA.

Mission

The Board's goal was to ensure that the people of Western Australia had confidence in the settlement industry.

The core values and conduct that helped the Board achieve this desired outcome were:

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

Integrity: The Board dealt 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 performed its functions in a fair and open manner.

Professionalism: The Board performed 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 endeavoured to provide high quality information and services to the government, industry, and the public.



Organisational structure

Board structure

The Board was 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 was used to finance the statutory functions of the Board to the settlement industry and the community of Western Australia. The statutory functions were provided by means of the following services:

Licensing: involved the quality control of people seeking to enter the settlement industry for the first time and of those already licensed in that industry.

Compliance: ensured that licensed settlement agents complied with the relevant legislation and financial reporting requirements, and those that undertook unlicensed activity were stopped from doing so.

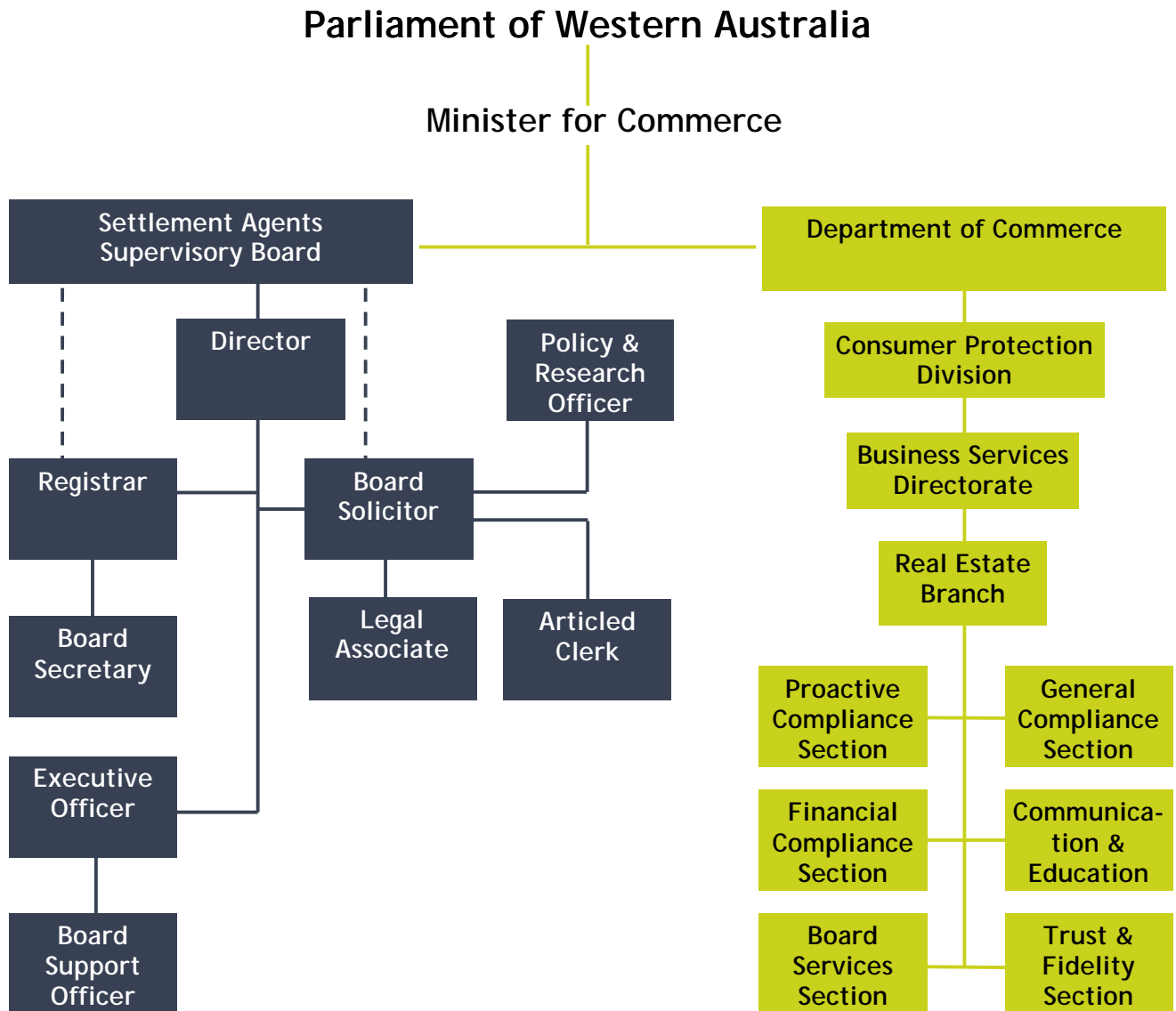
Education and Awareness: aimed to encourage awareness of 'best practice' throughout the settlement industry through activities such as proactive visits, the Compulsory Professional Development (CPD) program, seminars, publications and through the Board's website.

Fidelity Guarantee Account: centred on the assessment of reimbursement claimed from consumers who have suffered pecuniary loss or loss of property through the criminal or fraudulent actions of a licensed settlement agent who holds a current triennial certificate, in the course of the business of that agent. This also included the actions of such agent's employees.

Service Delivery Agreement

The Board contracted the Department of Commerce (the Department) to provide services under a Service Delivery Agreement (SDA). These services assisted the Board to carry out its functions. The SDA set out the services and performance measures between the Board and the Department, in accordance with government output based management requirements.

Organisational chart



Members of the Board

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

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



Chair: Ms Mirina Muir

Ms Muir brought to the position extensive experience as a legal practitioner with a background in education, mediation and arbitration. She is also a chartered international arbitrator and accredited mediator. Ms Muir previously held the position as the legal practitioner member for the Settlement Agents Supervisory Board from 2001 until 2005. Ms Muir is currently a General Manager for the DORIC Group.



Legal Practitioner Member: Mr Steven Phillips

Mr Phillips is a legal practitioner operating his own law firm. Mr Phillips has been the legal member since September 2005. He was previously, since March 2003, the deputy legal practitioner member.

Deputy Member: Ms Sabina Schlink



Commercial Member: Mr Rod Lane

Mr 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 has been a member of the Board since October 2005. He operates his own private management company.

Deputy Member: Mr Brian Darling



Elected Member: Ms Judith Pinczuk

Ms Pinczuk is one of two members elected for appointment by licensed settlement agents. She has spent most of her life in the industry, been licensed as a real estate settlement agent since 1988 and has operated her own agency for over 12 years. Ms Pinczuk has been a member of the Board since June 2003.

Deputy Member: Mr Dominic Loiacono



Elected Member: Mr Stephen Britten

Mr Britten has over 10 years experience in the settlement industry and operates his own private settlement agency. Mr Britten has been with the Board since 2008 and prior to his appointment as one of two elected members, he was deputy to the elected member position.

Deputy Member: Vacant



Elected Member: Ms Valerie Haskins

Ms Haskins was one of two members elected for appointment by licensed settlement agents. She is a licensed real estate settlement agent with 33 years' experience in the industry, and has operated her own agency for 23 years. Ms Haskins was a member of the Board from July 1995 until she stepped down as Board member on 8 December 2010.



Board staff

The Board engaged nine staff. The Director, Board Solicitor, Legal Associate, Articled Clerk, Board Executive Officer and Board Support Officer were employed in a joint-funding arrangement with the Real Estate and Business Agents Supervisory Board. The Registrar, Research and Policy Officer and Board Secretary were employed solely by the Board.

Role of senior staff

Director

The Director was the Chief Employee and Chief Financial Officer of the Board and provided advice and assistance to the Board in its day-to-day operations. The Director was also responsible for ensuring that the Board's policies and strategies for regulating the settlement industry were implemented and monitored.

The Director managed the Board's financial and human resources, oversaw legal services, assisted with planning and strategic issues and represented 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 assisted the Board to comply with legislation relevant to its statutory obligations.

Board Solicitor

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

Registrar

The Registrar assisted in overseeing the operations of the Board and provided leadership and guidance to Board and branch staff. The Registrar assisted the Director on policy, legislative and operational issues that may impact on the Board's viability or ability to meet legislative requirements. It was 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 was also responsible for determining or advising how investigations were conducted.



Other key legislation impacting on the Board

In the performance of its functions, the Board complied with the following relevant written laws:

Auditor General Act 2006;
Criminal Code Act Compilation Act 1913;
Disabilities Services Act 1993;
Electoral Act 1907;
Equal Opportunity Act 1984;
Fair Trading Act 1987;
Financial Management Act 2006;
Freedom of Information Act 1992;
Legal Profession Act 2008;
Magistrates Court Act 2004;
Mutual Recognition (Western Australia) Act 2010;
Mutual Recognition Act 2010 (Cwlth);
Occupational Safety and Health Act 1984;
Public Sector Management Act 1994;
Public Interest Disclosure Act 2003;
State Administrative Tribunal Act 2004;
State Records Act 2000;
State Supply Commission Act 1991;
Strata Titles Act 1985
Supreme Court Act 1935; and
Workers Compensation and Injury Management Act 1981



PERFORMANCE MANAGEMENT FRAMEWORK

Outcome Based Management framework

The key service of the Board was to regulate the settlement industry. This was achieved through the discharge of its statutory functions: licensing, compliance, education and awareness, and the Fidelity Guarantee Account. The effective regulation of the industry enabled the Board to achieve its desired outcome that people could have confidence in the industry. This ultimately contributed to meeting the Government's goal of achieving results for the benefit of all Western Australians.

Government goal	Board's desired outcome	Service
Outcomes Based Service Delivery Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.	The people of Western Australia have confidence in the settlement industry.	Regulation of the settlement industry through the discharge of the Board's statutory functions.

Changes to Outcome Based Management framework

The Board's Outcome Based Management framework did not change during 2010–11.

Shared responsibilities with other agencies

The Board did not share any responsibilities with other agencies in 2010–11.

Agency performance



REPORT ON OPERATIONS

Service one: Licensing

Strategic objectives

The Board's 2010–11 reporting period objectives were to:

- administer the scheme of licensing in accordance with the Act;
- assess the fitness¹ of people entering the industry; and
- audit the computer databases to ensure the information recorded was accurate.

Performance

In 2010–11 the Board was able to achieve the following outcomes:

- 37 applications for new settlement agent licences processed;
- 180 applications for triennial certificate renewal processed;
- 97.14 per cent of new licence applicants advised of the outcome of their application within eight days of a Board decision;
- More than 98.84 per cent of agents applying to renew their triennial certificate advised of the outcome of their application within seven days of the Registrar's decision; and

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 was continuous, while the triennial certificate was issued for a period of three years at a time.

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

In 2010–11, the Board received 37 applications for settlement agent licences. This figure represents a decrease of 5.1 per cent below that reported for 2009–10. During the reporting period the Board conducted 3 recorded licensing interviews.

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	\$818
Firm or partnership / Body corporate	\$1,024

Agent renewal applications:

Individual / Firm / Body corporate	\$580
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Note: These fees were inclusive of a Fidelity Guarantee Account payment of \$150.

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.



Holding fee

Agents who wish to continue to remain a licensee, but do not want to carry on business, be a person in bona-fide in control, or hold a triennial certificate may do so by paying a holding fee of \$202. This places their licence on hold for a period of three years. At the end of the reporting period, 53 real estate settlement agents and 0 business settlement agents had their licences on hold.

Licensing kit

A licensing kit that provided information for new licence holders was available on the Board's website. The kit consisted of information on setting up a trust account, auditing processes, settlement fee scales, and the CPD guide. The licensing kit also contained a fact sheet titled *Licensing of settlement agents* that included 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 2010* and the *Mutual Recognition Act 2010 (Cwlth)*.



Service two: Compliance

Strategic objectives

In 2010–11, the Board strived to meet the following objectives:

- that prompt, accurate advice was given to industry members and the public;
- that prompt action was taken against agents who failed to comply with the requirements of the *Settlement Agents Act 1981* (the Act), the Settlement Agents Regulations 1982 (the Regulations) and the Settlement Agents' Code of Conduct 1982 (the Code of Conduct);
- that complaints were investigated promptly and dealt with by the Board or Registrar in a timely manner;
- that qualified audit reports were investigated; and
- that in appropriate cases the Board commenced proceedings before the State Administrative Tribunal (the SAT) or directed the Registrar to bring prosecutions in the Magistrates Court.

Performance

In 2010–11 the Board was able to achieve the following outcomes:

In general compliance

- 55 investigations commenced;
- 57 investigations completed;
- 97.30 per cent of investigations acknowledged within seven calendar days; and
- More than 74.54 per cent of investigations commenced within 14 calendar days.

In financial compliance

- 73 qualified audit investigations commenced;
- 76 investigations into qualified audits completed;
- 93.15 per cent of qualified audit investigations commenced within seven calendar days;
- 23 trust account investigations commenced;
- 26 trust account investigations completed; and
- 91.3 per cent of trust account investigations commenced within 14 calendar days.

General compliance

This year saw an increase in the number of new investigations commenced into the conduct of agents. In 2010–11 the Board commenced 55 investigations, compared to 42 in the previous reporting period.

At 30 June 2011, 41 investigations were still outstanding and will now be the responsibility of the Department of Commerce to finalise.

In 2010–11, the Registrar closed 176 investigations, and issued 11 breach non-compliance letters and 61 advisory letters.

In this reporting period, the Board commenced 8 proceedings in the SAT, 6 of which were completed. No matters were commenced in the Magistrates Court.



Financial compliance

During 2010–11, the Board commenced 73 investigations into qualified audit reports compared to 50 from the previous reporting period. It is believed this increase was due to a combination of an influx of new auditors, an increased amount of minor issues being picked up by auditors and an internal restructure within the Department which resulted in an overly cautious approach when determining whether audits should be investigated. It should also be noted that a high volume of the investigations were closed with no action taken.

There were also 26 trust account investigations commenced in 2010–11 compared to 27 from the previous reporting period.



Service three: Education and awareness

Strategic objectives

In 2010–11, the Board met the following education and awareness objectives:

- conducted proactive compliance visits to settlement agencies that have not received a visit for three years;
- provided a counter information service to members of the public and industry;
- provided a telephone information service to members of the public and industry;
- developed educational material, including booklets and fact sheets, for distribution to members of the public and industry;
- conducted 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;
- published the quarterly newsletter, *Settlement Agents News*, for distribution to licensees, auditors and members of the public who wish to receive a copy;
- published regular e-Bulletins as needed; and
- provided the most up-to-date information on the Board's website.

Performance

In 2010–11 the Board achieved the following outcomes:

- 114 proactive compliance visits of settlement agencies were completed across Western Australia;
- 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
- 16 e-Bulletins were issued; including
- 1 special edition of the *Settlement Agent News* concerning the transfer of responsibility from the Board to the Department which was published and distributed in both electronic and physical formats

Proactive compliance

During 2010-11, the Board conducted 114 proactive visits to agencies, a 4 per cent decrease from the 119 agencies visited in 2009–10. Of those visits 23 were new agencies. Focus was on new agents and those considered a higher risk (for example agents who have received a qualified audit report). Proactive compliance visits were carried out in accordance with a standard process, which included examining:

- whether correspondence and documents conform to the Act, the Regulations and the Code of Conduct;
- whether agents were 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 bank reconciliations were completed in compliance with the Act.

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



Information services

In 2010–11, people seeking information on settlement matters were able to call the Real Estate and Settlement Advice Line for the cost of a local call statewide. 91.1 per cent of calls to this line were answered within 40 seconds. All settlement-specific calls were transferred directly to and dealt with by the Board's settlement compliance staff via the dedicated Settlement Agents Advice Line.

The main areas of enquiry related to difficult settlements, Compulsory Professional Development and the Australia Post renewal process.

Compulsory Professional Development

The Board's Compulsory Professional Development (CPD) initiative continued in the second half of 2010 for all individual licensed settlement agents, and the strong compliance rates showed that the settlement industry continued to embrace the program. The positive feedback received indicated that the topics presented in 2010 were of great benefit and use to attendees, and the Board ensured there were ample opportunities for agents to attend courses. In these six months, a total of nine core and elective CPD sessions were conducted on behalf of the Board by West Coast Property Training (WCPT).

Improved reporting facilities and procedures within the Real Estate Branch resulted in tighter monitoring of CPD compliance across the industry and this resulted in increased rates of compliance. Throughout the financial year, the Board continued to assess CPD elective activity applications from training providers and approve those which it felt would add real value to the program. The Board resolved to extend the contract awarded to WCPT to write and deliver the core and prescribed CPD activities to the settlement industry in 2011.

In the first six months of 2011, a total of 8 core and elective sessions were held by WCPT and the Board continued to stress the importance of maintaining compliance through its varied publications. Crucially, it also expressed the need to continue meeting the CPD requirements after the Board's abolition on 30 June 2011 and that adherence with the program will be checked at the time of renewal. Three and a half years after the CPD program was introduced, the Board remains assured that its principal aims of increasing consumer protection and the knowledge, skills and professionalism of those working in the settlement industry are being met.

Education funding

The Board provided financial support to promote its education objectives. The Board used a prescribed proportion of the interest earned from settlement agents' trust accounts for this purpose.

Settlement Agents News

The *Settlement Agents News* was mailed to all licensees and their auditors on a quarterly basis to provide information on industry practice issues, legislative amendments and updates on requirements such as the CPD program. All recent and archived editions could be downloaded from the Board's website, and are now available on the Consumer Protection website.

A special edition of the *Settlement Agents News* concerning the transfer of responsibility from the Board to the Department was published and distributed in both electronic and physical formats. The newsletter was issued to approximately 1200 recipients each quarter and was also available to the public free of charge.



SASB e-Bulletin

The SASB e-Bulletins proved to be a convenient way for the industry to receive updates on issues relevant to the conveyancing industry in Western Australia. Distributed monthly, or more frequently if required, the communiqué was sent from the Board to industry members who opted to be on its mailing list. Its popularity grew to nearly 500 recipients who were alerted to the latest settlement updates from the Board, Landgate, the Office of State Revenue and CPD training providers. Hyperlinks throughout the e-Bulletins gave readers instant electronic access to relevant email contacts, websites and corresponding articles.

Website

The Board's website was an essential tool in the provision of advice to industry participants and the public. The website featured important information regarding licensing and renewal requirements, compliance and the CPD program. Industry participants could view past editions of the *Settlement Agents News* and the SASB e-Bulletin. They could also view the Board's policies and relevant legislation.

The website similarly served to educate members of the public who could access electronic versions of consumer publications, a register of settlement agent licence holders and information about the Fidelity Guarantee Account and how to lodge a complaint.

The online settlement calculator allowed home buyers and sellers to calculate maximum settlement fees particular to their situation. Home buyers and sellers could also access information about the offer and acceptance and settlement processes.

The majority of relevant content on the website will continue to be reviewed and updated, however it will be transferred to the Consumer Protection website in order to ensure that the information available remains as organised and accurate as possible.

Publications

The Board produced eight publications, which provided important information to both industry and members of the public on topical issues relevant to real estate and business settlement transactions. These publications were:

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

In 2010–11, the Board completed full reviews of all of the above publications except for *Information for complainants – settlement industry*, and *A guide to investigations and disciplinary proceedings* (as both booklets will be incorporated into a Consumer Protection publication), and *Choosing a settlement agent* and *Licensing of settlement agents* (which were reviewed in full in the previous reporting period). All publications were available on the Board's website and most could be delivered on request in hard copy format.

Service four: Fidelity Guarantee Account

Strategic objectives

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

Performance

In 2010–11 the Board was able to achieve the following outcomes:

- 22 claims lodged against the FGA;
- 17 claims finalised;

Overview

The FGA is financed through contributions from agents, interest on agents' trust accounts, and interest generated on the FGA. The FGA 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 FGA is invested with Treasury, and income derived from this is credited to the FGA.

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 licensee or their employee;
- the licensee holds a current triennial certificate; and
- the loss occurred in the course of the business of the licensee.

Fidelity Guarantee Account claims lodged

Financial year	2006–07	2007–08	2008–09	2009–10	2010–11
Number of claims	9	1	0	0	22

The Board published an information bulletin designed to assist claimants in completing the form. This is now available on Consumer Protection's website and contains information about the FGA, including eligibility criteria and an overview of the claim process.

ACTUAL RESULTS VERSUS BUDGET TARGETS

Financial targets

	2010–11 Target ¹	2010–11 Actual	Variation
Total cost of services (expense limit)	\$3,185,408	\$2,990,162	(\$192,246)
Net cost of services	\$4,069,813	\$3,852,972	(\$216,841)
Approved full time equivalent (FTE) staff level	4.2	3.9	(0.3)

Summary of Key Performance Indicators

	2010–11 Target	2010–11 Actual	Variation ²
Board's desired outcome: The people of Western Australia have confidence in the settlement industry. Key effectiveness indicator: The extent to which settlement agents and others comply with the requirements of the <i>Settlement Agents Act 1981</i> , the Settlement Agents Regulations 1982 and the Settlement Agents' Code of Conduct 1982 in relation to the management of their trust accounts.	88 per cent ³	82.30 per cent	(5.7) per cent
Service: Regulation of the settlement industry through the discharge of the Board's statutory functions. Key efficiency indicator: The average cost per licensed agent, of regulating the settlement industry.	\$6,604.89	\$6,132.15	(\$472.74)

¹ As specified in the budget statements for the year in question.

² Explanations for the variations between target and actual results were presented in the 'Notes to the indicator' in the section 'Detailed information in support of Key Performance Indicators'.

³ Figure rounded down to nearest whole number from preceding year's actual percentage.

Significant issues





CURRENT AND EMERGING ISSUES AND TRENDS

Consumer Protection replaces the Board

On 25 November 2010, legislation was passed by the Western Australian State Parliament to transfer responsibility for regulation of the conveyancing industry from the Settlement Agents Supervisory Board (the Board) to the Department of Commerce (the Department) and the Commissioner for Consumer Protection. The operations of the Board wound up on 30 June 2011 with transfer of its responsibilities occurring from 1 July 2011.

This change was part of the State Government's commitment to reducing the number of statutory Boards and committees in WA. Abolition of the Board, along with three other statutory licensing Boards, will result in a more streamlined operating structure with a single regulator across a number of property-related occupational areas and better integration with generalist laws such as the *Australian Consumer Law*. The changes also position the local conveyancing industry for the national harmonisation of licensing under the National Occupational Licensing System, which is expected to begin on July 1, 2013.

From July 2011 the licensing authority of the Board has been vested in the Commissioner for Consumer Protection, and the Board's financial responsibilities moved to the Director General of the Department.

Australian Consumer Law

On 1 January 2011 a uniform Australian Consumer Law came into operation at the Commonwealth level and in every State and Territory in Australia, meaning the basic consumer laws are the same throughout Australia. The Australian Consumer Law is heavily based on provisions in the *Trade Practices Act 1974* and the *Fair Trading Act 1987*.

For transactions that took place before 1 January 2011 then the former law applies. For those transactions *Fair Trading Act 1987*, the *Consumer Affairs Act 1971* or the *Door to Door Trading Act 1987* still apply. For transactions that take place after 1 January 2011 the *Fair Trading Act 2010* and/or the Australian Consumer Law apply.

The *Fair Trading Act 2010* applies the Australian Consumer Law as set out on 1 January 2011 in Schedule 2 to the Commonwealth's *Competition and Consumer Act 2010* (what used to be called the *Trade Practices Act 1974*) as the Australian Consumer Law (WA). The ACCC will administer the Commonwealth's version of the Australian Consumer Law and the Department of Commerce will administer the Australian Consumer Law (WA).



CHANGES IN WRITTEN LAW

Duties Act Amendments and Revenue Online

The Office of State Revenue introduced amendments to the *Duties Act 2008* in respect of the lodgement and payment arrangements to all dutiable transactions in early March 2011. These amendments required all transactions to be lodged with the Office of State Revenue within two months from the date of execution, regardless of whether the transaction is unconditional or not.

In connection with these legislative changes, the Office of State Revenue (OSR) enhanced its Revenue Online system known as ROL. ROL allows users to self-assess approved transactions and pay the assessed duty at settlement, providing a Special Tax Return Arrangement was agreed between a Responsible Party (usually a conveyancer, lawyer or other party) and the Commissioner of State Revenue.

LIKELY DEVELOPMENTS

National Occupational Licensing System

The National Occupational Licensing System (NOLS) is scheduled to commence for settlement agents from 1 July 2013. The Board was mindful of ensuring that the settlement industry remained informed of any developments as it will impact heavily on the way settlement agents practice in Western Australia.

Review of the Settlement Agents Code of Conduct 1982

The Settlements Agents Code of Conduct 1982 ('The Code') was put up for review by the Board in the latter half of 2010. The Board's legal counsel was engaged to offer any input, and make any suggestions for changes. The review is currently being undertaken by the Legislation and Policy Branch of the Consumer Protection Division of the Department of Commerce.

National Electronic Conveyancing System

As part of the development of the National Electronic Conveyancing System (NECS), January 2010 saw the establishment of National E-Conveyancing Development Ltd (NECDL). The role of NECDL is to progress the work previously being guided by the National Steering Committee. The Department will ensure it remains up to date with information regarding the move towards electronic conveyancing and the development of NECS, as it will significantly affect the settlement industry in Western Australia.

Deregulation of fees

A major review of the fees of the Settlement Agents Supervisory Board was completed by the Paxon Group (formerly Stamfords) in 2009-2010. In July/August 2010 the Board, after considering the findings and recommendations of the Paxon review, developed some proposals regarding the re-structuring of the fees prescribed within the Settlement Agents Remuneration Notice 2008. These were submitted to the then Minister for Commerce the Hon Bill Marmion MLA, and are still under consideration by the current Minister, the Hon Simon O'Brien MLC.

Disclosures and legal compliance



AUDITOR GENERAL'S OPINION



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

SETTLEMENT AGENTS SUPERVISORY BOARD

Report on the Financial Statements

I have audited the accounts and financial statements of the Settlement Agents Supervisory Board.

The financial statements comprise the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Reporting Officer's Responsibility for the Financial Statements

The Settlement Agents Supervisory Board ceased to exist on 30 June 2011. The Treasurer appointed a Reporting Officer under section 68 of the Financial Management Act 2006 who was responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Reporting Officer's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Reporting Officer, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Settlement Agents Supervisory Board at 30 June 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Page 1 of 2

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Settlement Agents Supervisory Board

Report on Controls

I have audited the controls exercised by the Settlement Agents Supervisory Board. The Board was responsible for ensuring that adequate control was maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Board based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, the controls exercised by the Settlement Agents Supervisory Board are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Settlement Agents Supervisory Board. The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, the key performance indicators of the Settlement Agents Supervisory Board are relevant and appropriate to assist users to assess the Board's performance and fairly represent indicated performance for the year ended 30 June 2011.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.



COLIN MURPHY
AUDITOR GENERAL
14 September 2011



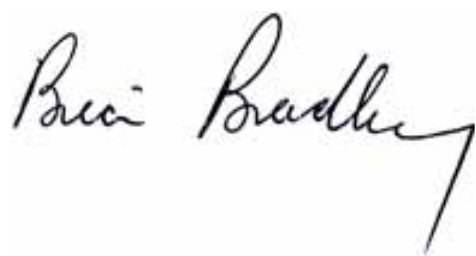
FINANCIAL STATEMENTS

Certification of financial statements

For the year ended 30 June 2011

The accompanying financial statements of the Board have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2011 and the financial position as at 30 June 2011.

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



Reporting Officer
7 September 2011

Statement of Comprehensive Income
For the year ended 30 June 2011

Settlement Agents Supervisory Board - 30 June 2011

	Note	2011 \$	2010 \$
INCOME			
Revenue			
Agents trust account income		3,849,939	3,658,258
Licence income	4.	122,911	121,653
Contributions to the Fidelity Guarantee Account		33,300	39,750
Fines and costs		13,500	22,000
Interest revenue	5.	2,399,759	1,763,828
Other revenue	6.	423,725	9,339
TOTAL INCOME		6,843,134	5,614,828
EXPENSES			
Employee benefits expense	7.	376,001	400,709
Board fees		16,450	30,181
Supplies and services	8.	2,188,875	1,996,820
Depreciation and amortisation expense	9.	3,222	6,836
Accommodation expenses	10.	397	262
Grants	11.	164,169	236,476
Fidelity payments		218,429	0
Other expenses	12.	22,619	21,540
TOTAL EXPENSES		2,990,162	2,692,824
PROFIT FOR THE PERIOD		3,852,972	2,922,004
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,852,972	2,922,004

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



Statement of Financial Position
As at 30 June 2011

Settlement Agents Supervisory Board - 30 June 2011

	Note	2011 \$	2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents	19.	18,875,295	18,719,297
Restricted cash and cash equivalents	19.	30,481,380	26,981,783
Receivables	13.	988,707	840,356
Total Current Assets		50,345,382	46,541,436
Non-Current Assets			
Plant and equipment	14.	8,413	11,635
Total Non-Current Assets		8,413	11,635
TOTAL ASSETS		50,353,795	46,553,071
LIABILITIES			
Current Liabilities			
Payables	16.	165,847	207,517
Provisions	17.	75,332	35,416
Licence revenue received in advance	4.	103,166	103,776
Other current liabilities		155	150
Total Current Liabilities		344,500	346,859
Non-Current Liabilities			
Licence revenue received in advance	4.	77,059	83,919
Provisions	17.	2,050	45,079
Total Non-Current Liabilities		79,109	128,998
TOTAL LIABILITIES		423,609	475,857
NET ASSETS		49,930,186	46,077,214
EQUITY			
Retained earnings		49,930,186	46,077,214
TOTAL EQUITY		49,930,186	46,077,214

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



Statement of Changes in Equity
For the year ended 30 June 2011

	Contributed equity	Reserves	Retained earnings	Total equity
Balance at 1 July 2009	-	-	43,155,210	43,155,210
Total comprehensive income for the year	-	-	2,922,004	2,922,004
Transactions with owners in their capacity as owners				
Capital appropriations	-	-	-	-
Other contributions by owners	-	-	-	-
Distributions to owners	-	-	-	-
Total	-	-	-	-
Balance at 30 June 2010	-	-	46,077,214	46,077,214
Total comprehensive income for the year	-	-	3,852,972	3,852,972
Transactions with owners in their capacity as owners				
Capital appropriations	-	-	-	-
Other contributions by owners	-	-	-	-
Distributions to owners	-	-	-	-
Total	-	-	-	-
Balance at 30 June 2011	-	-	49,930,186	49,930,186

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



Statement of Cash Flows
For the year ended 30 June 2011

	Note	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Agents trust account interest received		3,832,689	3,550,238
Bank and investment interest received		2,270,604	1,599,843
Licence receipts		115,441	133,264
Contributions paid into Fidelity Guarantee Account		33,300	39,750
GST receipts on sales		-	-
GST receipts from taxation authority		-	46,509
Other receipts		435,279	130,715
Payments			
Employee benefits		(379,114)	(425,756)
Supplies and services		(2,262,546)	(2,043,343)
GST payments on purchases		(7,460)	(57,126)
Grants		(382,598)	(236,476)
NET CASH PROVIDED BY OPERATING ACTIVITIES	19.	3,655,595	2,737,618
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical activities		-	(11,783)
NET CASH USED IN INVESTING ACTIVITIES		-	(11,783)
Net increase in cash and cash equivalents		3,655,595	2,725,835
Cash and cash equivalents at the beginning of period		45,701,080	42,975,245
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	19.	49,356,675	45,701,080

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



Notes to the Financial Statements
For the year ended 30 June 2011

Note 1. Australian Accounting Standards

General

The Board's financial statements for the year ended 30 June 2011 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The Board has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Board cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Board for the annual reporting period ended 30 June 2011.

Note 2. Summary of significant accounting policies

(a) General Statement

The financial statements constitute general purpose financial statements that have 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 Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(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 statements are 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.

There have been no estimations concerning uncertainty that may cause material adjustments to the carrying amounts of assets and liabilities within the next financial year.

(c) Reporting Entity

The reporting entity comprises only the Board and there are no related bodies. The *Acts Amendment (Fair Trading) Act 2010* abolished the Board as an entity at 30 June 2011. Also see Note 27.

(d) Income

Revenue Recognition

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

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

b) 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.



Notes to the Financial Statements
For the year ended 30 June 2011

(e) Plant and Equipment

Capitalisation/Expensing of assets

Items of 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 plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

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

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

Subsequent measurement

After recognition as an asset the Board uses the cost model with all items of 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 is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Office and other equipment	5 years
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(f) Impairment of Assets

Plant and equipment is tested for any indication of impairment at the end of each reporting period. 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 considered impaired and 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 reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

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 the end of each reporting period.

Refer to note 15. 'Impairment of assets' for the outcome of impairment reviews and testing.

(g) Leases

The Board holds a number of operating leases for motor vehicles. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased motor vehicles.

(h) Financial instruments

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

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

Financial instruments have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables

Financial Liabilities

- Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face 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.



Notes to the Financial Statements

For the year ended 30 June 2011

(i) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise 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.

(j) Receivables

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

Refer to note 2(h) 'Financial Instruments' and note 13 'Receivables'.

(k) Payables

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

Refer to note 2(h) 'Financial Instruments' and note 16 'Payables'.

(l) 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 the end of each reporting period.

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 reporting period 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 reporting period 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 end of the reporting period.

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 using market yields at the end of the reporting period 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 reporting period.

Superannuation

The Government Employees Superannuation Board (GESB) in accordance with legislative requirements administers public sector superannuation arrangements in Western Australia.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or to the Gold State Superannuation Scheme (GSS), 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 became non-contributory members of the West State Superannuation Scheme (WSS). 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 with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS.

The Pension Scheme and the pre-transfer benefit for employees who transferred to the GSS are defined benefit schemes. These benefits are wholly unfunded and the liabilities for future payments are provided for at the end of the reporting period. The liabilities under these schemes have been calculated separately for each scheme annually by PricewaterhouseCoopers using the projected unit credit method.

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



Settlement Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements

For the year ended 30 June 2011

The GSS, the WSS and the GESBS, 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, the WSS and the GESBS are extinguished by the concurrent payment of employer contributions to the GESB.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, from the Board's perspective, apart from the transfer benefits, it is a defined contribution plan under AASB 119.

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 included as part of 'Other Expenses' and not included as part of the Board's 'Employee benefits expense'. The related liability is included in

(m) 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 Statement of Comprehensive Income.

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

Refer to note 2(l) 'Provisions - Employee Benefits' under Superannuation.

(n) Accrued Salaries

Accrued salaries (refer to note 16 'Payables') represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Board considers the carrying amount of accrued salaries to be equivalent to its net fair value.

(o) Comparative Figures

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

Note 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 effective for annual reporting periods beginning on or after 1 July 2010 that impacted on the Board.

2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]

Under amendments to AASB 117, the classification of land elements of all existing leases has been reassessed to determine whether they are in the nature of operating or finance leases. As leases of land & buildings recognised in the financial statements have not been found to significantly expose the Board to the risks/rewards attributable to control of land, no changes to accounting estimates have been included in the Financial Statements and Notes to the Financial Statements. Under amendments to AASB 107, only expenditures that result in a recognised asset are eligible for classification as investing activities in the Statement of Cash Flows. All investing cashflows reported in the Board's Statement of Cash Flows relate to increases in recognised assets.

Changes in accounting estimates

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



Settlement Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements For the year ended 30 June 2011

Future impact of Australian Accounting Standards not yet operative

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

		Operative for reporting periods beginning on/after
AASB 2009- 11	<i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]. The amendment to AASB 7 Financial Instruments: Disclosures requires modification to the disclosure of categories of financial assets. The Board does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.</i>	1 Jan 2013
AASB 1053	<i>Application of Tiers of Australian Accounting Standards. This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. The Standard does not have any financial impact on the Board. However it may affect disclosures in the financial statements of the Board if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.</i>	1 Jul 2013
AASB 2010- 2	<i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities. The Standard is not expected to have any financial impact on the Board. However this Standard may reduce some note disclosures in financial statements of the Board. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</i>	1 Jul 2013
AASB 2011- 2	<i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]. This Amending Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</i>	1 Jul 2011
AASB 2010- 5	<i>Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (October 2010). This Standard introduces a number of terminology changes as well as minor presentation changes to the notes to the Financial Statements. There is no financial impact on the Board resulting from the application of this revised Standard.</i>	1 Jan 2011
AASB 2010- 6	<i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]. This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements. The Standard is not expected to have any financial impact on the Board. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</i>	1 Jul 2011
AASB 9	<i>Financial Instruments. This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting. The Standard was reissued on 6 Dec 2010 and the Board is currently determining the impact of the Standard. DTF has not yet determined the application or the potential impact of the Standard for agencies.</i>	1 Jan 2013
AASB 2010- 7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]. This Amending Standard makes consequential adjustments to other Standards as a result of issuing AASB 9 Financial Instruments in December 2010. DTF has not yet determined the application or the potential impact of the Standard for agencies.</i>	1 Jan 2013



Settlement Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements

For the year ended 30 June 2011

AASB 1054	Australian Additional Disclosures. This Standard, in conjunction with AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.	1 Jul 2011
AASB 2011-1	Amendments to Australian Accounting Standards arising from the Trans Tasman Convergence Project (AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Interpretations 2, 112 & 113). This Amending Standard, in conjunction with AASB 1054 Australian Additional Disclosures, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.	1 Jul 2011

Note 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.

	2011	2010
	\$	\$
Revenue received in advance 1 July balance (current)	103,776	96,433
Revenue received in advance 1 July balance (non current)	83,919	79,651
Cash received during the year	115,441	133,264
Total receipts received	303,136	309,348
Revenue recognised during the year	122,911	121,653
Revenue received in advance	180,225	187,695
Held in		
Revenue received in advance account (current)	103,166	103,776
Revenue received in advance account (non current)	77,059	83,919
Total	180,225	187,695

Note 5. Interest Revenue

	2011	2010
	\$	\$
Interest from on call bank accounts	46,801	42,326
Interest from investment accounts	2,352,958	1,721,502
Total	2,399,759	1,763,828

Note 6. Other revenue

	2011	2010
	\$	\$
Copy of licence	160	160
Contribution to vehicle use	4,207	7,212
Miscellaneous Income	419,358	1,967
Total	423,725	9,339



Settlement Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements For the year ended 30 June 2011

Note 7. Employee benefits expense

The Board procures services from the Department 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.

	2011	2010
	\$	\$
Wages and salaries	337,435	356,268
Change in Annual Leave ^(A)	(1,885)	(5,400)
Change in Long Service Leave ^(A)	(1,902)	(7,816)
Superannuation expense	20,754	27,252
Other staff related expenses ^(B)	21,599	30,405
	<u>376,001</u>	<u>400,709</u>

^(A) Includes a superannuation contribution component

^(B) Other related expenses include training & conferences, travel, vehicles and FBT.

Employment on-costs such as workers' compensation insurance are included at Note 12 'Other expenses'. The employment on costs liability is included at Note 17 'Provisions'.

Note 8. Supplies and services

	2011	2010
	\$	\$
Bank charges	409	425
Communications	4,050	11,755
Consultants and contractors fees	84,110	219,641
Consumables	9,553	8,281
Entertainment	470	1,240
Insurance	26,230	11,098
Legal	109,123	23,137
Miscellaneous	4,405	3,612
Printing	6,018	6,540
Professional services	219,002	42,603
Repair and maintenance	2,000	82
Service Delivery Agreement	1,719,743	1,666,010
Software < \$5,000 & Software Licences	202	1,155
Stationery	489	396
Sundry assets costing under \$5,000	3,071	845
	<u>2,188,675</u>	<u>1,996,620</u>

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.

Note 9. Depreciation

	2011	2010
	\$	\$
Office & other equipment	3,222	6,836
	<u>3,222</u>	<u>6,836</u>

Note 10. Accommodation expenses

	2011	2010
	\$	\$
Occupancy costs and parking	397	262
	<u>397</u>	<u>262</u>

Note 11. Grants

	2011	2010
	\$	\$
Education grants		
West Coast Property Training	149,684	224,609
Australian Institute of Conveyancers	13,285	10,000
Individual agents	1,200	1,887
	<u>164,169</u>	<u>236,496</u>



Settlement Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements For the year ended 30 June 2011

Note 12. Other expenses

	2011	2010
	\$	\$
Audit fees	23,000	23,000
Employment on costs ^(a)	(381)	(1,460)
	<u>22,619</u>	<u>21,540</u>

^(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 17 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Note 13. Receivables

	2011	2010
	\$	\$
<u>Current</u>		
Accounts receivable	-	4,662
Accrued agents trust account interest	355,115	337,864
Accrued investment interest	626,132	496,978
GST recoverable	7,460	852
	<u>988,707</u>	<u>840,356</u>

Note 14. Property, Plant & Equipment

	2011	2010
	\$	\$
<u>Office & Other Equipment</u>		
At cost	19,284	64,099
Accumulated Depreciation	(10,871)	(52,464)
	<u>8,413</u>	<u>11,635</u>

Reconciliations of the carrying amount of plant and equipment at the beginning and end of the reporting period are set out below.

<u>Office & Other Equipment</u>		
Carrying amount at start of year	11,635	6,688
Additions	-	11,783
Disposals	(44,815)	-
Accumulated depreciation on disposals	44,815	-
Depreciation	(3,222)	(6,836)
Carrying amount at end of year	<u>8,413</u>	<u>11,635</u>
Total Plant and equipment	<u>8,413</u>	<u>11,635</u>

Note 15. Impairment of assets

There were no indications of impairment to plant and equipment and intangible assets at 30 June 2011.

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

There were no surplus assets at 30 June 2011 held for sale or write off.

Note 16. Payables

	2011	2010
	\$	\$
<u>Current</u>		
Trade payables	32,503	178,258
Accrued salaries and superannuation	6,043	6,062
Accrued expenses	127,301	23,000
GST payable	-	197
	<u>165,847</u>	<u>207,517</u>



Settlement Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements For the year ended 30 June 2011

Note 17. Provisions

	2011 \$	2010 \$
Current		
Employee benefits provision		
Annual leave ^(a)	10,721	12,606
Long service leave ^(b)	56,128	17,913
Superannuation	6,468	2,690
	<u>73,317</u>	<u>33,209</u>
Other provisions		
Employment on-costs ^(c)	2,015	2,207
	<u>75,332</u>	<u>35,416</u>
Non-current		
Employee benefits provision		
Long service leave ^(b)	1,859	41,976
Superannuation	183	2,908
	<u>2,042</u>	<u>44,882</u>
Other provisions		
Employment on-costs ^(c)	8	197
	<u>2,050</u>	<u>45,079</u>

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

	2011 \$	2010 \$
Within 12 months of the end of the reporting period ^(a)	6,838	7,424
More than 12 months after the reporting period ^(a)	3,883	5,182
	<u>10,721</u>	<u>12,606</u>

^(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 the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2011 \$	2010 \$
Within 12 months of the end of the reporting period ^(a)	16,022	23,441
More than 12 months after the reporting period ^(a)	41,965	36,448
	<u>57,987</u>	<u>59,889</u>

^(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including worker's compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from unwinding of the discount (finance cost), is disclosed in note 12 'Other expenses'.

Movement in Other Provisions

	2011 \$	2010 \$
Movements in each class of provisions during the financial year, other than employee benefits are set out below.		
Employment on-cost provision		
Carrying amount at start of year	2,404	3,864
Additional provisions recognised	(381)	(1,460)
Carrying amount at end of year	<u>2,023</u>	<u>2,404</u>



Settlement Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements For the year ended 30 June 2011

Note 18. Other liabilities

	2011	2010
	\$	\$
<u>Current</u>		
Unclaimed monies	155	150

Note 19. Notes to the Statement of Cash Flows

Reconciliation of cash

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

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2011	2010
	\$	\$
Cash and cash equivalents at bank		
Education and General Purpose Account	134,795	578,797
Fidelity Guarantee Account (Restricted cash)	791,380	291,783
Board Interest Account	500	500
	<u>926,675</u>	<u>871,080</u>
Cash and cash equivalents held with Treasury		
Education and General Purpose Account	18,740,000	18,140,000
Fidelity Guarantee Account (Restricted cash)	29,690,000	26,690,000
	<u>48,430,000</u>	<u>44,830,000</u>
	<u>49,356,675</u>	<u>45,701,080</u>
 Cash and cash equivalents	18,875,295	18,719,297
Restricted cash and cash equivalents	30,481,380	26,981,783
Total cash and cash equivalents	<u>49,356,675</u>	<u>45,701,080</u>

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

	2011	2010
	\$	\$
Profit	3,852,972	2,922,004
<u>Non-cash items:</u>		
Depreciation and amortisation expense	3,222	6,836
<u>(Increase)/decrease in assets:</u>		
Current receivables ⁽¹⁾	(148,351)	(172,629)
<u>Increase/(decrease) in liabilities:</u>		
Current payables ⁽²⁾	(41,670)	(14,441)
Current provisions	39,916	(6,109)
Revenue received in advance, current liabilities	(610)	7,342
Other current liabilities	5	-
Non-current provisions	(43,029)	(9,653)
Revenue received in advance, non current liabilities	(6,860)	4,268
Net GST receipts/(payments) ⁽³⁾	7,460	9,811
Change in GST in receivables/payables ⁽³⁾	(7,460)	(9,811)
Net cash provided by/(used in) operating activities	<u>3,655,595</u>	<u>2,737,618</u>

⁽¹⁾ This is the net GST paid/received, i.e. cash transaction.

⁽²⁾ This reverses out the GST in receivables and payables.

⁽³⁾ Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.



Settlement Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements For the year ended 30 June 2011

Note 20. Contingent Liabilities and Contingent Assets

Contingent Liabilities

In addition to the liabilities included in the financial statements the Board is aware of 16 claims (2010: 0) against the Fidelity Guarantee Account totalling \$731,310 (2010: \$nil) 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.

Note 21. 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, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

	2011	2010
\$0 - \$10,000	9	9
	\$	\$
The total remuneration of members of the Board:	19,902	31,314

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:

	2011	2010
\$20,001 - \$30,000	1	1
	\$	\$
	31,433	25,683

The total remuneration includes 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 Department of Commerce. The number of senior officers providing these services are included in the annual report of the Department.

Note 22. Remuneration of Auditor

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

	2011	2010
	\$	\$
Auditing the accounts, financial statements and performance indicators	23,000	23,000

Note 23. 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.

Note 24. Supplementary financial information

Write-offs

The Board approve write-offs totalling \$ nil (2010: \$ nil) during the financial year.



Settlement Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements For the year ended 30 June 2011

Note 25. Commitments

Lease commitments

Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:

	2011	2010
	\$	\$
Within 1 year	8,923	8,112
Later than 1 year and not later than 5 years	5,577	13,182
Later than 5 years	-	-
	<u>14,500</u>	<u>21,294</u>
Representing:		
Non-cancellable operating leases	<u>14,500</u>	<u>21,294</u>

These commitments are inclusive of GST for vehicle leases paid monthly in arrears. The lease terms are 12 to 36 months are with StateFleet.

The Board does not have any capital or finance lease commitments contracted for at the end of the reporting period not recognised as liabilities.

Note 26. 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.

	2011	2010
	\$	\$
Balance at the start of the year	1,370	1,328
Receipts	414,778	42
Payments	(416,148)	-
Balance at the end of the year	<u>-</u>	<u>1,370</u>

A further \$1,221 in interest was subsequently received in July. This will be distributed to the Fidelity account in 2011/12.

Note 27. Events occurring after the balance sheet date

The Board is not aware of any events occurring after the end of the reporting period that materially affect these financial statements. The *Acts Amendment (Fair Trading) Act 2010* abolished the Board as an entity at 30 June 2011. Amendments to the *Real Estate and Business Agents Act 1978* vested all assets etc to the Department of Commerce at this date.



Settlement Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements For the year ended 30 June 2011

Note 28. Explanatory statement

Significant variations between estimates and actual results as presented in the Statement of Comprehensive Income are shown below. Significant variations are considered to be those greater than 10% and \$50,000

a) Significant variations between estimate and actual for the financial year

There were no significant variations between estimates and actual results for the 2010/2011 financial year.

b) Significant variations between actual results for actual year and prior year actual

	2011 \$	2010 \$	Variance \$
Income			
Interest revenue	2,399,759	1,763,828	635,931
Other revenues	423,725	9,339	414,386
Expenses			
Grants	164,169	236,476	(72,307)

Interest revenue

Higher account balances, in particular deposits held with Treasury combined with higher interest rates has resulted in a significant increase in revenue from this source.

Other revenues

Other revenue is higher due to the recovery of funds previously paid out via fidelity claims.

Grants

The payment of education grants were lower than the previous year due to the high take up of CPD undertaken by agents in 2009/10.



Settlement Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements For the year ended 30 June 2011

Note 29. Financial Instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Board are cash and cash equivalents, restricted 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

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 the end of the reporting period 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 29(c) 'Financial Instruments Disclosures' and in Note 13 'Receivables'.

The Board trades only with recognised, creditworthy third parties. The Board has policies in place to ensure that services are rendered 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 end of the reporting period, there were no significant concentrations of credit risk.

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 forecast 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 has no borrowings and 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.

Other than as detailed in the interest rate sensitivity analysis table at Note 29(c), the Board has limited exposure to interest rate risk.

(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 end of the reporting period are as follows:

	2011 \$	2010 \$
Financial Assets		
Cash and cash equivalents	18,875,295	18,719,297
Restricted cash and cash equivalents	30,481,380	26,981,783
Receivables ^(a)	988,707	840,356
Financial Liabilities		
Financial liabilities measured at amortised cost	346,227	395,362

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

(c) Financial Instruments Disclosures

Credit Risk and Interest Rate Risk Exposure

The following table discloses the Board's maximum exposure to credit risk and interest rate exposures of financial assets. The Board's maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets as shown below.

All financial assets and liabilities as at the end of the reporting period had a maturity date less than 3 months. For this reason a maturity analysis has not been provided in the tables.

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 2011



Note 29. Financial Instruments

(c) Financial Instruments Disclosures

Credit Risk and Interest Rate Risk Exposure

The following table discloses the Board's maximum exposure to credit risk and interest rate exposures of financial assets. The Board's maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets as show

All financial assets and liabilities as at the end of the reporting period had a maturity date less than 3 months. For this reason a maturity analysis has not been provided in the tables.

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.

Interest rate exposures and ageing analysis of financial assets^(a)

	Weighted Avg Effective Int Rate %	Carrying Amount \$	Interest rate exposure		Non Interest Bearing Rate \$	Up to 3 months \$	3 - 12 months \$	Past due but not impaired			Impaired financial assets \$
			Fixed Interest Rate \$	Variable Interest Rate \$				1 - 2 years \$	2 - 5 years \$	More than 5 years \$	
Financial Assets											
2011											
Cash assets	5.0%	18,875,295	-	18,875,295	-	-	-	-	-	-	-
Restricted cash assets	5.0%	30,481,380	-	30,481,380	-	-	-	-	-	-	-
Receivables ^(a)		-	-	-	-	-	-	-	-	-	-
		49,356,675	-	49,356,675	-	-	-	-	-	-	-
2010											
Cash assets	4.5%	18,719,297	-	18,719,297	-	-	-	-	-	-	-
Restricted cash assets	4.5%	26,981,783	-	26,981,783	-	-	-	-	-	-	-
Receivables ^(a)		4,662	-	-	4,662	-	-	-	-	-	-
		45,705,742	-	45,701,080	4,662	-	-	-	-	-	-

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

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



Notes to the Financial Statements

For the year ended 30 June 2011



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 end of the reporting period. The table includes interest and principal cash flows. An adjustment has been made where material.

	Interest rate exposures and maturity analysis of financial liabilities ^(a)									
	Weighted		Interest Rate Exposure				Maturity Date			
	Effective Int Rate %	Carrying Amount	Fixed Interest	Variable Interest	Non Interest Bearing		Up to 3 months	3 - 12 Months	1 - 2 Years	2 - 5 Years
Financial Liabilities										
2011										
Payables		165,847	-	-	165,847		165,847	-	-	-
Licence revenue received in advance		180,225	-	-	180,225		29,162	74,004	77,059	-
		346,072			346,072		195,009	74,004	77,059	
2010										
Payables		207,320	-	-	207,320		207,320	-	-	-
Licence revenue received in advance		187,695	-	-	187,695		29,301	74,475	83,919	-
		395,015			395,015		236,621	74,475	83,919	

^(a) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities at the end of the reporting period.

Interest Rate Sensitivity Analysis

The following table represents a summary of the Board's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 100 basis point change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying Amount \$	+ 100 Basis Point Change Profit \$	+ 100 Basis Point Change Equity \$	- 100 Basis Point Change Profit \$	- 100 Basis Point Change Equity \$
2011					
Financial Assets					
Cash assets	18,875,295	(188,753)	(188,753)	188,753	188,753
Restricted cash assets	30,481,380	(304,814)	(304,814)	304,814	304,814
Financial Liabilities					
The Board does not have any Financial Liabilities subject to interest rate sensitivity.					
Total Increase/(Decrease)		(493,567)	(493,567)	493,567	493,567



Notes to the Financial Statements

For the year ended 30 June 2011

2010

Financial Assets

Cash assets

Restricted cash assets

18,719,297

26,981,783

(187,193)

(269,818)

187,193

269,818

187,193

269,818

Financial Liabilities

The Board does not have any Financial Liabilities subject to interest rate sensitivity.

Total Increase/(Decrease)

(457,011)

(457,011)

457,011

457,011

Fair Values

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

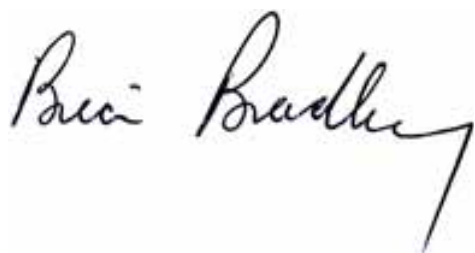
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ADDITIONAL KEY PERFORMANCE INDICATOR INFORMATION

Certification of Key Performance Indicators

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Board's performance, and fairly represent the performance of the Board for the financial year ended 30 June 2011.



Reporting Officer
7 September 2011



Detailed information in support of Key Performance Indicators

Statutory role of the Board

The Board acted in the public interest as the regulatory authority for the settlement industry in Western Australia. A statutory function required of the Board was to supervise persons who carried on the business of, or hold themselves out to be, settlement agents.

Outcome

At the highest level, the desired outcome of the Board was that the people of Western Australia, both the industry and the public, had 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*, the Settlement Agents Regulations 1982 and the Settlement Agents' Code of Conduct 1982 in relation to the management of their trust accounts.

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

The Board's experience was that the extent of compliance in respect to trust accounts was the best single test providing a reliable indication of the extent to which agents were 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, provided the Board with an audit opinion. An unqualified opinion was issued when the auditor considered the agent's trust accounts are, and have been during the period of the audit, kept in order. One aim of independent scrutiny was to provide a level of confidence regarding the management of the trust accounts. Therefore, the extent to which auditors submit unqualified audit opinions in relation to agents' trust accounts was an indication of the degree of confidence that could be held in the industry.

Measure

The percentage of agents submitting an unqualified audit or statutory declaration

	2006—07	2007—08	2008—09	2009—10	2010—11
Unqualified audit reports	242	230	243	275	227
Qualified audit reports	54	60	56	49	76
Statutory declarations	111	124	122	124	145
No audit reports	0	0	1	2	4
Total agents	407	414	422	450	452
Percentage of agents submitting an unqualified audit or statutory declaration	86.73	85.51	86.49	88.67	82.30

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 receive or hold any money on behalf of a person in the reporting period then they must submit a statutory declaration confirming this to be deemed compliant. For example, where an individual licensee works for a company it was the company's trust accounts that were audited. Those agents who have a current triennial certificate and were not trading and were not in *bona fide* control or a branch manager must submit a statutory declaration.

The Board placed significant reliance on audit reports to ensure that agents maintained their trust accounts in accordance with the statutory requirements. Since 2001–02 the Board maintained a 'no tolerance' policy towards agents and auditors who failed to comply with the trust account auditing provisions of the Act. The Board commenced proceedings appropriate for such breaches or non-compliance with the Act. If this involved the State Administrative Tribunal, which on application found that there was proper cause for disciplinary action against the agent, sanctions may have included a reprimand or caution, a fine, a suspension or cancellation of the agent's licence or triennial certificate, and a temporary or permanent disqualification from holding a licence or triennial certificate.

This year there were two more active agents conducting settlement transactions than last year, with 48 less unqualified audits and 27 more qualified audits. The proportion of settlement agents submitting unqualified audits or statutory declarations has decreased from 88.67 per cent last year to 82.30 per cent this year.

Key service

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

The Board undertook a range of activities to ensure both agents and the public were aware of their rights and responsibilities, licenses settlement agents, took action to ensure compliance with the Act, the Regulations and the Code of Conduct, and administered the Fidelity Guarantee Account.

Efficiency indicator

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

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

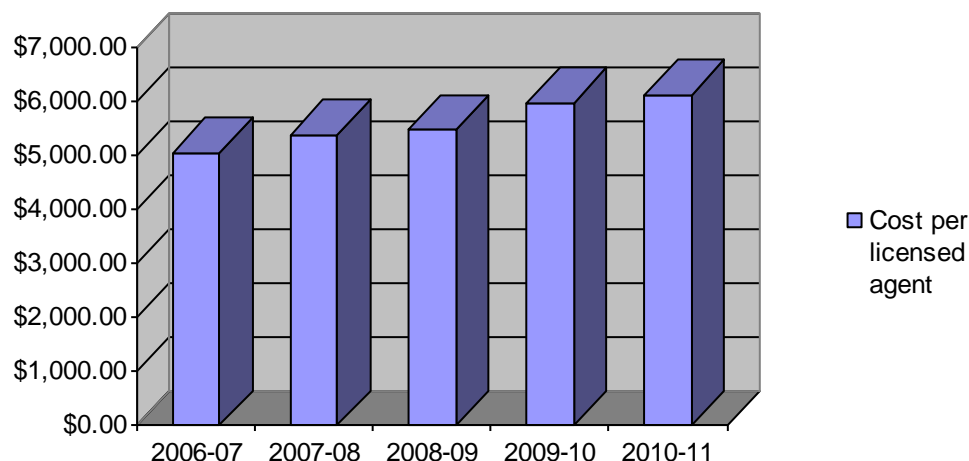
Measure

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

	2006-07	2007-08	2008-09	2009-10	2010-11
Annual Cost*	\$2,060,772	\$2,232,614	\$2,315,788	\$2,692,823	\$2,771,733
Active Licensed Agents	407	414	422	450	452
Cost per Active Licensed Agent	\$5,063.32	\$5,392.79	\$5,487.65	\$5,984.05	\$6,132.15

*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 was based on the cost of delivering the service per each active licensed settlement agent. In the 2010-11 financial year a total of \$2,771,733 was expended on regulating an industry with active licensed agents.

This year saw the average cost of regulating the settlement industry for each licensed agent increase from \$5,984.05 in 2009-10 to \$6,132.15 in this financial year. This was mainly due to an increase in Service Delivery costs in addition to costs associated with annual inflation.

During 2010-11 the Board remained committed to ensuring the community of Western Australia had confidence in the settlement industry, and allocated sufficient resources to meet the expectations and demands of the community.



MINISTERIAL DIRECTIVES

No Ministerial directives were received during the financial year.

OTHER FINANCIAL DISCLOSURES

Pricing policies of services provided

The Board conducted its annual review of its licensing fees in accordance with the *Financial Management Act 2006*. This review was in line with the State Government's policy that any increases in fees were to be on a cost recovery basis. The Board's recommendation that the fees be increased by the agreed Consumer Price Index of 3 per cent was approved by the Minister for Commerce and was submitted for formal approval and amendments to the relevant regulations. The fee increase was formally approved and will be effective from 1 July 2011.

Capital Works

Capital projects completed

No capital works were completed by the Board in 2010-11.

Employment and industrial relations

Employee category	2009-10	2010-11
Full-time permanent	4.2	3.9
Full-time contract	0	0
Part-time measured on a FTE basis	0	0
On secondment	0	0

Staffing policies

The Board conducted 4 training sessions for Real Estate Branch staff to ensure provision of consistent, accurate and high quality advice and service was delivered to industry members and the public on behalf of the Board.

Industrial relations

The Board was not involved in any industrial disputes.

Workers' compensation

The Board did not receive any workers' compensation claims in this reporting period, as in the previous year.



GOVERNANCE DISCLOSURES

Contracts with senior officers

At the date of reporting, other than normal contracts of employment of service, no senior officers, or firms of which senior officers were members, or entities in which senior officers have substantial interests, had any interests in existing or proposed contracts with the Board and senior officers.

Freedom of Information requests

The *Freedom of Information Act 1992* is an Act to provide for public access to documents, and to enable the public to ensure that personal information in documents is accurate, complete, up to date and not misleading, and for related purposes. The objectives of this Act are achieved by creating a general right to apply for access to documents relating to the Board and its operations. The Board endeavoured to make available as much information as possible outside the Freedom of Information process. In the year 2010–11, the Board received two requests for information under the *Freedom of Information Act 1992*.

In accordance with section 96, an agency must publish an information statement providing details of its Freedom of Information policy. The Board adopted the information statement of the Consumer Protection Division of the Department. This information statement is available from its website at www.commerce.wa.gov.au.



OTHER LEGAL REQUIREMENTS

Advertising

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

- advertising agencies;
- market research organisations;
- polling organisations;
- direct mail organisations; and
- media organisations.

The Board reports that it did not incur any such expenditure in the reporting period 2010-11.

Disability Access and Inclusion Plan

The Board was not a public authority for the purposes of Schedule 1 of the Disability Services Regulations 2004; however, it acknowledged and supported the principles applicable to people with disabilities stated in Schedule 1 of the *Disability Services Act 1993*. Its *Disability Access and Inclusion Plan 2007-2011* expressed the Board's commitment to ensuring that services were delivered effectively to its employees, customers and the wider community. A copy of this plan was available on the Board's website.

Compliance with Public Sector Standards and ethical codes

The Board was 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 2010-11, the Board did not receive any applications for breaches of the standards.

Board members and staff were required to comply with the Code of Conduct for Board Members and Officers 2007 (updated January 2008). The Code of Conduct for Board Members and Officers 2007 set standards concerning the Board's operational requirements and expected behaviour of its members and staff as they carried out their day-to-day work. It also provided guidance and practical assistance on what to do when faced with an ethical issue. An electronic version of this document was available on the Board's website.

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

Recordkeeping plan

The Board was required to have a recordkeeping plan as a government organisation for the purposes of Schedule 1 of the *State Records Act 2000*. As the Department provided the Board with a range of services through a Service Delivery Agreement, the Board relies on the department's plan, in principle, for document storage and records management. Please refer to the section 'Recordkeeping plan' in the *Department of Commerce Annual Report 2010-11* for further information.

GOVERNMENT POLICY REQUIREMENTS

Substantive equality

The Department of Commerce provided the Board with a range of services through a Service Delivery Agreement and was required to report on the progress achieved in implementing the Policy Framework for Substantive Equality. Please refer to the section 'Substantive equality' in the *Department of Commerce Annual Report 2010–11* for further information.

Occupational safety, health and injury management

In carrying out its statutory functions and in its role as an employer the Board was committed to providing a safe working environment and complies with the injury management requirements of the *Workers' Compensation and Injury Management Act 1981*.

Under its Occupational Safety and Health Management Plan the Board committed to providing ongoing safety checks and basic first aid and occupational safety and health awareness training to its employees. The Board also consulted with staff on Occupational Safety and Health matters at each of its monthly meetings.

Board employees had the opportunity to elect an Occupational Safety and Health Representative in accordance with the *Occupational Safety and Health Act 1984*. The Board Director was responsible for ensuring that Board employees complied with Occupational Safety and Health requirements. The Board Director and the Occupational Safety and Health Representative conducted regular workplace safety checks and regularly monitor developments in health and safety legislation and management systems.

The Board also complied with the Department injury management system which ensured that injury management intervention occurred quickly and properly, so that injured employees could remain at work or return to work at the earliest appropriate time. The Department's occupational safety and health system and injury management system were available to employees on the Department's intranet site and communicated as part of occupational safety and health training.

Board employees had the opportunity to access the Employee Assistance Program in the form of confidential counselling services, which were provided free of charge. An external accredited assessment of occupational safety and health management systems was conducted in April 2008 that included a summary of findings. Report on annual OSH performance 2010–11:

Indicator	Target 2010–11	Result 2010–11
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
Percentage of injured workers returned to work within 28 weeks	Actual percentage result to be reported	None
Percentage of managers trained in occupational safety, health and injury management responsibilities	Greater than or equal to 50 per cent	33.33%

APPENDIX

The following table provided details and results of concluded State Administrative Tribunal disciplinary matters during the period 1 July 2010 – 30 June 2011.

Respondents	Findings	Penalty	Costs
1st Respondent Bellmac Settlements Pty Ltd	Pursuant to sections 84(2)(c)(ii) and (iii), the 1st respondent: a) received remuneration for its services when it did not hold a valid authority to act contrary to section 43(1) of the Act; b) did not hold a valid authority to act, in that it failed to sign a copy of the authority to act and provide a copy to the seller contrary to rule 6A(2)(b) of the <i>Settlements Agents Code of Conduct</i> (the Code); c) failed to advise their client, who had solicitors engaged on an on-going basis in relation to the deceased estate of which the property was a part, to seek legal advice from those or other solicitors on the process of removal of the Registrar's caveats and the potential contractual implications if the Registrar refused to remove the caveats contrary to rule 11 of the Code; and d) failed to ascertain and communicate to the seller, the pertinent fact that the Registrars' caveat would only be removed if the Registrar was satisfied of certain facts, which pertinent fact could have been obtained from Landgate reference documents, contrary to rule 16 of the Code.	\$1,000 fine to be paid within 28 days of the date of this order.	\$500 costs to be paid within 28 days of the date of the order.
2nd Respondent Johanna Bell	The 2nd respondent failed to carry out the services of a settlement agency efficiently by failing to ensure that Bellmac Settlements of which she was the person in bona fide control, complied with its obligations under the Act and Code in completing the transaction contrary to rule 15 of the Code.	\$750 fine to be paid within 28 days of the date of the order.	\$500 costs to be paid within 28 days of the date of the order.
Kylie Alice Gook	The respondent Kylie Alice Gook: a) failed to prepare, certify and provide her auditor a statement setting out the details of monies held as at 30 June 2008 in the trust account maintained by her and negotiable or bearer securities or deposit receipts in her name which represent monies drawn from her trust and held by her on that day, contrary to section 61(1) of the Act; b) failed to furnish her auditor with all such information and particulars, including but not limited to bank reconciliations, as required to conduct the audit for the period ending 30 June 2008, despite numerous requests from the auditor for such information, contrary to section 58(1) of the Act;	\$3,000 fine to be paid within 90 days of the date of the order.	\$1000 costs to be paid within 90 days of the date of the order.

Respondents	Findings	Penalty	Costs
	c) failed to furnish her auditor with all such information and particulars, including but not limited to bank reconciliations, as required to conduct a termination audit, despite numerous requests from the auditor for such information, contrary to section 58(1) of the Act; and d) failed to arrange to have a termination audit of her trust account within 3 months of her triennial certificate ceasing to have effect, contrary to section 51(8)(b) of the Act.		
Peter David Wearne	The respondent Peter David Wearne: a) contrary to r 10(1) of the <i>Settlement Agents Code of Conduct 1982</i> (the Code) did not conduct any searches and inquiries regarding the Licence to Take Water with the Water and Rivers Commission, which were necessary in regard to the transaction; b) contrary to rule 15 of the Code, failed to carry out the services of a settlement agent efficiently and did not ensure that the sellers had complied with the special condition to the contract in relation to the transfer of the water licence; and c) contrary to rule 16 of the Code, did not obtain all facts prior to, and post settlement, concerning the water supply and water Licence to avoid error and misrepresentation.	\$3,000 fine to be paid within 28 days of the date of the order, failing which his Licence will be suspended until payment is made.	\$750 costs to be paid within 28 days of the date of the order, failing which his Licence will be suspended until payment is made.
1 st Respondent Dawn Lorraine Watson	Alleged breach of rule 5 of the Code of Conduct Application dismissed	Nil	Nil
2 nd Respondent Suzanne Jane Ackley	The respondent Suzanne Jane Ackley: a) failed to carry out all service efficiently contrary to rule 15 of the Code of Conduct for Settlement Agents 1982 in relation to the settlement of the sale of a lot in a real estate transaction consisting of two lots	\$1,500 fine to be paid within 28 days of the date of the order; failing which her Licence will be suspended until payment is made	\$500 costs to be paid within 28 days of the date of this order failing which her Licence will be suspended until payment is made
3rd Respondent Romaine Pty Ltd	The respondent Romaine Pty Ltd: a) contrary to rule 11 of the <i>Code of Conduct for Settlement Agents 1982</i> failed to recommend to its client that it seek the advice of a solicitor in respect of an aspect of the transaction or any aspect thereof b) contrary to rule 16 of the Code, did not ascertain and communicate to his client (when requested by the client or when it is necessary or prudent to do so), all available pertinent facts concerning any service or transaction he undertakes as a settlement agent so that in providing the service and handling the transaction he will avoid error, deception or misrepresentation.	\$1,000 fine to be paid within 28 days of the date of this order	\$500 costs to be paid within 28 days of the date of this order.