



2000-01 Annual Report

TREASURY
DEPARTMENT

Contents

The Hon E S RIPPER BA, Dip Ed, MLA
TREASURER OF WESTERN AUSTRALIA

2000-01 Annual Report

I have pleasure in presenting the Treasury Department's Annual Report for the year ended 30 June 2001 for your information and presentation to Parliament.

We have prepared this report in accordance with the requirements of sections 62 and 64 of the Financial Administration and Audit Act, section 31 of the Public Sector Management Act and other relevant written laws.



J L Langoulant

UNDER TREASURER

Overview

Under Treasurer's Review	1
Operational Summary	4
Special Feature – Making it Happen	6
Treasury at a Glance	8
Our People	11
Corporate Governance	14
Customer Focus	15

Report on Operations

Economic	18
Finance	22
Agency Resources	26

Performance Assessment

Opinion of the Auditor General	30
Certification	31
Performance Assessment	32

Financial Summary

Treasury Financial Results	45
Treasury Administered Items	47

Financial Statements

Opinion of the Auditor General	50
Certification	51
Financial Statements	52
Notes to the Financial Statements	59

Appendices

A – Legislation	96
B – New Trust Fund Statements	99
C – Project Evaluations	100
D – Publications	101
E – Ministerial Circulars	102
F – Freedom of Information	103
G – Public Sector Standards/Conduct	105
H – Government Purchasing Charter	107
I – Office Directory	108

Under Treasurer's Review

The change of government in February was the single most important development for the Treasury Department in 2000-01. The election changed our key stakeholders and set the Department on the path of implementing the government's economic and financial policies.

That was a substantial task as the government brought to office, inter alia, an unprecedented re-prioritisation of public expenses. The fact that their financial plans were clearly documented during the election helped considerably. However, the task was complicated by the need for a parallel review of the financial sustainability of all areas of public sector activity. Moreover, in a number of areas additional funding requirements were identified. As a result, the management process was large and Treasury's resources, in the second half of the year, were principally devoted to assisting the government develop its first budget, such was the scale of the exercise.

In addition to the change in priorities affected in this budget, a number of other initiatives were introduced, including accrual appropriations, a capital user charge and the impact of the government's wages policy. The first two measures completed the financial reform program Treasury commenced in 1995. The cumulative impact of these measures brought considerable pressure to the Department.

In other areas, the Department assisted the Government with its energy reforms, public service reforms and generally in transitioning to Office.

Under Treasurer's Review

We also made considerable efforts to maximise Western Australia's share of Commonwealth revenues. To this end, we successfully argued for changes to the Commonwealth Grants Commission's assessments which will impact positively on this State's share of Goods and Services Tax revenues in 2001-02. In addition, we effectively progressed National Competition Policy reforms that are expected to secure Commonwealth payments in the order of \$70 million for the State.

I am pleased to say that Treasury officers not only delivered on these different measures but also provided advice to the government over a sustained period at a very professional quality. Moreover, the teamwork which emerged during these times was rewarding to observe, as it has been a priority for development in the Department over recent years.

Prior to the election, the Department embarked on a major internal program of change management and organisational restructure. The Treasury Management Review, which I commented on in this report last year, commenced from 1 July 2000, as did the new organisational structure that was focused around our three main business activities with increased emphasis on simplifying agency contact with Treasury. In addition, we increased our priority in corporate issues and developed a range of complimentary initiatives which were designed to refresh our systems and policies, and to generate greater cohesiveness across the Department.

These initiatives commenced under the banner of *Making it Happen*.

Implementing these various management changes generated considerable activity throughout the year. It also brought important changes in management practice that has included a greater devolution of responsibility across management levels. The change of government has assisted in this process as the Treasurer's office has sought to work with this more delegated management practice, to an extent greater than had previously been achieved.

A most important feature of the Treasury Management Review was the introduction of revised performance management and career development systems. The first round of applying these systems is currently in progress and they will be central to the task of ensuring staff have a clear understanding of their responsibilities, how they are going in their job, and what opportunities lie ahead.

The election also involved the Treasury in preparing its second Pre-election Financial Statement as required by the *Government Financial Responsibility Act 2000*. This Statement set down the State's financial position at the beginning of the election campaign and formed the background to the funding of election commitments. Inevitably, the preparation of this Statement involved some conjecture as to content. That was managed by reporting only decisions that had received Cabinet approval. To do otherwise removes the

objectivity of the process and also exposes the report to criticisms where there is uncertainty about government acceptance of expense items. While that occurred somewhat with the recent Statement, it nevertheless provided greater transparency to financial arrangements leading into the election process than was previously available.

In last year's report I observed that we were introducing a new Treasury Information Management System which would enhance the collection and reporting of financial information. That System has been implemented but has had more teething troubles than we had anticipated and has not performed as well as we had hoped during the last budget round. Nevertheless, it represents potentially a significant step forward in the management of financial reporting and I look forward to the System's improved performance in the near future.

The new government also embarked on a review of the machinery of government during the year. My own involvement as a task force member was supported by several Treasury staff contributing to the review process. The outcomes of the review, which the government is implementing, represent a significant step forward in simplifying the machinery of government in Western Australia. This should bring clearer and more coordinated policy advice to government and, over time, lower administration costs. It also has delivered a number of amalgamations of agencies, including the amalgamation of the Treasury

Department with the State Revenue Department. The new Department of Treasury and Finance commenced operations from 1 July 2001 and therefore this is the final annual report for the Treasury Department.

Finally, I would again express my thanks to staff of the Treasury Department for their considerable efforts during what has proven to be a year of many changes. The professionalism of Treasury staff is without question.

Operational Summary

	Economic	Finance
Activities	<ul style="list-style-type: none"> Provides advice and analysis on State revenues, the economy, structural policy and intergovernmental financial relations. 	<ul style="list-style-type: none"> Provides policy advice, analysis and services in relation to financial management, accounting policy and government property.
Key Achievements	<ul style="list-style-type: none"> Facilitated agreement between the Commonwealth and States' central finance agencies on best practice principles and guidelines for Commonwealth specific purpose payments, and the provision of an annual database of specific purpose payments. Implemented Goods and Services Tax related tax reforms, including introduction of the First Home Owners Scheme. Successfully argued for changes to the Commonwealth Grants Commission's assessments which will impact positively on the State's share of Goods and Services Tax revenues for 2001-02. Coordinated the State's submissions to the Productivity Commission's Review of the National Access Regime, aimed at securing economically efficient use of, and investment in, infrastructure and dependent industries. Provided quality economic and financial analysis to government and helped to maintain the State's AAA credit rating. Successfully progressed National Competition Policy reforms expected to secure payments from the Commonwealth of up to \$70 million. Coordinated the implementation of the National Tax Equivalent Regime in Western Australia, aimed at promoting a level playing field between government owned entities and their private counterparts. 	<ul style="list-style-type: none"> Implemented an enhanced reporting regime as a result of the Government Financial Responsibility Act 2000, thereby increasing accountability in the management of the State's finances. Oversaw amendments to the Financial Administration and Audit Act to enable the implementation of accrual appropriations and a capital user charge, and conducted an extensive education and consultation program for these initiatives. Implemented the initial phases of the Treasury Information Management System, improving the financial information collection process for agencies. Finalised the sale of AlintaGas and the Westrail Freight Business. Comprehensively reviewed the Financial Administration and Audit Act in consultation with agencies and professional accounting bodies, for the purpose of modernising its provisions.
Future Directions	<ul style="list-style-type: none"> Establish an Economic Regulator with responsibilities across the electricity, gas, rail and water industries. Promote further energy sector reform through the Electricity Reform Task Force and the Gas Retail Deregulation Project Group. In consultation with industry, review State business taxes with a view to improving their efficiency, equity and simplicity. Progress reforms in Commonwealth specific purpose payments with other jurisdictions. Participate in the Commonwealth Grants Commission's review of its methods for allocating Goods and Services Tax revenues between the States. 	<ul style="list-style-type: none"> Achieve successful passage of the proposed new Financial Management and Audit Legislation (replacing the Financial Administration and Audit Act) through Parliament and issue a more streamlined set of Treasurer's Instructions and Regulations. Prepare a policy framework and guidelines for considering private sector provision of public infrastructure and services, with a view to ensuring value for money for the community from such investment.

Agency Resources

- Advises on and manages the allocation of taxpayers' resources to achieve government outcomes.

- Provided policy advice to the Expenditure Review Committee on agencies resource allocations as part of the 2001-02 Budget process.
- Reviewed the cash management practices of agencies with a view to identifying strengths and weaknesses in the use of cash resources.
- Conducted a review of Output Based Management to assess the status of implementation in Western Australia and to evaluate whether the intended benefits had been achieved.
- Provided secretariat support to the Machinery of Government Taskforce. The Taskforce's final report issued on 21 June 2001 outlined a new structure of Government aimed at improving the quality of service, flexibility and accountability of the public sector.

- Implement accrual appropriations and a charge on capital used by agencies for the 2001-02 State Budget.
- Assist with the implementation of recommendations contained in the Report of the Machinery of Government Taskforce. This will include involvement on portfolio steering and working committees to ensure that new agencies are included in the 2001-02 budget papers.
- Design and implement initiatives to improve cash management practices in the budget sector.
- Review Output Based Management with the aim of achieving a better alignment between high level, strategic government objectives and operational level outputs and outcomes, and assisting agencies with its implementation.
- Finalise implementation of the Adjustment Tracking Module of the Treasury Information Management System.

Corporate Services

- Coordinates the strategic development of Treasury and a wide range of activities that ensure we deliver services effectively to our customers

- Established four Executive Committees with responsibility for Organisational Development, Resource Allocation, Planning and Information Systems initiatives. The Committees have improved communications within Treasury and helped provide a more appropriate delegation of decision making powers across Treasury.
- Introduced a 'Making it Happen' initiative to ensure that staff issues and concerns on management practices were addressed in a comprehensive and planned manner. The initiative has resulted in significant improvements to a number of departmental processes.
- Gave effect to machinery of government changes which saw Treasury merge with the State Revenue Department to form the Department of Treasury and Finance from 1 July 2001.
- Introduced improved performance management and career development systems that will strengthen our strategic focus across the Department.
- Coordinated an Employee Opinion Survey that benchmarked our performance against other organisations across a range of indicators.

- Develop new human resource, finance and administrative policies relevant to the Department of Treasury and Finance.
- Complete the integration of the Corporate Services functions of the former Treasury and State Revenue Departments.
- Develop a strategic plan that reflects the objectives and strategies of the new Department of Treasury and Finance.
- Develop and implement a Leadership and Management Development Program to improve managerial leadership and encourage a focus on people management.

Special Feature - Making it Happen

During 2000-01 we embarked on an initiative dubbed Making it Happen. This initiative provided a blueprint for comprehensively and systematically addressing a range of issues and concerns arising out of earlier reviews, most notably the Treasury Management Review.

The Treasury Management Review examined our management practices and organisational arrangements, with particular emphasis on corporate governance arrangements and the roles and responsibilities across management levels in the Department.

The review recommended substantial changes in relation to:

- our officers' roles and responsibilities;
- organisational structure and culture;
- employee performance monitoring and appraisal systems;
- management behaviour and styles; and
- relationships with key clients.

Most of the recommendations from the Review were implemented over the course of 2000-01, resulting in benefits to Treasury, our employees and our customers.

The main outcomes have been:

- improved planning. Key strategic and business planning systems have been comprehensively overhauled. In addition, four committees have been established to report direct to the Corporate Executive on planning, organisational development, resource

allocation, and information technology matters. The Committees have successfully overseen improvements to a raft of departmental processes including, for example, our induction and exit procedures, client relationships and planning processes. More generally, the Committees have improved our strategic focus, decision making and resource allocation;

- better management. The former Assistant Under Treasurer positions have been replaced with Executive Director positions which have full responsibility for their business units. There has also been changes to the way in which our Corporate Executive operates which has seen it less involved with technical and day-to-day matters and more involved in strategic planning, directing and monitoring of our operations;
- greater clarity of the roles, responsibilities and accountabilities of our staff. This has provided staff with a clearer understanding of what their job is. It has also facilitated the delegation of policy and technical work throughout the Department and promoted greater ownership by staff of the work that they do. There has been a greater devolution of responsibilities, particularly from the Under Treasurer's Office. As a result officers have been more active in working directly with agencies on Treasury issues at all levels. They also have greater authority in determining issues with agencies;

- systems to help manage and develop staff. In particular, our Employee Development Scheme was reviewed and replaced by separate performance management and career development systems. The new systems have been designed to provide better feedback to staff on how they are going in their jobs and what future opportunities are available to them. The new systems also better link to our planning processes; and
- a better structural organisation. From 1 July 2000 a new organisational structure applied. A key change was the establishment of the Agency Resources business unit to look after both the recurrent and capital departmental budgets and governance at the non-corporatised trading enterprises.

Treasury at a Glance

Our Vision

To be valued for our excellence, relevance and independence.

Our Mission

Treasury's mission is to provide leadership in advancing the State's economic and financial management.

The outcomes we seek to achieve are an effective framework for:

- resourcing public services; and
- the development of a strong, competitive Western Australian economy.

More information on our outcomes and outputs can be found in the Performance Assessment section of this report.

Our Structure

Treasury's structure reflects its three critical business areas. These are economic analysis, financial assessment and management and resourcing agencies. Key services provided by these areas are as follows:

Economic

- Analyse and advise government on State revenues and developments in the economy.
- Monitor the impact of national tax reform on the State's finances.
- Forecast economic trends and evaluate major economic policy initiatives.

- Advise on and coordinate intergovernmental financial issues, particularly relating to Commonwealth grants to the State.
- Analyse and advise on the performance of, and strategic issues affecting, government trading enterprises (like Western Power and the Water Corporation).
- Improve corporate governance of government business activities through appropriate policy development.
- Coordinate policy input and implement an improved regulatory framework to promote more efficient use of and investment in electricity, gas, rail and water services.
- Analyse, advise and participate in projects to shape future directions for reform of the Western Australian utilities sector.
- Coordinate and drive the implementation of National Competition Policy Agreements.
- Work with agencies and other jurisdictions to ensure the State's laws and regulations appropriately serve the public interest.

Finance

- Research, develop, promote and implement improved financial management practices across the public sector.

- Manage the financing and leasing of the State passenger and light commercial vehicle fleet under delegation from the State Supply Commission.
- Develop policy on the financial and accounting framework for government operations.
- Advise agencies on legislative and accountability frameworks.
- Maintain the Treasurer's Accounts.
- Manage investment of the government's cash resources and servicing of public debt.
- Provide central management for government owned, multi-tenanted office buildings.
- Provide office accommodation services, including management of lease negotiation and administration.
- Prepare whole-of-government budgets and financial reports.
- Coordinate and monitor the State's forecasts of financial aggregates including revenue, expenditure, assets and liabilities.

Agency Resources

- Advise government on the best way to allocate funds to achieve its desired outcomes.
- Evaluate, coordinate and provide advice to government on new expenditure proposals.

- Assist agencies to resolve issues regarding funding of their outputs.
- Administer the parliamentary appropriation process and related budgeting functions.
- Monitor financial operations and cash management practices of agencies.
- Assist in the formulation of, and maintain information on, the scope of the government's capital works program.
- Develop policies related to the capital expenditure activities of government.
- Provide advice to government on public sector wages policy, including its implications.

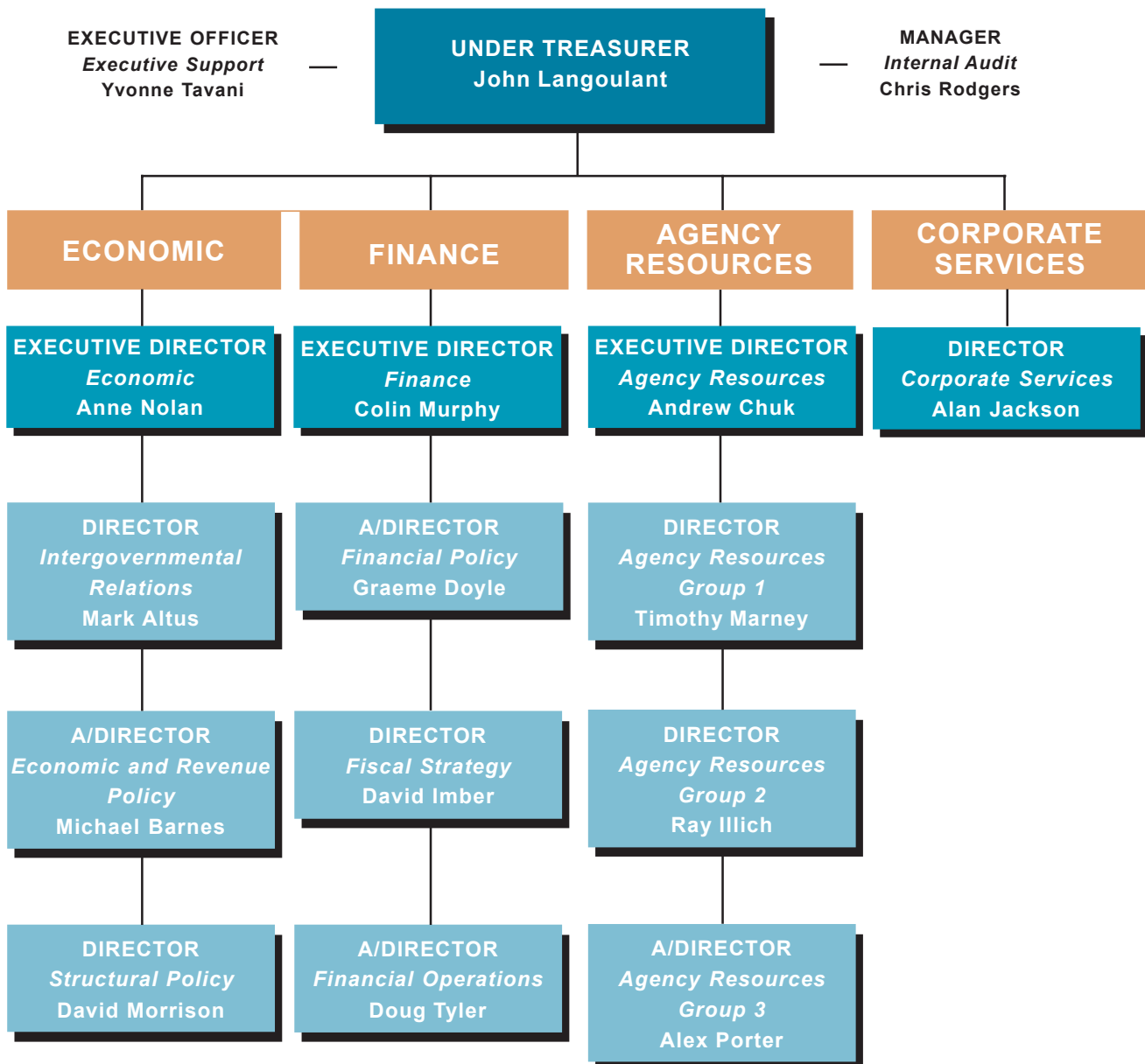
Corporate Services

In addition to the above functional areas we have a Corporate Services Division that:

- coordinates the strategic development of Treasury and a wide range of activities that, in combination, ensure we deliver services effectively to our customers; and
- provides information systems, internal audit services and risk management functions.

Treasury at a Glance

Organisational Chart



Our People

Our Major Asset

Our people are our major asset. In recognition of this we are concerned with the development of our staff through both formal training and on-the-job training, including job rotations. We also have an employee health program in place in recognition that the health and wellbeing of our staff is pivotal to our efficiency and effectiveness.

Staffing

We employed 173 full time equivalent staff at 30 June 2001, compared with 170 a year earlier.

Women made up 28 per cent of Treasury's workforce at 30 June 2001, the same as a year earlier. Our classification profile shows an under-representation of women at more senior levels, a matter of concern to us.

Training and Development

Training remained a focus during 2000-01.

Particular attention was given to the development of policy skills. An in-house course, tailored to Treasury's needs, was held in the first quarter of the year. It focussed on determining what makes for good policy and how to best handle the delivery of new policy to the target audience.

Employee Opinion Survey

In October 2000 we undertook for the first time a formal survey of all our staff to obtain their thoughts on a range of issues and to benchmark our performance against other organisations.

The survey questions covered the categories of:

- leadership and innovation;
- strategy and planning processes;
- people;
- customer and market focus;
- processes, products and services; and
- business results.

A very satisfactory 76 per cent response rate was obtained to the survey which asked respondents to rate questions in terms of both importance to them and departmental performance.

The survey results show that the three top performing areas for Treasury are provision of a harassment free workplace, a safe and healthy working environment and quality products and services.

The lowest performance was obtained in relation to our employee development and performance management system.

As a result, we reviewed our performance management system during the year. Expected benefits from the new system are enhanced coverage across the Department and more considered assessments. Career

Our People

development is also to be given more emphasis and to facilitate this it has been established as a separate system from the performance management system.

Equal Opportunity

We are an equal opportunity employer and encourage and support diversity in the workplace.

We have a set of equal opportunity, harassment and grievance policies and procedures that were developed by our staff, based on the general public sector standards.

These policies apply to everyone in the Department and can be accessed through our Intranet facility.

Trained grievance officers are available to staff for counselling and for resolving disputes.

Safety, Health and Welfare

The Department's performance in relation to the safety and health of employees is monitored in part through workers' compensation and rehabilitation statistics. These show that there were no workers' compensation claims during 2000-01.

Workers' Compensation Indicators			
		1999-00	2000-01
Frequency rate ^(a)		Nil	Nil
Estimated cost of claims ^(b)		0.0429	Nil
Premium rate	percent ^(c)	0.70	0.63
Rehabilitation	success rate	na	Nil

(a) Relates the number of lost time incidents, where one or more days were lost, to total hours worked.

(b) Cost incurred per \$100 of our annual payroll.

(c) Premium is calculated as a proportion of our annual payroll.

n.a. denotes not applicable

Industrial Relations

The vast majority of our staff are signatories to our Workplace Agreement, which is available in 38 and 40 hour options.

In February 2001 a productivity based pay increase of 3 per cent was provided to staff covered by the Workplace Agreement.

We are mindful of the need to better manage our leave liability which at 30 June 2001 totalled \$3.5 million. To this end a review of our leave policy was commenced late in the year.

Disability Services

Treasury has limited direct contact with the general public. Notwithstanding this, we are committed to ensuring that people with disabilities, their families and carers are able to fully access the range of services and facilities we provide.

We have a Disability Services Plan in place that seeks to ensure that:

- our functions and services meet the needs of people with disabilities;
- access to buildings and facilities are improved;
- information on facilities and services is provided in formats that enhance the communication needs of people with disabilities;
- advice and services are delivered by staff who are aware of and understand the needs of people with disabilities; and
- opportunities are provided for people with disabilities to participate in public consultations, grievance mechanisms and decision making processes that are available to other members of the public.

During 2000-01, there were no approaches made from the public for services to be modified to meet the needs of persons with disabilities.

We continued to assist the operations of the Technical Aid for the Disabled group by donating to them our outdated computing equipment.

Technical Aid for the Disabled provides a long-term loan service of computers to disabled people to assist them to communicate with others, gain new skills and in many cases gain employment.

Donations to Charity

The last Friday of each month is 'casual for a cause day' at Treasury. Staff are encouraged to come to work dressed casually and to make a donation which is on-passed to a different charity each month. Amongst the recipients have been the Cancer Foundation, the Lions Club, the St Vincent De Paul Society and the Cerebral Palsy Association.

Corporate Governance

Our Operations

There are a number of Acts that govern our operations:

- we function under the Public Sector Management Act for our general administration;
- the Constitution Act and the Constitution Acts Amendment Act provide the framework under which we operate; and
- the Financial Administration and Audit Act, and associated Treasurer's Instructions, provide the powers for our officers to operate in government finance, control and accountability matters.

A list of the Acts we administer is shown in Appendix A.

Responsible Minister

The Hon. E.S. Ripper, BA, Dip Ed, MLA, Deputy Premier; Treasurer; Minister for Energy.

Our Corporate Executive

At 30 June 2001 our Corporate Executive comprised the:

- Under Treasurer, John Langoulant;
- Executive Director (Economic), Anne Nolan;
- Executive Director (Finance), Colin Murphy;
- Executive Director (Agency Resources), Andrew Chuk; and
- Director Corporate Services, Alan Jackson.

Electoral Act Disclosures

Under the *Electoral Act* we are required to disclose any expenditures we make to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

For the year ended 30 June 2001, we incurred the following amounts:

- \$51,904 to advertise staff vacancies;
- \$5,553 to advertise unclaimed moneys; and
- \$16,073 on customer satisfaction surveys.

Other Disclosures

Treasurer's Instruction 903 requires senior officers to disclose interests in any existing or proposed contracts made with the Department (excluding normal employment contracts) or an affiliated body of the Department. Our senior officers have no such interests to disclose with respect to 2000-01.

Customer Focus

Our Customers

Our major customers are:

- the Treasurer;
- Cabinet and its committees;
- Parliament; and
- the State's public sector agencies.

Our Customer Commitment

Our customers can expect from us a commitment to quality and responsive services. We do this by:

- ensuring that our advice is clear, well founded, timely and relevant;
- establishing clear points of contact for a coordinated and effective service;
- understanding our customers' needs and helping them understand our views;
- streamlining our requests for information from customers;
- consulting with our customers when reviewing our practices;
- seeking customer feedback and acting on it;
- responding to requests for advice and information within agreed time frames; and
- keeping our customers informed of the latest developments in economic and financial management policies and procedures.

Our strategic planning activities during 2000-01 identified *Agency Relationships* as one of four key issues to be given emphasis over the next few years. Our objective in relation to *Agency Relationships* is to have open and transparent working relationships between Treasury and agencies based on a clear understanding of respective roles and responsibilities. To achieve this objective we have developed the following three strategies:

- to define and promote relevant partnerships with agencies;
- to improve Treasury's internal coordination in working with agencies; and
- to develop client relationship skills of Treasury staff.

Behind each of these strategies sit a number of specific tasks that we believe will help us to achieve our *Agency Relationships* objective.

Achieving Customer Focus

To gauge our customer effectiveness we conduct a client/stakeholder survey each year. The survey results provide valuable feedback about areas where we can make improvements. The results of the survey for 2000-01 are outlined in the Performance Assessment section of this report.

Customer Focus

We have a Customer Service Charter Brochure which was reviewed last year and provided to all ministers, members of parliament and chief executive officers.

To improve communications with our customers during 2000-01 we:

- provided briefing sessions to agencies on the 2001-02 State Budget process and implementation of accrual appropriations and a capital user charge;
- restructured the Department to provide a single point of contact between Treasury and clients on resource allocation and service delivery issues;
- activated a frequently asked question facility on our web page to assist with implementation of financial management reforms;
- provided a comprehensive training program for Treasury and agency users of the new Treasury Information Management System. The training courses, attended by representatives from over 160 agencies and departments were designed to ensure that Treasury and agency users were well equipped to handle both the Adjustment Tracking Module (for budget data) and the Input module (for actuals data), these being the first two phases of the system to be rolled out during 2000-01;
- established the first line of support during the implementation of the 'Financial Reporting' phase of the Treasury Information Management System through a telephone hotline. This service provided assistance to users in relation to System related problems of both a technical and functional nature encountered during the implementation phase. Service requests from agencies were dealt with by officers who were responsible for receiving, logging, resolving or referring them to the project team;
- in partnership with the Office of the Auditor General, held a Principal Accounting Officers forum dedicated to the changes in annual reporting requirements for the 2001 reporting period;
- used *Treasury News* and other publications to inform customers about developments in matters such as financial management, accounting policy, the budget process, tax reform and the economy;
- consulted with agencies on financial management reforms and budgetary matters through forums such as the Financial Reform Consultative Committee, a briefing for chief executives and numerous seminars for agencies;

- prepared briefings for the incoming government on priority policy issues that could be addressed early in its term, including for example in the energy sector and in corporate governance arrangements; and
- met with business representatives to discuss the general economic outlook and provide a forum for business to raise issues of concern.

Your Say

We are constantly striving to improve our service and welcome your suggestions on how this can be achieved. If you have any comments, or would like to discuss any of our services, please call us. Contact details are provided at the back of this report.

Report on Operations

Economic

Anne Nolan

Executive Director

Mark Altus

Director, Intergovernmental Relations

Michael Barnes

Acting Director, Economic and Revenue Policy

David Morrison

Director, Structural Policy

Activities

Provides advice and analysis on State revenues, the economy, structural policy and intergovernmental financial relations.

Key Achievements

During 2000-01 the Economic area:

- **chaired a Commonwealth/State working group of central finance agencies on reform of specific purpose payments.** Achievements included agreement by the central finance agencies on best practice principles and guidelines for Commonwealth specific purpose payments; the provision by the Commonwealth of an annual database of specific purpose payments; and agreement on a pilot project to model the application of outcome measures to replace expenditure controls;
- **in conjunction with the Ministry of the Premier and Cabinet, commenced a review of the processes within the**

Western Australian Government for negotiating specific purpose payments with the Commonwealth. A strategic framework to guide improvements in these processes was prepared for Cabinet consideration;

- **provided advice on a range of specific purpose payment negotiations with the Commonwealth.** These included funding agreements for public schools, vocational education and training, salinity, renewable remote power generation, arts, gene technology regulation and the Jervis Bay project;
- **successfully argued for changes to the Commonwealth Grants Commission's methodology which resulted in, for the first time in eight years, no reduction in Western Australia's share of general purpose grants from the Commonwealth.**

In assessing State Governments' employee superannuation costs, the Commission adopted a method in line with the recommendations in our submission. This resulted in a \$25 million increase in this State's share of Goods and Services Tax revenue for 2001-02.

We also detected an error in the Commission's assessment of Western Australia's capacity to raise revenue from stamp duty on conveyances. Correcting this error led to a \$42 million boost to our share of Goods and Services Tax revenues for 2001-02;

- **provided submissions to the Commonwealth Grants Commission's review (to be reported in 2004) of its methods for allocating Goods and Services Tax revenues between the States.** A major submission was provided on the measurement of States' capital costs, and a further submission reviewed the Commission's proposals for measuring States' costs in subsidising public transport;
- **progressed tax reforms related to the introduction of the Goods and Services Tax,** including the introduction of the First Home Owners Scheme, preparations for abolishing Financial Institutions Duty, and negotiation of an interim performance agreement with the Australian Taxation Office on the administration of the Goods and Services Tax;
- **oversaw the progress of National Competition Policy reforms** with particular attention to 'hotspots' (such as retail trading hours and gambling legislation) to minimise risks to payments to Western Australia and to help ensure outcomes are in the community's best interests;
- **submitted the State's progress report in implementing National Competition Policy to the National Competition Council.** The report comprehensively documents Western Australia's progress in implementing National Competition Policy and makes Western Australia's case for receiving competition payments worth up to \$70 million in 2001-02;
- **coordinated two whole-of-government submissions to the Productivity Commission's Review of the National Access Regime.** The National Access Regime extends to key infrastructure industries in Western Australia such as the electricity, gas and rail industries. Effective access regulation is important in securing competitive outcomes that drive economically efficient use of, and investment in, infrastructure and dependent industries;
- **participated in independent steering committees for major legislation review areas** (such as health and legal professions) and provided advice to those conducting other reviews to ensure quality reviews;
- **provided detailed submissions and presentations which contributed to Standard and Poor's credit rating agency reaffirming its AAA credit rating for the State;**
- **provided the incoming Government with detailed analysis of Western Australian economic conditions, risks to the economic outlook and key revenue trends and issues;**
- **provided quality advice and responses to a large volume of queries and concerns about the impact of national tax reform on various sectors of the State's**

Report on Operations

Economic

- **economy and the community generally;**
- **contributed to the debate on public policy issues (like ‘greenhouse’ negotiations and exchange and commodity price movements) impacting on the Western Australian economy** through feature articles in the quarterly Economic Summary;
- **contributed to the State’s responses to inquiries by the Joint Standing Committee on Australia’s relationship with the World Trade Organisation (which deals with matters like tariff protection) and the Kyoto Protocol (dealing with environmental issues);**
- **coordinated the implementation of the National Tax Equivalent Regime in Western Australia.** The Regime is intended to promote competitive neutrality (a level playing field) between government owned entities and their privately held counterparts, through the uniform application of income tax laws which will be administered by the Australian Taxation Office;
- **coordinated a submission responding to the Commonwealth Grants Commission’s draft report on Commonwealth funding of indigenous services.** The final report was completed in March 2001, but has not yet been released;
- **prepared a report on the impact for Western Australia if the allocation between States of Commonwealth general purpose grants for local government were changed to a fiscal equalisation basis.** Our report indicates that local governments in this State could still benefit from interstate fiscal equalisation, but to a much lesser extent than indicated by the Commonwealth Grants Commission’s 1991 report; and
- **provided submissions to the Commonwealth Grants Commission’s review of the Commonwealth’s legislation for providing general purpose grants to local government.** These submissions were prepared in conjunction with the Western Australian Local Government Grants Commission. The Commonwealth Grants Commission completed its report in June 2001, and found that changes were necessary to achieve consistency between States in the way Commonwealth grants are allocated to local governments within each State (the review did not examine the issue of the interstate allocation of grants).

Future Directions

Our key goals for 2001-02 are to:

- implement the Government's policy to establish an Economic Regulator with responsibilities across the electricity, gas, rail and water industries. This will consolidate responsibility for state-based economic regulation in one independent entity, thereby promoting more transparent decision-making and a more efficient use of scarce expertise;
- advise on, and assist in implementing, further energy sector reform, through submissions to the Electricity Reform Task Force and participating in the Gas Retail Deregulation Project. These initiatives are designed to increase competition and efficiency in the provision of energy services, resulting in lower prices and improved customer choice for Western Australian businesses and households;
- participate in the implementation of machinery of government changes. This will involve supporting the newly established Government Enterprises portfolio and developing umbrella legislation under which, ultimately, all government trading enterprises will operate;
- comprehensively review State business taxes to improve the efficiency, equity and simplicity of the State's taxation system. The review will seek submissions from key industry groups;
- further develop and implement processes within the Western Australian Government for negotiating specific purpose payments with the Commonwealth and continue to progress reforms to these payments through the inter-jurisdictional working group;
- continue to participate in, and make submissions to, the Commonwealth Grants Commission's review of its methods for allocating Goods and Services Tax revenues between the States;
- in conjunction with New South Wales and Victoria, commission a broader review of the current basis for the distribution of Commonwealth grants between the States; and
- finalise development of a performance agreement with the Australian Taxation Office on the administration of the Goods and Services Tax.

Report on Operations

Finance

Colin Murphy
Executive Director

Graeme Doyle
Acting Director, Financial Policy

David Imber
Director, Fiscal Strategy

Doug Tyler
Acting Director, Financial Operations

Activities

Provides policy advice, analysis and services in relation to financial management, accounting policy and government property.

Key Achievements

During 2000-01 the Finance area:

- **produced a variety of financial statements and reports required under the *Government Financial Responsibility Act 2000*.** The Quarterly Financial Results Report was first published for the September quarter 2000 and was presented on both a Government Financial Statistics and an Australian Accounting Standards basis. The revised accounting standard (AASB 1029: *Interim Financial Reporting*) was adopted prior to its mandatory applicability date, making Western Australia the first Australian jurisdiction to publish a quarterly report in the new format.

A Monthly Report of General Government Finances is also being produced. This report is for the general government sector and contains those agencies most subject to financial control by the government. The report comprises a Statement of Financial Performance and a Statement of Cash Flow and has been well received by users;

- **published, on 15 January 2001, the first Pre-election Financial Statement, as required under the *Government Financial Responsibility Act 2000*.** This closely followed the December 2000 Mid-Year Financial Projections Statement, also required under the Act. The Pre-election Financial Projections Statement is required to be produced within ten days of the dissolution or expiry of the Legislative Assembly prior to an election. It forms an important benchmark for community debate on financial issues relevant to an election;
- **achieved the successful passage through Parliament of amendments to the *Financial Administration and Audit Act* –** The amendments will facilitate accrual appropriations, the capital user charge and e-commerce;
- **held extensive educational and information sharing sessions with agencies and other key stakeholders on implementation of accrual appropriations and the capital user charge for 2001-02;**

- **coordinated the delivery of the ‘Financial Reporting’ phase of the Treasury Information Management System, in which agencies submit their periodic financial statements to Treasury via the internet.** The first collection was completed for the March quarter 2001. As well as entering their data through the new system, agencies are also able to view the results, comparing against prior year actuals, current year budget and latest approved forecasts, resulting in improved agency data exchange and production of government-wide financial information;
- **assisted Government with the successful sale of AlintaGas.** On 17 October 2000 securities issued by AlintaGas Limited commenced trading on the Australian Stock Exchange with an initial registry that included more than 100,000 security holders, of whom 95 per cent were Western Australian, and a spread of some of the nation’s largest and most respected investment institutions.

The State received sale proceeds of \$971 million, representing a very satisfactory outcome for the sale. After repayment of \$320 million of Gas Corporation debt, net proceeds to the State, available to pay for sale related costs and to consolidated fund disbursements, were about \$651 million;
- **assisted Government with the sale of Westrail’s freight business and the lease of the rail freight network for 49 years.** The business was sold on 17 December 2000 through a trade sale process, with the Government accepting the bid made by the Australian Railroad Group. The sale price was \$585 million, including \$27.5 million in stamp duty, for outright purchase of the rail business and a fully pre-paid 49 year lease of the corridor and network. The bid also included a proposal to make investments in rolling stock and infrastructure totalling approximately \$400 million over the first five years. The consortium accepted an obligation to employ all Westrail freight employees who had accepted the transfer offer with Westrail Freight Employment Pty Ltd, on the agreed terms and conditions, with a guarantee of employment for two years;
- **conducted a comprehensive review of the Financial Administration and Audit Act,** which involved consultation with agencies and professional accounting bodies. As a result of the review a Cabinet Submission has been prepared which seeks approval to modernise the Financial Administration and Audit Act provisions and to prepare separate Financial Management and Auditor General Bills;
- **updated the Treasurer’s Instructions and model agency financial statements to reflect new and amended accounting standards applicable for the 2001 annual**

Report on Operations

Finance

reporting period. In partnership with the Office of the Auditor General we hosted a forum to convey the changes to Principal Accounting Officers;

- **assisted agencies with accounting and legislative requirements associated with implementing the Machinery of Government Taskforce recommendations;**
- **effectively managed the public bank account** by again achieving a return on short-term investments (6.08 per cent) in excess of the cash management benchmark (5.86 per cent);
- **decentralised Fringe Benefits Tax reporting from Treasury to individual agencies.** With effect from 1 April 2001 each agency became responsible for its own Fringe Benefits Tax obligations;
- **helped to investigate appropriate financing options for the Perth Urban Rail Development project.** The objective of seeking private sector funding options for the \$1.1 billion project was that any proposal must provide certainty of cost to the Government over the term of the agreement and represent value for money having regard to the risk transfer; and
- **assisted in the approval process with respect to the finance documents provided to the State by the developer of the Perth Convention and Exhibition Centre.**

Future Directions

Our key goals for 2001–02 are to:

- achieve the successful passage through Parliament of new Financial Management and Audit legislation and issue a more streamlined set of Regulations and Treasurer's Instructions in readiness for implementation from 1 July 2002;
- in consultation with our Agency Resources business unit, review Output Based Management with the aim of achieving a better alignment between high level strategic government objectives and operational level outputs and outcomes;
- publish a policy framework and guidelines for consideration of private sector provision of public infrastructure and services, recognising the benefits that are achievable through public-private partnerships;
- restructure the financing arrangements for the State's motor vehicle fleet;
- monitor and amend if necessary the practices surrounding the accrual appropriation and capital user charge reforms;
- develop a policy to achieve uniformity in the accounting treatment for asset transfers between agencies;
- comprehensively review existing Trust Accounts with a view to rationalising their usage throughout the public sector

and simplifying their financial management practices;

- provide advice on the accounting and legislative requirements to further implement Machinery of Government Taskforce recommendations; and
- also in conjunction with our Agency Resources business unit, conduct a pilot project to test the feasibility of paying interest on cash balances to departments and assist develop an appropriate cash management incentive/penalty regime.

Report on Operations

Agency Resources

Andrew Chuk
Executive Director

Timothy Marney
Director, Agency Resources Group 1

Ray Illich
Director, Agency Resources Group 2

Alex Porter
Acting Director, Agency Resources Group 3

Activities

Advises on and manages the allocation of taxpayers' resources to achieve government outcomes.

Key Achievements

During 2000-01 the Agency Resources area:

- **provided policy advice to the Expenditure Review Committee on agencies' resource allocations, as part of the 2001-02 Budget process.** The advice, which was provided in accordance with the Committee's timetable, comprised analysis of each agency's budget submission and was provided in the form of briefing notes and oral presentations and advice;
- **undertook a review of cash management practices of agencies** including the monthly cashflow forecasts submitted by agencies and agency performance against forecast. The objective of the review was to identify strengths and weaknesses in

agencies use of cash resources. This was to enable us to better assess agency requests for supplementary funding and carry over requests, and to make recommendations about agency profiles for the next year. In the longer term it is intended to assist with assessing and refining current processes of reviewing, approving and monitoring agency use of cash;

- **commenced a review of Output Based Management implementation.** Output Based Management is a management approach designed to assist agencies in resourcing the outputs (goods and services) required to achieve desired outcomes (results, or impacts upon society). Implementation of Output Based Management commenced in 1996 and has involved the presentation of outcome and output information in budget papers, introduction of output acquittal arrangements and resource agreements. The review involved an evaluation of whether the intended benefits had been achieved and the development of longer term strategies to improve implementation across government and agencies; and
- **provided secretariat support to the Machinery of Government Taskforce.** The final report of the Taskforce, which was issued on 21 June, provided a comprehensive and far-reaching blueprint for reforming the Western Australian public sector. Implementation of the report's recommendations commenced immediately.

Future Directions

Our key goals for 2001-02 are to:

- facilitate the 2001-02 and 2002-03 budget processes to meet government and agency expectations;
- monitor the implementation of accrual appropriations and a capital user charge for the 2001-02 State Budget. Accrual appropriations reflect the full cost of services for an agency, much like a business covers its costs by charging prices and provides for full parliamentary control over these costs.

The introduction of a capital user charge will ensure that agencies incorporate the government's cost of capital into output or service delivery costs, enabling better cost comparisons and investment decisions;

- assist in implementing machinery of government recommendations by participating on portfolio steering and working committees to ensure that new agencies are included in the 2001-02 Budget papers.

We will also be working closely with statutory authorities to enact the necessary legislative changes required for other machinery of government changes;

- in consultation with our Finance business unit, design and implement initiatives to improve cash management practices in the budget sector. Based on the findings of the cash management

review, we will consider a number of options including:

- the replacement of drawdown profiles with full cashflow forecasts;
 - cash management training; and
 - a requirement for cashflow forecasts to accompany supplementary fundings and carryover requests;
 - finalise implementation of the Adjustment Tracking Module of the Treasury Information Management System. This will include using data collected via the new System for the preparation of agency financial statements to be contained in the 2001-02 Budget Statements.
- Further work will also be undertaken to improve agency data exchange for the 2001-02 Mid Year Review and 2002-03 budget process;
- in consultation with our Finance business unit, finalise the review of Output Based Management implementation. The aim of this review is to develop and implement strategies to assist Government and agencies with the implementation of Output Based Management; and
 - redesign internal processes to reduce the burden on agencies and increase the amount of resources devoted to policy advice.

Performance Assessment Financial Summary

Opinion of the Auditor General



AUDITOR GENERAL

To the Parliament of Western Australia

**TREASURY DEPARTMENT
PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2001**

Scope

I have audited the key effectiveness and efficiency performance indicators of the Treasury Department for the year ended June 30, 2001 under the provisions of the Financial Administration and Audit Act 1985.

The Under Treasurer is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act. No opinion is expressed on the output measures of quantity, quality, timeliness and cost.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators, and assessing the relevance and appropriateness of the performance indicators in assisting users to assess the Department's performance. These procedures have been undertaken to form an opinion as to whether, in all material respects, the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Treasury Department are relevant and appropriate for assisting users to assess the Department's performance and fairly represent the indicated performance for the year ended June 30, 2001.

A handwritten signature in black ink, appearing to read 'K O'Neil'.

K O O'NEIL
ACTING AUDITOR GENERAL
October 15, 2001

Certification of Performance Indicators

Treasurer's Instruction 905

Financial Administration and Audit Act 1985

I hereby certify that the performance indicators are based on proper records and fairly represent the performance of the Treasury Department for the year ended 30 June 2001.



J L Langoulant
UNDER TREASURER

15 August 2001

Performance Assessment

Our Outcomes

The outcomes we seek to achieve are an effective framework for:

- resourcing public services; and
- the development of a strong, competitive Western Australian economy.

Our Outputs

We aim to achieve these outcomes through our two outputs:

- financial management and advisory services ; and
- economic management and advisory services.

Measuring Our Performance

Treasury's role in achieving its outcomes and outputs is primarily that of an economic and financial management adviser to the government and its agencies. We have measured our performance (effectiveness, quality, and timeliness) primarily through a survey of our key clients/stakeholders.

Detailed questions were asked of each client group to elicit meaningful responses and to obtain a good understanding of how our clients/stakeholders view our performance. Responses to the detailed questions were grouped to obtain the performance indicators for outcomes (effectiveness) and outputs (quality and timeliness).

The broader, more direct, approach introduced in the 1999-00 survey was continued in 2000-01 as a means of measuring our outcome performance. This approach focuses on the following attributes of our two stated outcomes:

Financial Management:

- resource allocation;
- resource management;
- public sector accountability;
- service delivery; and

Economic Management:

- information for decision making.

Non-survey based effectiveness indicators have been included to help measure performance in both outcome and output areas. The use of in-house statistical data complements the survey-based results and adds scope and objectivity to the sources of information used in gauging our performance.

The efficiency indicators have been sourced from information held on our output measurement system.

The Client Survey

The client /stakeholder survey was undertaken on our behalf by an external consultant in May and June 2001 through a telephone-based questionnaire. 269 stakeholders were approached, with interviews held with 179, a response rate of 67 per cent. The numbers sampled and responses were as follows:

Client/Stakeholder Groupings	Total Responses		Response Rate Per cent
	Surveyed Number	Number	
Ministers	14	4	29
Members of Parliament	77	30	39
Agencies	170	137	81
Economic/Financial commentators	8	8	100
Total	269	179	67

Interview questions were aimed specifically at each market segment.

The survey was conducted under unique circumstances in that it closely followed the State election, which not only resulted in a change in government but a significant turnover in seats. As a consequence, a number of members of parliament contacted declined to complete the survey due to not having been in office long enough to provide considered responses to the survey questions.

Effectiveness Indicators (Audited)

Outcome 1: An effective framework for resourcing public services.

The framework referred to in this outcome contains a range of financial management initiatives designed to improve the resource allocation and management processes and public sector accountability and service delivery of agencies and government.

The key components of the framework are:

- accrual financial reporting;
- output based management – identification of outcomes and outputs, accrual output budgets combined with output performance measures and targets;
- presentation of whole of government financial statements in accordance with external reporting standards; and
- a legislated financial planning, targeting and reporting process incorporating the disclosure of the government’s budget strategy, financial projections and periodic reporting including actual results against targets.

Taking the above attributes into consideration, the framework for resourcing public services is considered effective if it:

- improves public sector resource allocation and management;
- increases public sector accountability; and
- enhances public sector service delivery.

Indicators of effectiveness include the extent to which:

- public sector resource allocation and management had improved, as indicated by the number and percentage of clients/stakeholders who indicated:
 - improvement in the resource allocation process;

- that our financial management initiatives had assisted them to improve their resource management processes;
- public sector accountability had increased, as indicated by the number and percentage of:
 - agencies that complied with our accountability reporting requirements;
 - clients/stakeholders who indicated that implementation of financial management initiatives had increased public sector accountability; and
- public sector service delivery had been enhanced, as indicated by the number and percentage of clients/stakeholders who indicated that our financial management initiatives had assisted them to improve service delivery.

(A) The extent to which public sector resource allocation and management processes have improved.

We play a major role in the resource allocation and management processes through our accrual output based management initiative. This initiative provides the basis for the contestable allocation and management of public sector resources. It aims to improve the budget process by focussing decision makers on outputs generated from the expenditure of public funds and assisting managers in their

allocation and management of public sector resources.

Clients/stakeholders indicating an improvement in the resource allocation process

Respondents Indicating Improvement	
1999-00 Per cent	2000-01 Per cent
39*	58

* For comparative purposes the 1999–00 result has been amended to only include responses from agencies.

The 137 respondents out of a total of 170 surveyed represents a response rate of 81per cent.

Due to the State election, minister’s had only just assumed office at the time the survey was conducted. Accordingly, it was decided not to canvas ministers in respect to this outcome measure.

The increase in respondents indicating an improved effectiveness rating is an important improvement on last year’s results as it reflects a growing confidence by agencies, the most exposed group to this initiative.

We will continue to work with our clients/ stakeholders to further improve their understanding of the resource allocation initiatives and how best we can assist them in their resource allocation processes.

Treasury’s financial management initiatives have been developed to assist agencies

improve their resource management processes.

Clients/stakeholders who consider our financial management initiatives have improved their resource management processes

Respondents Indicating Improvement	
1999-00 Per cent	2000-01 Per cent
51*	61

* For comparative purposes the 1999-00 result has been adjusted to exclude chiefs of staff responses as they were not surveyed in 2000-01.

The 171 respondents represents a response rate of 66 per cent out of a total of 261 client/stakeholders (ministers, members of parliament and agencies) surveyed.

While there was a drop in the effectiveness rating from ministers an encouraging increase in effectiveness was rated by agencies and members of parliament.

We will work with the new government and our other client/stakeholder groups in continuing to increase our effectiveness in the area of resource management.

The improvement, in comparison to the previous year's ratings, in the areas of resource allocation and management indicates a growing acknowledgment and understanding of the financial initiatives introduced by the department over the past three years.

(B) The extent to which public sector accountability has increased.

We undertake monitoring and reporting of agency output delivery performance through quarterly whole of government returns.

Whole of Government Returns			
Period	Agencies Required to Submit Returns number	Agency Returns Received number	Agency Returns Received per cent
1999-2000			
September	168	166	98.8
December	166	164	98.8
March	169	167	98.8
June	161	161	100
2000-2001			
September	162	159	98.2
December	164	162	98.8
March	164	163	99.4
June	n.a.	n.a.	n.a.

(a) June data were not available at the time of publication. However, this data will be reported in 2001-02.

The high percentage return rate is attributable to the whole of government returns being an integral contribution towards the content of the Quarterly Financial Results Report. The production of the Report is a requirement under the Government Financial Responsibility Act 2000.

The financial management initiatives we implemented are intended to promote increased public sector accountability

through an improved budget process, the adoption of good business practices and the empowerment of managers and employees in decision making processes. The initiatives include changing the budget management process to an output based process, introducing accrual budget appropriations and associated reporting, enhancing performance measurement and targeting, and establishing separate agency bank accounts.

Clients/stakeholders indicating that our financial management initiatives had increased public sector accountability

Respondents Indicating Increased Accountability	
1999-00 Per cent	2000-01 Per cent
69*	76

* For comparative purposes the 1999-00 result has been adjusted to exclude chiefs of staff responses as they were not surveyed in 2000-01.

All client/stakeholders were surveyed, representing a response rate of 67 per cent.

The effectiveness response rating was high and fairly consistent across all client/stakeholder sample types. This was an encouraging result, which supported the overall benefits to government flowing from the financial management reforms introduced over the past three years.

(C) The extent to which public sector service delivery has been enhanced.

Financial management initiatives we promoted support the output/outcome approach in meeting service delivery improvements.

Client/stakeholders indicating that our financial management initiatives had assisted to improve their service delivery

Respondents Indicating Improvement	
1999-00 Per cent	2000-01 Per cent
42*	60

* For comparative purposes the 1999-00 result has been adjusted to exclude chiefs of staff responses as they were not surveyed in 2000-01.

All client/stakeholders were surveyed, representing a response rate of 67 per cent.

Increased effectiveness ratings were achieved across all the client/stakeholder groups surveyed.

Of particular significance was the improved effectiveness rating received from agencies. This is seen as a growing acceptance of the benefits of enhanced budget monitoring and management based on accrual output measures implemented as part of our financial management initiatives.

We will continue to work closely with agencies to assist them to gauge and improve their service delivery through this approach.

Outcome 2: An effective framework for development of a strong, competitive Western Australian economy.

An effective framework for the development of a strong, competitive economy is important in maintaining the State's high standard of living. It is particularly important for the Western Australian economy to remain competitive given its large exposure to world markets through being Australia's highest exporting State.

While the Commonwealth Government controls macroeconomic policy (national fiscal, monetary and tariff policy), the State Government's role is primarily to ensure that economic and social infrastructure and supporting services are provided to the community at as low a cost as possible. The State Government also needs to develop and manage efficient revenue systems and ensure their regulatory structures do not hinder the efficient functioning of markets.

The framework for development of a strong, competitive Western Australian economy is one where:

- clients/stakeholders make informed decisions based on an increased awareness of economic issues and trends;
- systems for collecting revenue are efficient. A tax system impacts on decision making (eg investment, savings and consumption). However, broad-based taxes levied on a growing tax base (eg payroll, property and motor

vehicle taxes) tend to be more desirable as they are less distortionary in terms of their impact on producer and consumer decision making;

- grants from the Commonwealth Government may be tied, such as specific purpose payments, or untied, such as financial assistance grants. Untied grants are preferable because financial resources can be allocated by State Governments (as distinct from the more remote Federal administration) to where they will have most impact. Other problems with tied grants include a focus on program inputs rather than outcomes, duplication of roles and responsibilities, high compliance and administration costs, blurred accountability to clients and a lack of consultation between Commonwealth and State agencies; and
- government businesses (public non-financial corporations and public financial corporations as defined by the Australian Bureau of Statistics and reported in Budget Paper No. 3 – “Economic and Fiscal Outlook”) adopt a commercial approach in the provision of economic and social infrastructure.

The provision of economic and social infrastructure in a commercial manner encourages government businesses to minimise operating costs, ensure that prices reflect the cost of providing goods and services and explore opportunities for adding value to the business. These outcomes, in turn, act to encourage the establishment of economic activity within

the State on a sustainable economic and financial basis.

A framework for developing a strong competitive economy is considered effective if it:

- assists clients/stakeholders to make informed decisions by increasing their awareness of economic issues and trends;
- improves the efficiency of revenue systems; and
- promotes a more commercial approach by government businesses.

Indicators of effectiveness include:

- the percentage of clients/stakeholders who indicated that the information we provided on economic issues and trends had increased their awareness and assisted in their decision making. This includes information on economic conditions impacting on the State's growth prospects and revenue collections, and intergovernmental relations impacting on Commonwealth funding received by the State;
- the extent to which the efficiency of revenue systems has improved as measured by the percentage of the State tax revenue raised from broad-based taxes levied on a growing tax base and the percentage of Commonwealth Government funding received as untied grants; and
- the extent to which a more commercial approach was adopted by government

businesses which have been corporatised, commercialised or are subject to separate accountability arrangements.

Separate accountability arrangements for these government businesses, which themselves have not been corporatised or commercialised, act to provide incentives for more commercial behaviour as these arrangements enable the performance of these businesses to be separately monitored and benchmarked.

(A) The extent to which clients/stakeholders indicated that information on economic issues and trends has increased their awareness and assisted with their decision making.

Treasury provides advice and produces a number of publications to assist clients/stakeholders improve their ability to make informed decisions in respect to economic issues and trends.

Clients/stakeholders who considered the information we provided increased their awareness and assisted in their decision making

Respondents Indicating Increased Awareness	
1999-00 Per cent	2000-01 Per cent
65*	79

* For comparative purposes the 1999-00 result has been adjusted to exclude chiefs of staff responses as they were not surveyed in 2000-01.

All client/stakeholders were surveyed, representing a response rate of 67 per cent.

Consistently high effectiveness rating scores were received from each of the client/stakeholder groups.

We will continue to strive to provide better ways of improving access to and produce quality information, to keep our clients/stakeholders informed of economic issues and trends.

(B) The extent to which the efficiency of revenue systems has improved.

- Own Source Revenue

Taxes levied on a broad base are more efficient than narrowly based taxes, and enable growth in revenue to keep up with growth in demand.

Percentage of State tax revenue raised from broad-based taxes levied on a growing tax base

1997-98 per cent	1998-99 per cent	1999-00 per cent	2000-01 per cent
82.5	82.8	83.1	83.0

The results indicate a consistency in the movement towards broad-based taxes. This is expected to increase over time as some narrowly based State taxes are phased out as a result of Commonwealth/State arrangements associated with the introduction of the Goods and Services Tax.

- Commonwealth Grants

Untied Commonwealth grants allow the State to allocate resources to their most productive uses.

Commonwealth Government funding received as untied grants

1997-98 (a) per cent	1998-99 (a) per cent	1999-00 (a) per cent	2000-01 (a) per cent
56.8	56.2	56.6	55.1(b)

Sourced from Commonwealth budget papers.

(a) Exclude "Safety Net Revenues" which were previously State sourced revenues but due to a High Court ruling in 1997 are now collected on behalf of the State by the Commonwealth Government and as such are not considered Commonwealth grants.

(b) This figure has been adjusted to remove the impact of the Goods and Services Tax - related tax reforms. The unadjusted figure is 66 per cent.

(C) The extent to which a more commercial approach is being adopted by government businesses.

The adoption of a more commercial operational approach by government businesses provides for the establishment of economic activity on a sustainable basis and encourages those businesses to add value to their operations.

Government businesses that moved to a more commercial approach in 2000-01 included the Broome Port Authority, the Forest Products Commission and the Totalisator Agency Board. This represents a movement from 13 out of 40 to 15 out of

39 government businesses that have moved to operating on a more commercial basis. The privatisation of AlintaGas accounts for the overall reduction in the number of government businesses from 40 to 39.

The percentage of government businesses that have been corporatised, commercialised or are subject to accountability arrangements

1997-98 per cent	1998-99 per cent	1999-00 per cent	2000-01 per cent
18.2	18.2	32.5	38.5

The results represent the ongoing implementation of government policy for government businesses to operate on a more sustainable economic and financial basis.

Efficiency Indicators (Audited)

The Department's efficiency indicators have been designed to measure the unit cost of our two outputs:

- **Financial management and advisory services.** This output covers the provision of management and advisory services to government to enable it to acquire and allocate resources to public services.
- **Economic management and advisory services.** This output covers the provision of management and advisory services to government to enable it to promote a strong, competitive Western Australian economy.

Measurement of the outputs is based on the two main activities of policy advice and implementation. Unit cost measures including the allocation between policy advice and implementation, have been obtained from the Treasury Output Management System .

For measurement purposes:

- **policy advice** is defined as recorded policy advice provided to a minister or to Cabinet or a Cabinet committee (eg. Cabinet comments and submissions, minutes of meetings and ministerial correspondence). The advice will have a significant impact on the public sector, taxpayers, groups of taxpayers or the community as a whole. It may be part of a broad strategy and may require further work in implementation. It is measured as the average cost of providing an item of policy advice. Policy advice is divided into three types:
 - **policy advice – projects.** This type of advice often has a substantial and enduring effect on the policy environment. It typically covers complex matters, requiring significant project planning, research and policy development, and involving substantial costs and extensive liaison and negotiation (eg. the sale of AlintaGas and the freight business of Westrail, Machinery of Government matters and the Intergovernmental Agreement on Tax Reform);
 - **policy advice – on going.** This advice usually involves a substantial and

enduring change to the policy environment or refinement of the existing policy environment. It covers complex matters and requires some research and policy development. Substantial liaison and negotiation may be involved (eg. Cabinet submissions, revenue initiatives and the review of fleet management);

- **policy advice – administrative.** This type of advice does not set new policy or result in any change to the main components of the policy environment. It may, however, require research, deal with complex matters and involve some liaison and negotiation (eg. minutes to ministers for noting, parliamentary questions and speech preparation for ministers).
- **implementation** is defined as services provided to external parties (other than ministers, Cabinet or Cabinet committees) to implement, and to enable the implementation of, government policies (eg reports,

coordination and consultation). It is measured as the cost per report and hours of coordination and consultation. Implementation is divided into two types:

- **implementation – reports.** This covers documents and publications for external parties (eg. Treasury News, the Quarterly Economic Summary, the Purchase Manual and the Pre-election Budget Statement); and
- **implementation – coordination and consultation.** This covers implementation of government policies, speech preparation, presentations, briefings, external data requests and correspondence with external parties (eg agency coordination and consultation, external presentations, training provided to external parties and external correspondence to parties other than ministers, Cabinet and Cabinet committees).

Efficiency Indicators	1999-00(a)(b) \$	2000-01(b) \$
Financial management and advisory services		
Policy Advice		
Cost per item of policy advice (c)	4,216	3,669
Implementation		
Cost per report (d)	2,734	19,028
Cost per hour of coordination and consultation (d)	159	179
Economic management and advisory services		
Policy Advice		
Cost per item of policy advice	2,104	2,141
Implementation		
Cost per report (d)	1,799	8,166
Cost per hour of coordination and consultation (d)	172	198

- (a) The figures presented for 1999-00 have been recast to provide a fair representation for comparative purposes with the 2000-01 figures.
- (b) State Fleet expenditure of \$49,568,561 (1999-2000: \$42,257,369) and Property expenditure of \$5,656,378 (1999-2000: \$5,828,179) have been excluded from the calculations of the efficiency indicators because they are not considered to be directly attributable to the production of outputs.
- (c) The reduction in the cost per item of policy advice for 2000-01 is mainly attributable to the increase in the output of policy advice from 528 to 999 units. This increase was partly offset by the number of high cost units of project advice associated with the sale of AlintaGas, Westrail freight and Machinery of Government issues.
- (d) The increase in implementation output costs are attributable to the increase in costs incurred as part of the implementation of the Treasury Information Management System.

Output Measures (Not Audited)

Treasury has two outputs:

- financial management and advisory services; and
- economic management and advisory services.

These outputs are supported by two measures:

- policy advice to ministers and agencies on economic and financial management matters; and

- support advice and guidance to agencies to help implement the government's economic and financial management initiatives.

Our performance within each of these outputs in terms of quantity produced, quality, timeliness and cost is outlined in this section.

Quality and timeliness measures were obtained from the same client/stakeholder survey as our effectiveness performance measures. The quantity and cost of our outputs were obtained from our internal output management and financial information systems.

Policy Advice

We provide policy advice to government to enable it to acquire, allocate, and manage resources for the sustainable provision of public services as well as for development of a strong, competitive Western Australian economy.

For comparative purposes the policy advice measures reported for 1999-00 in the table below have been adjusted on the following basis:

- strategic and tactical = ongoing; and
- routine = administrative.

Efficiency Measure	1999-00	2000-01	
		Target	Actual
Financial management and advisory services			
Quantity			
Units of project policy advice	na	11	7
Units of ongoing policy advice	59	267	104
Units of administrative policy advice	469	859	888
Quality			
Proportion of clients/stakeholders who believe our advice is clear, concise, relevant, complete and identifies options and alternatives (per cent)	65	75	72
Timeliness			
Proportion of clients/stakeholders who believe that our advice has been timely (per cent)	56	65	73
Cost			
Cost per unit of project policy advice (\$)	na	287,847	147,305
Cost per unit of on going policy advice (\$)	11,247	5,393	7,869
Cost per unit of administrative policy advice (\$)	3,331	1,592	2,088
Economic management and advisory services			
Quantity			
Units of ongoing policy advice	150	129	70
Units of administrative policy advice	866	963	865
Quality			
Proportion of clients/stakeholders who believe our advice is clear, concise, relevant, complete and identifies options and alternatives (per cent)	65	75	72
Timeliness			
Proportion of clients/stakeholders who believe that our advice has been timely (per cent)	56	65	73
Cost			
Cost per unit of ongoing policy advice (\$)	4,527	4,116	8,837
Cost per unit of administrative policy advice (\$)	1,684	1,589	1,599
Cost per unit of administrative policy advice (\$)	3,331	1,592	2,088

na – denotes not applicable

Implementation

Our second activity is the implementation of arrangements and strategies to help government to acquire, allocate and manage resources for the sustainable provision of public services as well as to

promote a strong competitive Western Australian economy.

We help to implement the government's policies through reports we prepare, and through processes of coordination and consultation with our clients/stakeholders.

Efficiency Measure	1999-00	2000-01	
		Target	Actual
Financial management and advisory services			
Quantity			
Number of reports	358	183	175
Hours of coordination and consultation	91,251	118,454	70,782
Quality			
Proportion of clients/stakeholders who believe our timeframes for implementing financial management initiatives have been effective (per cent)	71	75	80
Timeliness			
Proportion of clients/stakeholders who believe our timeframes for implementing financial management initiatives have been reasonable (per cent)	65	65	83
Cost			
Cost per report (\$)	2,734	11,850	19,028
Cost per hour of coordination and consultation (\$)	159	116	179
Economic management and advisory services			
Quantity			
Number of reports	475	104	105
Hours of coordination and consultation	11,901	20,024	10,365
Quality			
Proportion of clients/stakeholders who believe our timeframes for implementing economic management initiatives have been effective (per cent)	71	75	80
Timeliness			
Proportion of clients/stakeholders who consider we provided economic information within reasonable timelines to assist their decision making (per cent)	67	65	73
Cost			
Cost per report (\$)	1,799	8,802	8,166
Cost per hour of coordination and consultation (\$)	172	123	198

Financial Summary

Treasury Financial Results

Key Points

- Our financial highlights (below) for 2000-01 indicated a year of consolidation. However, these summary figures do not show the varied and many activities of our agency.
- In this regard, Treasury' assets are made up of three discrete segments. The bulk of our revenue was generated by the public sector's State Fleet operations (which Treasury assumed responsibility for in 1999), whilst the government owned property portfolio held by Treasury (externally managed) constituted the majority of assets (\$106 million) reported on the balance sheet. The third segment of Treasury, that responsible for departmental matters, is essentially (Consolidated Fund) budget dependant (\$17.8 million).
- The management of the government's State Fleet operations results in the inclusion of \$50.1 million in operating expenses and \$49.6 million in operating revenues.
- The operating statement also recognised \$5.7 million of expenses consisting of outgoings associated with the portfolio of managed properties and the receipt of an equivalent amount of rental revenue. Rental receipts in excess of expenses are paid directly into the Consolidated Fund rather than to Treasury.
- Two events which significantly impacted upon our financial operations were the commencement of the Goods and

Services Tax and to a lesser extent the development and implementation of the Treasury Information Management System.

Discussion and Analysis

Net Cost of Services

The net cost of services in 2000-01 was \$25.2 million, compared with \$22.7 million in the previous year (after adding back in the net revenue from government owned buildings for consistency). This increase in costs was mainly due to employee costs, property expenses and the absorption of Goods and Services Tax imposts associated with State Fleet operations.

Financial Position

Our total equity changed only marginally, due largely to an increase in asset values following a revaluation of the property portfolio we control.

In addition, approximately \$1.4 million in computer and software expenditure relating to the Treasury Information Management System project was reflected in the balance sheet.

Although not apparent from the summary figures below, current liabilities included an increase of \$2.5 million under the Treasurer's Advance Authorisation Act to provide working capital for State Fleet operations.

Treasury Financial Highlights

	1996-97 \$m	1997-98 \$m	1998-99 \$m	1999-2000 \$m	2000-2001 \$m
Net Cost of Services	18.1	18.8	15.7	22.7	25.2
Operating expenses	18.5	20.6	37.7	69.5	80.5
Operating revenues	1.1	2.1	22.0	46.8	55.3
Revenues from government	20.8	19.2	21.0	22.2	22.1
Net revenue from restructuring	n.a.	75.8	1.6	(13.5)	n.a.
Total Assets	5.7	95.6	113.7	118.7	120.6
Current assets	3.5	2.8	14.8	15.6	11.6
Non-current assets	2.2	92.8	98.9	103.1	108.9
Total Liabilities	3.3	3.6	9.1	14.1	13.3
Current liabilities	2.4	2.5	8.0	13.1	12.2
Non-current liabilities	1.0	1.1	1.1	1.0	1.1
Equity	2.3	92.0	104.6	104.6	107.3

n.a. denotes not applicable

Financial Summary

Treasury Administered Items

We administer a range of transactions on behalf of government.

The expenditures include community service obligations and equity contributions paid to government trading enterprises, various subsidies and grants to both government and private sector agencies, refunds, payments relating to superannuation, and interest and capital payments on the government's debt.

The receipts include mainly Commonwealth grants to the State, payments to government for tax equivalents, dividends, surpluses and recoveries of loan expenses, superannuation charges by government trading enterprises and proceeds of asset sales.

Administered expenses increased by \$592 million in 2000-01 mainly due to an increase in the government's consolidated fund budget, reflecting higher cash payments to agencies (\$492 million).

There was a slight decrease in revenues, despite an increase of some \$100 million in Commonwealth funding. This increase reflected general cost escalation factors (such as population) and tax reform arrangements which resulted in Commonwealth funding in lieu of lost State revenues from the abolition of Financial Institutions Duty and share duty payable on listed shares.

The decrease in overall revenue is essentially a return to a more representative

figure in that, 1999-00 revenue included accelerated repayment of debt (State Housing Commission \$122 million, Health Department \$70 million and Government Employee Housing Authority \$31 million).

Administered assets increased by \$260 million due mainly to a higher cash and investments balance at 30 June 2001. The balance included the unspent portion of AlintaGas sale proceeds. This increase was partially offset by a decrease in the balance of Outstanding Treasurer's Advances (\$15 million).

The increase in administered liabilities of \$439 million generally reflected an increase in the investment of private trust monies in the public bank account. This increase included investments by the Public Trustee (\$140 million) and the State Housing Commission (\$50 million).

Treasury Administered Items

	1996-97 \$m	1997-98 \$m	1998-99 \$m	1999-2000 \$m	2000-2001 \$m
Expenses	1,539.4	2,436.3	1,476.6	8,527.4	9,222.8
Revenues	3,020.9	4,766.2	3,913.9	4,283.3	4,120.0
Total Assets	1,768.1	1,757.2	2,282.1	1,618.6	1,861.2
Current Assets	1,184.5	1,285.1	2,062.1	1,574.1	1,724.5
Non-Current Assets	583.6	472.1	219.9	44.0	136.8
Total Liabilities	2,123.7	2,305.5	2,445.8	7,592.6	8,032
Current Liabilities	396.1	1,196.0	1,534.7	1,696.5	1,986.1
Non-Current Liabilities	1,727.6	1,109.5	911.2	5,896.1	6,045.9

Financial Statements

2000-01

Opinion of the Auditor General



AUDITOR GENERAL

To the Parliament of Western Australia

TREASURY DEPARTMENT FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

Scope

I have audited the accounts and financial statements of the Treasury Department for the year ended June 30, 2001 under the provisions of the Financial Administration and Audit Act 1985.

The Under Treasurer is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Under Treasurer.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Department to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions so as to present a view which is consistent with my understanding of the Department's financial position, the results of its operations and its cash flows.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion,

- (i) the controls exercised by the Treasury Department provide reasonable assurance that the receipt, expenditure and investment of moneys and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Output Schedule of Expenses and Revenues and Summary of Consolidated Fund Appropriations and Revenue Estimates and the Notes to and forming part of the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions, the financial position of the Department at June 30, 2001 and the results of its operations and its cash flows for the year then ended.

Handwritten signature of K O'Neil in black ink.

K O'NEIL
ACTING AUDITOR GENERAL
October 15, 2001

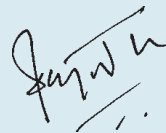
Certification

The accompanying financial statements of the Treasury Department have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the year ending 30 June 2001 and the financial position as at 30 June 2001.

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



J L Langoulant
ACCOUNTABLE OFFICER



G Jayasinghe
PRINCIPAL ACCOUNTING OFFICER

15 August 2001

Treasury Department

Statement of Financial Performance for the year ended 30 June 2001

	Note	2000-01 (\$'000)	1999-00 (\$'000)
COST OF SERVICES			
Expenses from ordinary activities			
Employee expenses	4	13,587	12,447
Depreciation	5	2,305	1,964
Supplies and services	6	4,896	4,721
Administration expenses	7	409	300
Accommodation expenses	8	1,929	1,959
Grants and subsidies	9	50	20
Property expenses	10	7,291	8,750
Net loss on disposal of non-current assets	11	8	5
Other expenses from ordinary activities	12	50,067	39,318
Total cost of services		80,542	69,484
Revenues from ordinary activities			
User charges and fees	13	55,337	46,755
NET COST OF SERVICES		25,205	22,729
Revenues from Government			
Appropriations	14	19,765	19,427
Liabilities assumed by the Treasurer		1,024	1,305
Resources received free of charge		1,268	1,511
Total revenues from Government		22,057	22,243
Change in net assets before restructuring		(3,148)	(486)
Net expense from restructuring	15	-	(13,504)
CHANGE IN NET ASSETS AFTER RESTRUCTURING		(3,148)	(13,990)
Net increase in asset revaluation reserve		5,746	15,102
Total revenues, expenses and valuation adjustments recognised directly in equity		5,746	15,102
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		2,598	1,112

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

Treasury Department

Statement of Financial Position *as at 30 June 2001*

	Note	2000–01 (\$'000)	1999–00 (\$'000)
CURRENT ASSETS			
Cash assets		9,067	13,233
Restricted cash assets	16	339	252
Prepayments		158	44
Receivables	17	1,844	1,868
Inventory	18	209	191
Total Current Assets		11,617	15,588
NON-CURRENT ASSETS			
Property, furniture, fittings, equipment and software	19	108,940	103,146
TOTAL ASSETS		120,557	118,734
CURRENT LIABILITIES			
Payables	20	2,680	6,878
Accrued salaries	21	274	248
Provisions	22	3,267	2,471
Other liabilities	23	6,000	3,500
Total Current Liabilities		12,221	13,097
NON-CURRENT LIABILITIES			
Provisions	22	1,108	1,007
TOTAL LIABILITIES		13,329	14,104
EQUITY			
	24		
Accumulated surplus		65,131	68,279
Asset revaluation reserve		42,097	36,351
TOTAL EQUITY		107,228	104,630
TOTAL LIABILITIES AND EQUITY		120,557	118,734

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

Treasury Department

Statement of Cash Flows for the year ended 30 June 2001

	Note	2000-01 (\$'000)	1999-00 (\$'000)
		Inflows/ (Outflows)	Inflows/ (Outflows)
CASH FLOWS FROM GOVERNMENT			
Recurrent appropriations		17,838	18,350
Capital appropriations		1,927	1,077
Cash transferred to Government Projects Office		(4,457)	-
Net cash provided by Government		15,308	19,427
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee expenses		(11,743)	(10,830)
Supplies and services		(3,532)	(2,436)
Grants and subsidies		(50)	(20)
Administration expenses		(213)	(264)
Accommodation expenses		(2,002)	(2,832)
Property expenses		(7,871)	(8,193)
GST payments on purchases		(9,086)	-
GST payments to taxation authority		(4,730)	-
Other payments		(50,183)	(39,497)
Receipts			
User charges and fees		60,265	46,090
GST receipts on sales		8,593	-
GST receipts from taxation authority		499	-
Other receipts		237	-
Net cash (used in)/from operating activities	25	(19,816)	(17,982)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for inventory		(1,760)	(1,176)
Receipts from sale of inventory		1,742	1,185
Payments for purchase of non-current assets		(2,059)	(251)
Receipts from the sale of non-current assets		5	5
Net cash (used in)/from investing activities		(2,072)	(237)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount (paid to)/received from Treasurer		2,500	-
NET INCREASE/(DECREASE) IN CASH HELD		(4,080)	1,208
Cash assets at the beginning of the financial year		13,485	12,277
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	25	9,405	13,485

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

Treasury Department

Output Schedule of Expenses and Revenues for the year ended 30 June 2001

	Economic		Financial		Total	
	2000-01	1999/00	2000-01	1999-00	2000-01	1999-00
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
COST OF SERVICES						
EXPENSES FROM ORDINARY ACTIVITIES						
Employee expenses	2,874	2,797	10,713	9,650	13,587	12,447
Depreciation and amortisation	488	441	1,817	1,523	2,305	1,964
Supplies and services	1,036	1,061	3,860	3,660	4,896	4,721
Administration expenses	87	67	322	233	409	300
Accommodation expenses	408	614	1,521	1,345	1,929	1,959
Grants and subsidies	11	4	39	16	50	20
Property expenses	-	-	7,291	8,750	7,291	8,750
Net loss on disposal of non-current assets	2	1	6	4	8	5
Other expenses from ordinary activities	-	-	50,067	39,318	50,067	39,318
Total cost of services	4,906	4,985	75,636	64,499	80,542	69,484
REVENUES FROM ORDINARY ACTIVITIES						
User charges and fees	8	7	55,329	46,748	55,337	46,755
Total revenues from ordinary activities	8	7	55,329	46,748	55,337	46,755
NET COST OF SERVICES	4,898	4,978	20,307	17,751	25,205	22,729
Revenues from Government						
Appropriations	4,183	4,345	15,582	15,082	19,765	19,427
Liabilities assumed by the Treasurer	217	293	807	1,012	1,024	1,305
Resources received free of charge	268	339	1,000	1,172	1,268	1,511
Total revenues from Government	4,668	4,977	17,389	17,266	22,057	22,243
CHANGE IN NET ASSETS BEFORE RESTRUCTURING	(230)	(1)	(2,918)	(485)	(3,148)	(486)
NET REVENUE FROM RESTRUCTURING	-	-	-	(13,504)	-	(13,504)
CHANGE IN NET ASSETS AFTER RESTRUCTURING	(230)	(1)	(2,918)	(13,989)	(3,148)	(13,990)

The Output Schedule of Expenses and Revenues should be read in conjunction with the accompanying notes.

Treasury Department

Summary of Consolidated Fund Appropriations and Revenue Estimates for the year ended 30 June 2001

	Note	2000-01			1999-00		
		Estimate \$'000	Actual \$'000	Variation \$'000	Estimate \$'000	Actual \$'000	Variation \$'000
RECURRENT							
CONTROLLED							
		80,004	80,710	706	56,007	64,234	8,227
		61,121	63,083	(1,962)	37,789	46,090	(8,301)
Item 13	Amount provided to fund outputs for the year	18,883	17,627	(1,256)	18,218	18,144	(74)
	Amount authorised by other statutes						
	Salaries and Allowances Act 1975	211	211	-	206	206	-
	Total recurrent controlled	19,094	17,838	(1,256)	18,424	18,350	(74)
ADMINISTERED							
Item 14	Electricity Corporation	29,278	22,387	(6,891)	34,115	29,917	(4,198)
Item 15	Water Corporation of Western Australia	218,632	225,967	7,335	210,437	206,864	(3,573)
Item 16	Western Australian Government Railways Commission	32,499	39,747	7,248	49,904	23,494	(26,410)
Item 17	Western Australian Land Authority First Home Buyers Scheme	11,724	16,283	4,559	7,688	1,656	(6,032)
Item 18	Payment to the Government Employees Superannuation Board for the West State Super Scheme	141,700	167,276	25,576	127,500	131,552	4,052
Item 19	The State Housing Commission – Essential Services Maintenance Program	4,050	4,050	-	4,050	4,050	-
Item 20	The State Housing Commission – Aboriginal Communities Strategic Investment Program	3,000	3,000	-	8,900	8,900	-
	Fire and Emergency Services Authority of Western Australia – Fire Levy Contribution from Government Enterprises			485	-	(485)	
Item 21	State Housing Commission – Matching Funding and Pensioner Rentals	5,980	2,500	(3,480)	-	-	-
Item 22	State Housing Commission – Subsidies for Housing	3,480	3,480	-	-	-	-
Item 23	Albany Port Authority	154	-	(154)	-	-	-
Item 24	Fremantle Port Authority	212	-	(212)	-	-	-
Item 25	GST Administration payments	80,000	97,800	17,800	-	-	-
	State Supply Commission – State Fleet	-	35,000	35,000	-	-	-
Item 26	Administered Grants and Transfer Payments	21,976	13,103	(8,873)	71,028	52,924	(18,104)

Treasury Department

Summary of Consolidated Fund Appropriations and Revenue Estimates for the year ended 30 June 2001

	Note	2000-01			1999-00		
		Estimate \$'000	Actual \$'000	Variation \$'000	Estimate \$'000	Actual \$'000	Variation \$'000
Amounts Authorised by Other Statutes							
Loan Acts -							
Financial Agreement Act 1995 - Interest		10,108	10,107	(1)	30,381	30,381	-
Loan (Financial Agreement) Act 1991							
- Interest		22,477	21,897	(580)	12,975	12,888	(87)
- Loan Guarantee Fees		628	626	(2)	352	358	6
Western Australian Treasury Corporation Act 1986							
- Interest		61,594	64,491	2,897	66,182	65,312	(870)
- Loan Guarantee Fees		1,434	1,237	(197)	1,393	1,385	(8)
Other Statutes -							
Gold Corporation Act 1987		60	46	(14)	58	50	(8)
Government Employees Superannuation Act 1987		184,404	182,401	(2,003)	170,273	158,124	(12,149)
Parliamentary Superannuation Act 1970		15,567	10,990	(4,577)	4,268	2,868	(1,400)
Superannuation and Family Benefits Act 1938		212,450	200,376	(12,074)	203,210	204,996	1,786
Unclaimed Money Act 1990		300	115	(185)	300	337	37
Total Recurrent Administered		1,061,707	1,122,879	61,172	1,003,499	936,500	(66,999)
Total Recurrent Services		1,080,801	1,140,717	59,916	1,021,923	954,850	(67,073)
CAPITAL							
CONTROLLED							
Item 130 Amount provided for capital services for the year		1,845	1,927	82	2,512	2,071	(441)
FINANCING TRANSACTIONS							
Administered							
Government Equity Contributions		-	-	-	4,300	-	(4,300)
Electricity Corporation – Government contribution		-	-	-	-	3,940	3,940
Broome Port Authority		-	-	-	-	2,000	2,000
Fremantle Port Authority		-	71	71	-	-	-
Amount Authorised by Other Statutes							
Loan Acts -							
Financial Agreement Act 1995 – Sinking Fund		9,925	12,299	2,374	10,041	10,041	-
Loan (Financial Agreement) Act 1991 –							
Capital Repayments		10,416	10,380	(36)	10,886	5,986	(4,900)
Western Australian Treasury Corporation							
Act 1986 – Capital Repayments		-	76,161	76,161	24,473	87,840	63,367
Total Financing Transactions		22,186	100,838	78,652	49,700	109,807	60,107
GRAND TOTAL		1,102,987	1,241,555	138,568	1,074,135	1,066,728	(7,407)

Treasury Department

Summary of Consolidated Fund Appropriations and Revenue Estimates for the year ended 30 June 2001

	Note	Estimate \$'000	Actual \$'000	Variation \$'000	Estimate \$'000	Actual \$'000	Variation \$'000
DETAILS OF EXPENDITURE							
CONTROLLED							
RECURRENT							
Outputs:							
Economic		5,231	4,254	(977)	3,889	4,148	259
Financial		67,530	71,250	3,720	53,890	57,490	3,600
		72,761	75,504	2,743	57,779	61,638	3,859
Less: Retained revenue		(50,703)	(59,647)	(8,944)	(37,789)	(46,090)	(8,301)
Adjustment for cash balances and other funding sources		(2,964)	1,981	4,945	(1,566)	2,802	4,368
		19,094	17,838	(1,256)	18,424	18,350	(74)
CAPITAL							
Capital expenditure		1,845	1,927	82	2,512	1,865	(647)
Adjustment for cash balances and other funding sources		-	-	-	-	(788)	(788)
		1,845	1,927	82	2,512	1,077	(1,435)
Total controlled appropriations		20,939	19,765	(1,174)	20,936	19,427	(1,509)
ADMINISTERED							
	33						
Recurrent		552,685	631,346	78,661	514,107	462,609	(51,498)
Financing transactions		0	71	71	4,300	6,544	2,244
Adjustment for cash balances and other funding sources					-	(2,418)	(2,418)
Authorised by other statutes:							
Loan Acts		96,241	98,358	2,117	111,283	110,324	(959)
Other statutes		412,781	396,703	(16,078)	378,109	366,375	(11,734)
Financing transactions		20,341	98,840	78,499	45,400	103,867	58,467
GRAND TOTAL OF APPROPRIATIONS		1,082,048	1,225,318	143,270	1,074,135	1,066,728	(7,407)
DETAILS OF REVENUE ESTIMATES							
Administered revenues	33	3,858,951	4,314,548	455,597	3,798,502	3,723,112	(75,390)
TOTAL REVENUE ESTIMATES		3,858,951	4,314,548	455,597	3,798,502	3,723,112	(75,390)

The Summary of Consolidated Fund Appropriations and Revenue Estimates should be read in conjunction with the accompanying notes.

This Summary provides the basis for the Explanatory Statement information requirements of TI 945.

Treasury Department

Notes to the Financial Statements *for the year ended 30 June 2001*

1. Departmental mission and funding

The Department's mission is to provide leadership in advancing the State's economic and financial management.

The Department is predominantly funded by Parliamentary appropriation. Revenues controlled by the Department are net appropriated under the Financial Administration and Audit (Net Appropriations) Determination 1999. The financial statements encompass all funds through which the Department controls resources to carry out its functions.

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

2. Significant accounting policies

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

(a) General statement

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

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

(b) Basis of accounting

The financial statements have been prepared in accordance with Australian Accounting Standard AAS 29.

The statements have been prepared on the accrual basis of accounting using the historical cost convention with the exception that land and buildings are stated at valuation as provided by the Valuer General's Office (see note 19).

Administered assets, liabilities, expenses and revenues not integral to the Department in carrying out its functions and are disclosed in separate schedules as a note to the financial statements, forming part of the general purpose financial report of the Department. The administered items are disclosed on the same basis as described above for the financial statements of the Department.

The administered assets, liabilities, expenses and revenues are those that the Government requires the Department to administer on its behalf. The assets do not render any service potential or future

Notes to the Financial Statements - *continued*

economic benefits to the Department, the liabilities do not require the future sacrifice of service potential or future economic benefits of the Department and the expenses and revenues are not attributable to the Department.

The Insurance Commission of Western Australia has been appointed to administer the Riskcover Managed Fund on behalf of government under the supervision of Treasury. Details of the transactions of the Riskcover Managed Fund are discussed in the financial statements of the Commission.

As the administered assets, liabilities, expenses and revenues are not recognised in the principal financial statements of the Department, the disclosure requirements of Australian Accounting Standard AAS 33 "Presentation and Disclosure of Financial Instruments", are not applied to administered transactions.

(c) Appropriations

Appropriations in the nature of revenue, whether recurrent or capital, are recognised as revenues in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited into the Department's operating account.

(d) Net appropriation determination

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

- Contributions by senior officers to the Executive Motor Vehicle Scheme;
- Rentals from government-owned multi-tenanted buildings equivalent to the amount paid out in outgoings; and
- Revenue from the State motor vehicle fleet operations.

Retained revenues may only be applied to the outputs specified in the 2000-01 Budget Statements. Details of retained revenues are disclosed in the Summary of Consolidated Fund Appropriations and Revenue Estimates.

(e) Depreciation of non-current assets

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

Depreciation is provided for on the straight-line basis, using rates which are reviewed annually. Useful lives for each class of depreciable asset are:

Buildings	40 years
Furniture and equipment	5 to 10 years
Computer equipment	3 years
Computing software	4 years
Office fitout	10 years

Notes to the Financial Statements - *continued*

(f) Inventory

This item represents the cost of vehicles on hand relating to the State Fleet operation. In certain limited circumstances, the contract requires that the vehicles be purchased by the State.

(g) Employee entitlements

Annual leave

This entitlement is recognised at current remuneration rates and is measured at the amount unpaid at the reporting date in respect of employees' service up to that date.

Long service leave

A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given when assessing expected future payments, to expected future wage and salary levels including relevant on costs, experience of employee departures and periods of service. Expected future payments are discounted using interest rates to obtain the estimated future cash outflows. A short hand method of determining the liability is utilised whereby a liability for long service leave is recognised after an officer has completed three of service.

This method of measurement of the liability is consistent with the requirements of Australian Accounting Standard AAS 30 "Accounting for Employee Entitlements".

Superannuation

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

The superannuation expense is comprised of the following elements:

- change in the unfunded employer's liability in respect of current employees who are members of the Superannuation and Family Benefits Act Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme; and
- notional employer contributions which would have been paid to the Gold State Superannuation Scheme and West State Superannuation Scheme if the Department had made concurrent employer contributions to those Schemes.

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

(h) Accrued Salaries

The accrued salaries suspense account consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Notes to the Financial Statements - *continued*

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

(i) Receivables

Accounts receivable are recognised at the amounts receivable as they are due for settlement on a contractual schedule, no more than 30 days from the date of recognition. Collectability is reviewed on a frequent basis and it is anticipated that the total outstanding will be collected.

(j) Payables

Accounts payable, including accruals not yet billed, are recognised when the Department becomes obliged to make future payments as a result of a purchase of assets or services. Accounts payable are generally settled within 30 days.

(k) Amount Due to the Treasurer

The amount due to the Treasurer is in respect of a Treasurer's Advance, approval of which is renewed for each financial year. The amount is repayable within a maximum period of one year. No interest is charged on this advance.

(l) Leases

Consistent with the State arrangements for managing its motor vehicle fleet, the Department has entered into an operating lease arrangement for motor vehicles where the lessors effectively retain all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the operating statement over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(m) Rental collection operations

Government Owned Buildings

Treasury controls a number of government owned buildings, which are occupied almost exclusively by other government agencies. A commercial manager has been appointed to manage the buildings, collect gross rentals and pay outgoings

In accordance with the net appropriation determination, the amount of rentals received that is equivalent to the amount paid out by the property manager in outgoings is recognised as revenue in the Statement of Financial Performance. The balance of net rentals is therefore paid into the Government of Western Australia Bank Account for credit to the Consolidated Fund and not into Treasury's departmental operating account.

The amount of revenue retained and expenses incurred in outgoings by the property manager have been included in the Department's revenue and expenses respectively.

There are no formal leases for tenants that are government agencies. There are memoranda of understanding which set out obligations of each party to the tenancy. These memoranda do not constitute leases, as they are not legally binding documents.

Notes to the Financial Statements - *continued*

State's motor vehicle fleet

Treasury took responsibility for management of the Government's fleet funding facility with effect from April 1999. Treasury's role in this includes making relevant rental payments to the lessor and calculating and collecting rentals from agencies that use the vehicles, on a non-profit making basis. Rental payments and incidental expenses are included in the Department's expenses and rental collections are included in revenue. There is a lease agreement between the lessor and the State Supply Commission, for lease of the vehicles and these are then re-hired by the Commission to agencies. Treasury is not the lessor or lessee of these vehicles and therefore does not disclose information relating to leases as is required by Australian Accounting Standards.

(n) Revaluation of land and buildings

The Department has a policy of revaluing land and buildings every year on the basis of current market values. The annual revaluation of the Department's land and buildings undertaken by the Valuer General' Office for the Government Property register are recognised in the financial statements.

(o) Comparative figures

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

(p) Revenue recognition

Revenue from the disposal of assets and the rendering of services is recognised when the Department has passed control of the assets or delivery of the service to the customer.

(q) Resources received free of charge or for nominal value

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

3. Outputs of the Department

Information about the Department's outputs and the expenses and revenues that are reliably attributable to those outputs is set out in the Output Schedule of Expenses and Revenues. Information about expenses, revenues, assets and liabilities administered by the Department are given in the schedule of Administered Expenses and Revenues and the schedule of Administered Assets and Liabilities. (Note 33)

The Department has two outputs being:

- **Economic Management and Advisory Services**
Provision of management and advisory services to government to enable it to promote a strong competitive economy.
- **Financial Management and Advisory Services**
Provision of management and advisory services to government to enable it to acquire and allocate resources to public services.

Corporate services support to the Department is provided by the Corporate Business Services Division of the Ministry of the Premier and Cabinet. These services are provided at no direct cost to the Department. The estimated cost of these services is included in these financial statements as services received free of charge.

Notes to the Financial Statements - *continued*

	2000-01	1999-00
	(\$'000)	(\$'000)
4. Employee expenses		
Salaries	10,963	10,451
Superannuation	1,024	1,305
Long service leave	586	126
Annual leave	357	91
Other related expenses	657	474
	<hr/> 13,587	<hr/> 12,447
5. Depreciation		
Buildings	1,562	1,343
Furniture and equipment	32	36
Computer equipment	332	301
Computing software	142	49
Office fit-out	237	235
	<hr/> 2,305	<hr/> 1,964
6. Supplies and services		
Consultants and contractors	305	258
Consumables	479	390
Repairs and maintenance	38	39
Travel	187	170
Professional services	2,828	977
Other	1,059	2,887
	<hr/> 4,896	<hr/> 4,721
7. Administration expenses		
Communication	262	181
Maintenance	1	10
Other staff costs	146	109
	<hr/> 409	<hr/> 300
8. Accommodation expenses		
Lease rentals	1,929	1,959
9. Grants and subsidies		
Recurrent	50	20
10. Property expenses		
Outgoings and maintenance	6,799	8,334
Management fee	492	416
	<hr/> 7,291	<hr/> 8,750

Notes to the Financial Statements - *continued*

	2000-01	1999-00
	(\$'000)	(\$'000)
11. Net loss on disposal of non-current assets		
Furniture and equipment	8	4
Computer equipment	-	1
	<u>8</u>	<u>5</u>
Gross proceeds on disposal of non-current assets	<u>5</u>	<u>5</u>
12. Other expenses from ordinary activities		
Lease of State Fleet vehicles	<u>50,067</u>	<u>39,318</u>
13. User charges and fees		
Rentals from Government owned multi-tenanted buildings	5,656	5,828
Revenue from State Fleet operations	49,644	40,894
Other	37	33
	<u>55,337</u>	<u>46,755</u>
14. Revenues from Government		
Appropriation revenue received during the year:		
Recurrent	17,838	18,350
Capital	1,927	1,077
	<u>19,765</u>	<u>19,427</u>
The following liabilities have been assumed by the Treasurer during the financial year:		
Superannuation	<u>1,024</u>	<u>1,305</u>
Resources received free of charge have been determined on the basis of the following estimates provided by agencies:		
Office of the Auditor General		
– audit services	335	302
Valuer General		
– valuation services	271	239
Ministry of Justice		
– crown law charges	63	91
Ministry of The Premier and Cabinet		
– corporate services	599	879
	<u>1,268</u>	<u>1,511</u>

Notes to the Financial Statements - *continued*

	2000-01	1999-00
	(\$'000)	(\$'000)
15. Net expense from restructuring		
In the previous financial year, certain government owned land and buildings were transferred from the control of Treasury. Totals of these are:		
Transferred from Treasury to the Department of Conservation and Land Management		
Land at valuation 30 June 1999	-	(650)
Buildings at valuation 30 June 1999		
less accumulated depreciation	-	(966)
		<u>(1,616)</u>
At 1 July 1999, the Government Projects Office became an entity with an accountable officer other than the Under Treasurer under section 52(4)(a) of the Financial Administration and Audit Act and the following assets and liabilities were transferred at that date.		
Cash	-	(4,457)
Office and computer equipment	-	(31)
Leasehold property	-	(435)
Land at valuation February 1998	-	(1,100)
Land at valuation September 1996		(4,500)
Buildings at valuation September 1996	-	(1,500)
Employee entitlements	-	135
	-	<u>(11,888)</u>
Total	-	<u>(13,504)</u>
16. Restricted cash assets		
Amount held in suspense account is only to be used for the purpose of meeting the 27 th pay in a financial year that occurs every 11 years	339	252
17. Receivables		
Goods and Services Tax receivable	-	4
Rentals owed by agencies under State Fleet operation	1,844	1,864
	<u>1,844</u>	<u>1,868</u>
18. Inventory		
Vehicles at cost	209	191

Notes to the Financial Statements - *continued*

	2000-01	1999-00
	(\$'000)	(\$'000)
19. Property, furniture, fittings, equipment and software		
Land		
At valuation June 2000	-	38,537
At valuation June 2001	38,970	-
	<u>38,970</u>	<u>38,537</u>
Buildings		
At valuation June 2000	-	62,483
At valuation at June 2001	66,580	-
Accumulated depreciation	-	-
	<u>66,580</u>	<u>62,483</u>
Furniture and equipment		
At cost	252	230
Accumulated depreciation	(147)	(141)
	<u>105</u>	<u>89</u>
Computer equipment		
At cost	1,734	1,486
Accumulated depreciation	(1,012)	(1,084)
	<u>722</u>	<u>402</u>
Computer software		
At cost	1,438	192
Accumulated depreciation	(335)	(192)
	<u>1,103</u>	<u>-</u>
Office fitout		
At cost	2,414	2,351
Accumulated depreciation	(954)	(716)
	<u>1,460</u>	<u>1,635</u>
Total		
At cost and valuation	111,388	105,279
Accumulated depreciation	(2,448)	(2,133)
	<u>108,940</u>	<u>103,146</u>

An independent valuation of the land and buildings was undertaken by the Valuer General at June 2001 and the assets are stated at current market value.

Notes to the Financial Statements - *continued*

	2000-01	1999-00
	(\$'000)	(\$'000)
Reconciliation of property, Plant & Equipment		
Reconciliation of the carrying amounts of each class of property, plant and equipment at the start and the end of the current year are set out below.		
Land at Valuation		
Carrying amount at start of the year	38,537	40,215
Disposals	0	(6,250)
Revaluation Increments	433	4,572
Carrying amount at the end of the year	38,970	38,537
Buildings		
<i>At valuation</i>		
Carrying amount at start of the year	62,483	55,760
Additions	345	0
Disposals	0	(2,500)
Revaluation Increments	5,314	7,830
Depreciation expense	(1,562)	(1,343)
Carrying amount at the end of the year	66,580	62,483
Furniture and equipment		
<i>At cost</i>		
Carrying amount at start of the year	89	116
Additions	54	9
Disposals	(6)	0
Depreciation expense	(32)	(36)
Carrying amount at the end of the year	105	89
Computer equipment		
<i>At cost</i>		
Carrying amount at start of the year	402	489
Additions	659	251
Disposals	(7)	(37)
Depreciation expense	(332)	(301)
Carrying amount at the end of the year	722	402
Computer software		
<i>At cost</i>		
Carrying amount at start of the year	0	49
Additions	1,246	0
Disposals	0	0
Depreciation expense	(143)	(49)
Carrying amount at the end of the year	1,103	0

Notes to the Financial Statements - *continued*

	2000-01	1999-00
	(\$'000)	(\$'000)
Office fit-out		
<i>At cost</i>		
Carrying amount at start of the year	1,635	1,870
Additions	63	0
Depreciation expense	(237)	(235)
Carrying amount at the end of the year	1,460	1,635
Total carrying amount at start of the year	<u>103,146</u>	<u>98,934</u>
Additions	2,365	260
Disposals	(13)	(9,186)
Revaluation increment	5,747	15,102
Depreciation expense	(2,305)	(1,964)
Total carrying amount at the end of the year	<u>108,940</u>	<u>103,146</u>
20. Payables		
Amounts owed for goods and services	2,646	2,421
GST payable	34	-
Amounts owed to the Government Projects Office	-	4,457
	<u>2,680</u>	<u>6,878</u>
21. Accrued salaries		
Amounts owing for the working days between the end of the last pay period for the financial year and 30 June.		
6 working days	274	248
22. Provisions		
Current		
Annual leave	1,536	1,225
Long service leave	1,731	1,246
	<u>3,267</u>	<u>2,471</u>
Non-current		
Long service leave	1,108	1,007
	<u>4,375</u>	<u>3,478</u>
23. Other liabilities		
Amounts advanced by the Treasurer	6,000	3,500

The Treasurer's Advance has been drawn to provide working capital for the State Fleet operations.

Notes to the Financial Statements - *continued*

	2000-01	1999-00
	(\$'000)	(\$'000)
24. Equity		
Equity represents the residual interest in the net assets of the Department. The Government holds the equity interest in the Department on behalf of the community. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets.		
Accumulated surplus		
Balance at the beginning of the year	68,279	83,373
At the beginning of the financial year the following asset was transferred to the Consolidated Fund as a consequence of an amendment to net appropriation contained in the Financial Administration and Audit Act (Net Appropriations) Determination 1999.		
Receivables	-	(1,104)
Adjusted balance at the beginning of the year	68,279	82,269
Change in net assets	(3,148)	(13,990)
Balance at the end of the year	65,131	68,279
Asset revaluation reserve		
Balance at the beginning of the year	36,351	21,249
Revaluation of Land	433	4,572
Revaluation of Buildings	3,751	9,198
Write back of accumulated depreciation on revaluation of buildings	1,562	1,332
Balance at the end of the year	42,097	36,351

The asset revaluation reserve is used to record increments and decrements on the revaluation of non current assets as described in accounting policy note 2(n)

25. Notes to the Statement of Cash Flows

(a) Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash includes cash at bank and restricted cash. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the in the Statement of Financial Position as follows:

Cash Assets	9,067	13,233
Restricted Cash Assets	339	252
	<u>9,406</u>	<u>13,485</u>

Notes to the Financial Statements - *continued*

	2000-01	1999-00
	(\$'000)	(\$'000)
(b) Reconciliation of cash flows used in operating activities to net cost of services		
Net cash (used in)/from operating activities	(19,816)	(17,982)
Non-cash items:		
Depreciation	(2,305)	(1,964)
Resources received free of charge	(1,268)	(1,511)
Loss on disposal of assets	(8)	(5)
Liabilities assumed by the Treasurer	(1,024)	(1,305)
Increase/(decrease) in assets:		
Receivables	(24)	669
Prepayments	114	21
(Increase)/decrease in liabilities:		
Accrued salaries	(26)	(84)
Provisions	(897)	(214)
GST payable	(34)	-
Payables	83	(354)
Net cost of services (Statement of Financial Performance)	<u>(25,205)</u>	<u>(22,729)</u>

26. Resources provided free of charge

During the year the following resources were provided to other agencies free of charge for functions outside the normal operations of the Department:

Support services provided to the Government Projects Office	<u>6</u>	<u>5</u>
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27. Leases

During the financial year Treasury leased motor vehicles from the State Supply Commission under operating leases. These leases are non-cancellable leases in terms of Australian Accounting Standard AAS17 "Accounting for Leases". The total of rental expense included in the net cost of services for the year is:

	<u>145</u>	<u>110</u>
Lease commitments for the next two years are:		
Payable no later than one year	145	110
Payable later than one, not later than two years	145	110

Notes to the Financial Statements - *continued*

	2000-01 (\$'000)	1999-00 (\$'000)
28. Remuneration and Retirement Benefits of Senior Officers		
Remuneration		
The number of Senior Officers whose total of fees, salaries and other benefits received, or due and receivable, for the financial year, who fall within the following bands is:		
\$	2000-01	1999-00
30,001 – 40,000	-	2
40,001 – 50,000	-	1
50,001 – 60,000	-	1
70,001 – 80,000	3	-
80,001 – 90,000	-	1
90,001 – 100,000	3	-
100,001 – 110,000	5	7
110,001 – 120,000	3	3
120,001 – 130,000	2	1
130,001 – 140,000	1	-
140,001 – 150,000	-	1
270,001 – 280,000	1	-
The Total Remuneration of Senior Officers is:	2,029	1,711
Retirement benefits		
The following amounts in respect of retirement benefits for senior officers were paid or became payable for the financial year:		
Redundancy payment	-	-
Notional contributions to Gold State Superannuation Scheme and West State Superannuation Scheme	186	153
	186	153
No senior officers are members of the Superannuation and Family Benefits Act Scheme.		

Notes to the Financial Statements - *continued*

29. Explanatory Statement

The Summary of Consolidated Fund Appropriations and Revenue Estimates discloses appropriations and other statutes expenditure estimates, the actual expenditures made and revenue estimates and payments into the Consolidated Fund and operating account, all on a cash basis. The following are explanations of significant variations. A significant variation is one that is in excess of 10% of the principal figure or \$100,000 whichever is the greater. In respect of any item for which there is not a significant variation, no explanation is given.

Item	2000-01	2000-01	Variation	2000-01	1999-00	Variation
	Estimate	Actual		Actual	Actual	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Retained revenue						
Rentals from buildings	-	5,656	5,656	5,656	5,828	(172)
Revenues from Executive Vehicle Scheme	35	33	(2)	33	31	2
Rentals from State Fleet operations	50,668	53,958	3,290	53,958	40,229	13,729
Rebates and Reimbursements	-	-	-	-	2	(2)
	50,703	59,647	8,944	59,647	46,090	13,557
Outputs						
Economic	5,231	4,254	(977)	4,254	4,148	106
Financial	67,530	71,250	3,720	71,250	57,490	13,760
	72,761	75,504	2,743	75,504	61,638	13,866

Supplementary funding of \$835,000 was approved for Item 130 'Amount Provided for Capital Services' of which \$82,000 was spent.

Explanations of the significant variations are as follows:

Rentals from Buildings

Actual/estimate

The estimates did not include net rental revenue from buildings, whereas the financial statements recognise revenue collected and disbursed in outgoings before the net amount is credited to the Consolidated Fund. Only amounts equivalent to outgoings on the buildings are subject to net appropriation.

Current/previous year actual

The rental revenue from buildings is directly related to the amount paid out in outgoings to maintain the buildings. Consequently, reduced building expenditure in the current year led to the reduced levels of revenue.

Rentals from State Fleet Operations

Actual/estimate and Current/previous year actual

The cost of State Fleet operation increased due to competition pressures from the used motor vehicle market after the introduction of the GST. Further, agencies were extending the lease terms and therefore there was a reduction in actual revenue in comparison to the estimated revenue.

Economic

Actual/estimate

Output numbers were slightly below estimate but the majority of the variance arises from a shift in resources between outputs. The estimates did not fully compensate for this shift.

Current/previous year actual

Comments as above apply relating to the shift in resources.

Notes to the Financial Statements - *continued*

Financial

Current/previous year actual

Comments as above apply to the increased cost related to State Fleet operations.

	2000-01 (\$'000)	1999-00 (\$'000)
30. Capital Commitments		
Commitments for capital expenditure	-	-
31. Supplementary Information		
Losses of public moneys and/or other property through theft or default	-	-
Public and other property, revenue and debts due to the State written off in accordance with section 45 of the Financial Administration and Audit Act by:		
– the Accountable Officer	-	-
– the Minister	-	-
– Executive Council	-	-
Analysis of Amounts Written Off:		
– Irrecoverable amount	-	-
– Assets written off	-	-
Gifts of Public Property	-	-

Notes to the Financial Statements - *continued*

32. Trust Accounts

Details of Trust Accounts, for which Treasury is responsible, are as follows:

2000-01 Transactions Name of Trust Account	Opening Balance	Receipts	Payments	Closing Balance
	\$	\$	\$	\$
Aboriginal Advance Capital Account	619,136	-	-	619,136
Aboriginal Advance Recurrent Account	-	-	-	-
Accrued Salaries	52,513,396	10,007,061	10,000	62,510,457
BankWest Pension Trust	18,875,370	1,484,178	2,626,373	17,733,175
Betting Control Board Bookmakers' Surety Trust Account	100,000	5,715	-	105,715
Cyclones Elaine and Vance Trust Account ¹	1,300,985	-	1,300,985	-
Dairy Adjustment Program Account	162,177	-	-	162,177
Departmental Receipts in Suspense	-	638,610,230	638,610,230	-
Graylands Teachers College Scholarship Trust Account	-	-	-	-
Independent Schools – General Building Grants	-	12,090,718	12,090,718	-
Independent Schools – Recurrent Grants Schools Assistance Acts	-	314,350,910	314,350,910	-
Jervoise Bay Infrastructure Development Trust Account	27,000,000	1,364,326	17,016,961	11,347,365
Local Authorities Tax Sharing Entitlements Account	38	152,112,005	152,112,005	38
Local Authorities – Shire Councils Loans Sinking Fund	534,622	37,559	-	572,181
Mortgage Moneys Under Transfer of Land Act	14,991	-	-	14,991
Motor Vehicles Loans – Fees	41	-	41	-
Non-Government Schools – Other Recurrent Grants	-	12,287,499	12,287,499	-
Petroleum Subsidy Scheme Account	21,575	104,348	88,098	37,825
Public Bank Account Interest Earned Account	2,647,350	75,632,696	74,979,985	3,300,061
Redemption of Financial Agreement Debt Account	-	105,979,848	105,979,848	-
Remittances Clearing Account – Commissioner of Taxation	1,359	21,393,693	21,380,759	14,293
Royal Commission into Aboriginal Deaths in Custody (RCIADC) Recommendations Program	-	-	-	-
Scholarships – Charles Baskett (Muresk College)	-	-	-	-
Scholarships – N. F. Poynton (Muresk College)	-	-	-	-
State Development Fund	153,900,000	-	126,800,000	27,100,000
Statutory Authorities Investment Account	67,831,060	50,458,340	29,029,047	89,260,353
Sundry Creditors	2,179,484	21,302	544,203	1,656,583
Transfers to Suspense	-	-	-	-
Unclaimed Moneys – Prepaid	1,412,763	519,720	1,169,789	762,694

¹ Cyclones Elaine and Vance Trust Account

The Commonwealth/State Agreement under which this fund is established requires the transactions to be disclosed.

These are:

	\$
Receipts	-
Payments	-
Business recovery services	-
Reconstruction of community facilities and general relief	1,300,985
	<u>1,300,985</u>

Notes to the Financial Statements - continued

1999–00 Transactions Name of Trust Account	Opening Balance \$	Receipts \$	Payments \$	Closing Balance \$
Aboriginal Advance Capital Account	1,155,993	-	536,857	619,136
Aboriginal Advance Recurrent Account	137,359	-	137,359	-
Accrued Salaries	39,826,042	12,724,486	37,132	52,513,396
BankWest Pension Trust	27,000,000	2,836,448	10,961,078	18,875,370
Betting Control Board Bookmakers' Surety Trust Account	-	100,000	-	100,000
Cyclones Elaine and Vance Trust Account ¹	4,567,196	-	3,266,211	1,300,985
Dairy Adjustment Program Account	162,177	-	-	162,177
Departmental Receipts in Suspense	-	43,690,472	43,690,472	-
Graylands Teachers College Scholarship Trust Account	64,436	2,852	67,288	-
Independent Schools – General Building Grants	-	8,097,000	8,097,000	-
Independent Schools – Recurrent Grants Schools Assistance Acts	-	244,102,308	244,102,308	-
Jervoise Bay Infrastructure Development Trust Account	-	27,000,000	-	27,000,000
Local Authorities Tax Sharing Entitlements Account	38	145,283,530	145,283,530	38
Local Authorities – Shire Councils Loans Sinking Fund	501,861	32,761	-	534,622
Mortgage Moneys Under Transfer of Land Act	14,991	-	-	14,991
Motor Vehicles Loans – Fees	41	-	-	41
Non-Government Schools – Other Recurrent Grants	93,984	10,384,002	10,477,986	-
Petroleum Subsidy Scheme Account	45,475	68,780	92,681	21,575
Public Bank Account Interest Earned Account	2,538,374	68,453,041	68,344,065	2,647,350
Redemption of Financial Agreement Debt Account	-	156,866,327	156,866,327	-
Remittances Clearing Account – Commissioner of Taxation	(6,325)	22,625,857	22,618,173	1,359
Royal Commission into Aboriginal Deaths in Custody (RCIADC) Recommendations Program	13,092	-	13,092	-
Scholarships – Charles Baskett (Muresk College)	11,563	485	12,048	-
Scholarships – N. F. Poynton (Muresk College)	23,091	970	24,061	-
State Development Fund	197,700,000	-	43,800,000	153,900,000
Statutory Authorities Investment Account	93,763,469	27,627,708	53,560,117	67,831,060
Sundry Creditors	2,262,286	5,271	88,073	2,179,484
Transfers to Suspense	-	-	-	-
Unclaimed Moneys – Prepaid	2,436,524	388,611	1,412,372	1,412,763

1 Cyclones Elaine and Vance Trust Account

The Commonwealth/State Agreement under which this fund is established requires the transactions to be disclosed. These are:

	\$
Receipts	-
	-
Payments	
Business recovery services	1,500,464
Reconstruction of community facilities and general relief	1,765,747
	<u>3,266,211</u>

Notes to the Financial Statements - *continued*

Statements of Purpose

The statements of purpose for the above trust accounts are:

Aboriginal Advance Capital Account

To hold funds received from the Commonwealth for assistance to Aboriginals for health, education, social support, community management and training projects, pending transfer to departments and authorities participating in the program.

Aboriginal Advance Recurrent Account

To hold funds received from the Commonwealth for assistance to Aboriginals for health, education, social support, community management and training projects, pending transfer to departments and authorities participating in the program.

Accrued Salaries

To hold funds in accordance with section 27(2) of the Financial Administration and Audit (FA&A) Act.

BankWest Pension Trust

To hold funds received from BankWest in satisfaction of its liabilities under the Superannuation and Family Benefits Act and other receipts.

Betting Control Board Bookmakers' Surety Trust Account

To hold surety moneys received by the Betting Control Board of Western Australia (the "Board") as security for the due observance by a bookmaker and employees of a bookmaker of the provisions of the Betting Control Act 1954 (the "Act") and the terms and conditions of any licence issued under the Act to that bookmaker or such employees, and paid to the Treasurer in accordance with section 11(3a)(a)(i) of the Act.

Cyclones Elaine and Vance Trust Account

To hold funds received by the State for special relief for those affected by cyclones Elaine and Vance.

Dairy Adjustment Program Account

To hold funds received by the State, pursuant to the Commonwealth - State Dairy Adjustment Program Agreement of 1 September 1976.

Departmental Receipts in Suspense - Treasury

To hold funds pending identification of the purpose for which these moneys were received pursuant to Section 9(2)(c)(iv) of the Financial Administration and Audit Act.

Graylands Teachers College Scholarship Trust Account

To hold funds on behalf of the Trustees of the Graylands Teachers College Scholarship Trust pursuant to the Objects and Purposes of the Trust's Constitution and Rules (Closed in April 2000).

Notes to the Financial Statements - *continued*

Independent Schools - General Building Grants

To hold funds received from the Commonwealth Department of Employment, Education, Training and Youth Affairs for capital grants to independent schools in accordance with provisions of the State Grants (Schools Assistance) Act pending payment to independent schools.

Independent Schools – Recurrent Grants Schools Assistance Acts

To hold funds from the Commonwealth Department of Employment, Education, Training and Youth Affairs for recurrent grants to independent schools in accordance with the provisions of the State Grants (Schools Assistance) Act pending payment to independent schools.

Jervoise Bay Infrastructure Development Trust Account

To hold funds received from the Commonwealth being a grant for the development of facilities at Jervoise Bay.

Local Authorities - Tax Sharing Entitlements Account

To hold funds received from the Commonwealth pursuant to the Local Government (Financial Assistance) Grants Act pending payment to Local Authorities.

Local Authorities - Shire Councils Loans Sinking Fund

To hold sinking fund contributions by shire councils, required to be paid to the Treasurer in accordance with section 615 of the Local Government Act, for the purpose of redeeming loans borrowed by shire councils for which a sinking fund is required to be established.

Mortgage Moneys Under Transfer of Land Act

To hold funds paid to the Treasurer in accordance with section 126 of the Transfer of Land Act.

Motor Vehicle Loans - Fees

To hold moneys received from persons completing motor vehicle loan applications to meet necessary fees on completion of loan arrangements.

Non-Government Schools - Other Recurrent Grants

To hold funds received from the Commonwealth Department of Employment, Education, Training and Youth Affairs for recurrent grants to non-government schools in accordance with the State Grants (Schools Assistance) Act pending payment to non-government schools.

Petroleum Subsidy Scheme Account

To hold funds received from the Commonwealth pursuant to the Petroleum Products Subsidy Act, for subsidising shipping costs of approved fuel distributors, pending payment to approved grantees.

Public Bank Account Interest Earned Account

To hold funds in accordance with section 9(2)(d) of the Financial Administration and Audit Act.

Redemption of Financial Agreement Debt Account

To hold funds received for the purpose of redeeming loans raised by the Commonwealth on behalf of the State under the Financial Agreement with the authority of Loan Acts.

Notes to the Financial Statements - *continued*

Remittances Clearing Account - Commissioner of Taxation

To hold funds received from departments and statutory authorities for the payment of moneys to the Australian Taxation Office in accordance with the Income Tax Assessment Act 1986 and the Fringe Benefits Tax Assessment Act 1986.

Royal Commission into Aboriginal Deaths in Custody (RCIADIC) Recommendations Program

To hold funds received from the Commonwealth to upgrade or expand infrastructure and services in order to overcome the problems experienced by Aboriginal and Torres Strait Islander people whilst in custody.

Scholarships - Charles Baskett (Muresk College)

To hold and invest moneys bequeathed to the Government of Western Australia by Charles Baskett to be applied for any of the Agricultural Colleges carried on under supervision of the Government (Closed in March 2000).

Scholarships - N.F. Poynton (Muresk College)

To hold and invest moneys donated to the Government of Western Australia by Mrs N.F. Poynton for the benefit of Muresk Agricultural College (Closed in March 2000).

State Development Fund

To hold funds for the purpose of assisting the development of industry within the State and the provision of infrastructure associated with specific developments in accordance with special agreements and/or government approval.

Statutory Authorities Investment Account

To hold funds received from statutory authorities for investment purposes as provided by section 40(4) of the Financial Administration and Audit Act.

Sundry Creditors

To hold, on behalf of departments and statutory authorities, returned, uncollected and stale cheques and cash orders, unclaimed salaries and wages and other unclaimed money.

Transfers To Suspense

To hold funds, pursuant to section 27(1) of the Financial Administration and Audit Act, to meet any relevant end of year commitment in respect of land, plant and equipment approved under Treasurer's Instruction 323 and for other contractual commitments approved under section 27.

Unclaimed Moneys - Prepaid

To hold moneys paid into Treasury by holders of unclaimed money prior to the date prescribed in the Unclaimed Money Act 1990 or the Unclaimed Money Regulations.

33. Administered Items

These are disclosed in schedules that follow and form part of the Notes to the Financial Statements

The explanatory statement for administered items contains details of the items referred to in the Summary of Consolidated Fund Appropriations and Revenue Estimates

Notes to the Financial Statements - *continued*

	2000-01 (\$'000)	1999-00 (\$'000)
ADMINISTERED TRANSACTIONS		
ADMINISTERED EXPENSES		
OPERATING ACTIVITIES		
Grants to charitable and other Public Bodies (b)	250	7,603
Payments to statutory authorities (b)	535,991	450,254
Subsidies and concessions (b)	-	4,867
Property maintenance	753	1,055
Other State services (b)	557	1,825
Interest on participating Trust Fund accounts (b)	35,168	36,468
Consolidated Fund Appropriations to agencies	7,426,399	6,937,448
Payments from Trust Fund accounts	645,422	538,782
Interest and guarantee fees on loan liability under Loan Acts	89,458	103,258
Discount on early repayment of recoverable advance	-	16,132
Payments under Gold Corporation Act	46	50
Payments under Superannuation Acts	399,231	364,951
Payments under Unclaimed Money Act	115	337
Dividends waived	18,000	-
GST administration costs	97,800	-
FINANCING ACTIVITIES		
Payments under Loan Acts – capital	98,840	103,866
RENTAL TRANSFER PAYMENTS		
Payments of rentals on behalf of Government agencies	69,374	66,449
TOTAL	9,417,404	8,633,345

- (a) During previous years, administered transactions were split between those paid from Treasury's bank account and those paid from the Government of Western Australia bank account. Effective 1 July 2000, all administered payments have been effected through the Government of Western Australia bank account. Comparatives have been restated to conform with the information for 2000–01.
- (b) Expenses paid from Treasury's bank account in 1999–00. An appropriation of \$465,735,000 was received for these items in 1999–00.

Notes to the Financial Statements - *continued*

	2000-01 (\$'000)	1999-00 (\$'000)
ADMINISTERED REVENUES		
OPERATING ACTIVITIES		
Tax equivalent receipts	386,417	219,223
Business undertakings' profits and surpluses	791,702	386,099
Proceeds from sale of gas pipeline	-	5,719
Interest earned on recoverable advances	14,176	33,103
Commonwealth grants	3,227,237	3,127,328
Loan guarantee charges	12,505	11,766
Recoup of superannuation payments	68,197	36,584
Interest on Public Bank Account	74,095	61,406
Receipts under Unclaimed Money Act	1,889	1,655
Miscellaneous Trust Fund Account revenue	166,986	198,085
Rentals from Government owned buildings	9,556	9,597
Other	11,170	9,010
FINANCING ACTIVITIES		
Asset sales	9,788	4,991
Loan repayments	22,610	269,185
RENTAL TRANSFER RECEIPTS		
Receipts from Government agencies in respect of building rentals	69,374	66,449
TOTAL	4,865,702	4,440,200
<p>Payments of building (accommodation) rentals on behalf of Government agencies are made under non-cancellable operating leases. The future commitments for payments under these leases are:</p>		
Not later than 1 year	44,324	43,130
Later than 1 year and not later than 5 years	139,160	129,764
Later than 5 years	74,899	92,567
	258,383	265,461

Notes to the Financial Statements - *continued*

	2000-01 (\$'000)	1999-00 (\$'000)
ADMINISTERED REVENUES		
ADMINISTERED CURRENT ASSETS		
Cash resources	1,349,734	861,538
Investments	32,083	17,163
Outstanding Treasurer's Advances	19,570	17,737
¹ Amounts receivable in respect of rental transfer payments	5,201	5,892
Amounts receivable in respect of rentals on Government owned buildings	608	859
Recoverable advances	18,870	114,178
Interest receivable	12,795	12,249
Debt Retirement Reserve	122	76
Other revenues receivable	196,575	315,277
Total Administered Current Assets	1,635,558	1,344,969
ADMINISTERED NON-CURRENT ASSETS		
Property under finance lease		
Land	5,100	5,100
Buildings	27,400	25,400
Investments	140,146	228,386
Recoverable advances	192,382	106,250
Total Administered Non Current assets	365,028	365,136
TOTAL ADMINISTERED ASSETS	2,000,586	1,710,105
ADMINISTERED LIABILITIES		
ADMINISTERED CURRENT LIABILITIES		
Government of Western Australia Bank Account overdrawn	-	7,614
Liability to Trust Accounts in Trust Fund	1,179,615	1,112,472
Treasurer's Advance in respect of rental transfer payments	8,000	8,000
Interest payable to Participating Trust Funds	3,777	2,441
Payments owing under Superannuation Acts	5,187	2,498
Other liabilities	16,838	10,843
Loan liability under Loan Acts	262,479	129,087
Interest payable on loan liability under Loan Acts	15,042	23,942
Liability under finance lease	3,233	3,456
Employer's unfunded liability under State government superannuation schemes	431,397	372,000
Unfunded liability in the Government Insurance Fund	11,991	12,189
Total Administered Current Liabilities	1,937,559	1,684,542

Notes to the Financial Statements - *continued*

ADMINISTERED NON-CURRENT LIABILITIES

Loan liability under Loan Acts	632,911	865,567
Liability under finance lease	10,689	13,922
Employer's unfunded liability under State government superannuation schemes	5,108,503	4,982,000
Unfunded liability in the Government Insurance Fund	44,575	48,484
	5,796,678	5,909,973
TOTAL ADMINISTERED LIABILITIES	7,734,237	7,594,515

Notes to the Schedule of Administered Assets and the Schedule of Administered Liabilities

1 The property under finance lease is situated at 151 Royal Street, Perth. The site is under an operating lease with a peppercorn rental from the Crown to the Government Employees Superannuation Board (GESB) until 30 June 2005.

GESB constructed buildings on the site and entered into a sub-lease in the nature of a finance lease with the Minister for Works.

Treasury has assumed administrative responsibility for this lease and the assets subject to the lease. The land and buildings are stated at market valuation given by the Valuer General.

The liability under the finance lease is stated at discounted value of anticipated future minimum leases rentals.

Notes to the Financial Statements - continued

Explanatory Statement for Administered Items

The tables below compare budget estimates, actual results and variations for 1999-2000 and 2000-01, all on a cash basis. Significant variations, defined as those exceeding either \$100,000 or 10% of the base number whichever is the greater, are explained in the notes that follow each table.

Consolidated Fund expenditures administered by Treasury and authorised by the annual Appropriation Acts and the Treasurer's Advance Authorization Act.

	2000-01			Actual		
	Estimate	Actual	Variation	1999-00	2000-01	Variation
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
RECURRENT						
Payments to statutory authorities						
Electricity Corporation	29,278	22,387	(6,891)	29,917	22,387	(7,530)
Water Corporation	218,632	225,967	7,335	206,864	225,967	19,103
Western Australian Government Railways						
Commission (Westrail)	32,499	39,747	7,248	23,494	39,747	16,253
Western Australian Land Authority	11,724	16,283	4,559	1,656	16,283	14,627
Government Employees Superannuation Board						
– West State Super Scheme	141,700	167,276	25,576	131,552	167,276	35,724
State Housing Commission -						
Essential Services Maintenance Program	4,050	4,050	-	4,050	4,050	-
Aboriginal Communities Strategic Investment Program	3,000	3,000	-	8,900	3,000	(5,900)
First Home Buyers Scheme	-	-	-	444	-	(444)
Matching Funding and Pensioner Rentals	5,980	2,500	(3,480)	-	2,500	2,500
Subsidies for Housing	3,480	3,480	-	-	3,480	3,480
Insurance Commission of Western Australia	10,000	10,000	-	36,440	10,000	(26,440)
Albany Port Authority	154	-	(154)	-	-	-
Fremantle Port Authority	212	-	(212)	-	-	-
GST Administered Payments	80,000	97,800	17,800	-	97,800	97,800
State Supply Commission—State Fleet	-	35,000	35,000	-	35,000	35,000
Gold Corporation – Northampton Battery Site	-	245	245	-	245	245
Grants to charitable and other Public Bodies	250	250	-	7,603	250	(7,353)
Subsidies and concessions	5,363	-	(5,363)	4,867	-	(4,867)
Other State services						
Interest on public moneys held in participating trust fund accounts	5,300	2,051	(3,249)	4,607	2,051	(2,556)
Other	1,063	1,310	247	2,215	1,310	(905)
	552,685	631,346	78,661	462,609	631,346	168,737
FINANCING						
Government Equity Contributions						
Fremantle Port Authority	-	72	72	-	72	72
Broome Port Authority	-	-	-	2,000	-	(2,000)
Electricity Corporation	-	-	-	3,940	-	(3,940)
Building Better Cities Program	-	-	-	604	-	(604)
	552,685	631,418	78,733	469,153	631,418	162,265

Notes to the Financial Statements - *continued*

Details of significant variations are:

Electricity Corporation

Estimate/actual

The actual amount paid for Community Service Obligations was lower than estimated due to an over payment in the previous year which was deducted from the 2000-01 payment.

Current/previous year actual

As above.

Western Australian Government Railways Commission (Westrail)

Estimate/actual

Additional funding provided to meet Westrail Freight's post-sale structure was partly offset by lower than anticipated land sales re-appropriation payments.

Current/previous year actual

Reflects the additional funding provided to meet Westrail Freight's post-sale structure together with higher land sales than previous years.

Western Australian Land Authority

Estimate/actual

Mainly the result of the Hope Valley Redevelopment Project land acquisitions program offset by savings in the Albany foreshore, Breton Bay and Exmouth projects.

Current/previous year actual

Each financial year is independent of the other and based on projects to be undertaken during the course of that year.

Government Employees Superannuation Board – West State Super Scheme

Estimate/actual

The Board's estimate of the funding requirement for the scheme was inadequate.

Current/previous year actual

Reflects the impact of increases in the contribution rate from 7% to 8%, average salaries and wages payments and the average number of members.

State Housing Commission – Aboriginal Communities Strategic Investment Program

Current/previous year actual

The reduction reflected a reduced funding priority for the program.

State Housing Commission - First Home Buyers Scheme

Current/previous year actual

Funding for this program was provided on a one-off basis for the promotion of the GST First Home Buyer Grant Scheme.

State Housing Commission – Matching Funding and Pensioner Rentals

Estimate/actual

The estimate included an amount of \$3.48 million for Subsidies for Housing which was already included in the estimate for Item 22 - State Housing Commission - Subsidies for Housing.

Current/previous year actual

Funding for the program commenced in 2000-01.

Notes to the Financial Statements - *continued*

State Housing Commission –Subsidies for Housing

Current/previous year actual

Funding for the program commenced in 2000-01.

Insurance Commission of Western Australia

Current/previous year actual

The amount reflects the cost of the emerging liabilities of the previous Government Insurance Fund and is subject to variation from year to year.

Albany Port Authority

Estimate/actual

An interest payment on a multi-user infrastructure loan was processed through Department of Resources Development.

Fremantle Port Authority

Estimate/actual

An interest payment was deferred until 2001-02.

GST Administered Payments

Estimate/actual

Extra payments were made to the Australian Taxation Office for the cost of administering the GST. The Commonwealth reimbursed this cost.

Current/previous year actual

Costs only applied from 1 July 2000.

State Supply Commission – State Fleet

Estimate/actual

Supplementary funding was provided for contractual payments associated with the State's Vehicle Fleet Funding Facility.

Current/previous year actual

As above

Gold Corporation – Northampton Battery Site

Estimate/actual

Supplementary funds were provided to Gold Corporation to remediate a battery site in Northampton.

Current/previous year actual

As above.

Grants to charitable and other Public Bodies

Current/previous year actual

A final instalment of \$7.3 million was paid to the TVW Telethon Institute for Child Health Research in 1999-2000.

Notes to the Financial Statements - *continued*

Subsidies and Concessions

Estimate/actual

Western Power agreed to forego its 64% share of North-West Shelf Assistance payments, and all future payments, in exchange for a one-off payment of \$65.6 million. These estimates were inadvertently included on the basis of the payments continuing.

Current/previous year actual

As above

Interest on public moneys held in participating trust fund accounts

Estimate/actual

Relates to changes in the treatment of \$2.8 million in interest payments for the BankWest Pension Trust.

Current/previous year actual

As above.

Other

Estimate/actual

Variation is the result of an underestimate.

Current/previous year actual

Mainly savings on estimates for act of grace payments and minor works.

Government Equity Contributions – Port Authorities

Broome Port Authority

Current/previous year actual

On 6 December 1999, Cabinet approved a grant to the Broome Port Authority for the provision of infrastructure required to support the offshore oil and gas exploration industry.

Electricity Corporation

Current/previous year actual

On 17 April 2000, Cabinet approved an equity contribution to Western Power for the undergrounding of a 132KV transmission line on the Burswood Peninsula.

Building Better Cities Program

Current/previous year actual

The balance of funds for this program were drawn in 1999-2000.

Notes to the Financial Statements - continued

Consolidated Fund expenditures administered by Treasury and authorised by Acts other than the annual Appropriation Acts and the Treasurer's Advance Authorization Act.

	Estimate \$'000	2000-01 Actual \$'000	Variation \$'000	1999-00 \$'000	Actual 2000-01 \$'000	Variation \$'000
RECURRENT						
Loan Acts						
Financial Agreement Act 1995						
- Interest	10,108	10,107	(1)	30,381	10,107	(20,274)
Loan (Financial Agreement) Act 1991						
- Interest	22,477	21,897	(580)	12,888	21,897	9,009
- Loan guarantee fees	628	626	(2)	358	626	268
Western Australian Treasury Corporation Act 1986						
- Interest	61,594	64,491	2,897	65,312	64,491	(821)
- Loan guarantee fees	1,434	1,237	(197)	1,385	1,237	(148)
	96,241	98,358	2,117	110,324	98,358	(11,966)
RECURRENT						
Other Acts						
Gold Corporation Act 1987						
	60	46	(14)	50	46	(4)
Government Employees						
Superannuation Act 1987						
	184,404	182,401	(2,003)	158,124	182,401	24,277
Parliamentary Superannuation Act 1970						
	15,567	10,990	(4,577)	2,868	10,990	8,122
Judges' Salaries and Pensions Act 1950						
	-	2,775	2,775	-	2,775	2,775
Superannuation and Family						
Benefits Act 1938						
	212,450	200,376	(12,074)	204,996	200,376	(4,620)
Unclaimed Money Act 1990						
	300	115	(185)	337	115	(222)
	412,781	396,703	(16,078)	366,375	396,703	30,328
FINANCING						
Loan Acts						
Financial Agreement Act 1995						
- Sinking fund	9,925	12,299	2,374	10,041	12,299	2,258
Loan (Financial Agreement) Act 1991						
- Capital repayments	10,416	10,380	(36)	5,986	10,380	4,394
Western Australian Treasury Corporation Act 1986						
- Capital repayments	-	76,161	76,161	87,840	76,161	(11,679)
	20,341	98,840	78,499	103,867	98,840	(5,027)
Total	529,363	593,901	64,538	580,566	593,901	13,335

Notes to the Financial Statements - *continued*

Details of significant variations are:

Financial Agreement Act 1995 – interest

Current/previous year actual

Reflects the savings flowing from the refinancing of \$118.7 million in Commonwealth loans.

Loan (Financial Agreement) Act 1991 – interest

Current/previous year actual

\$106.0 million was borrowed from the Western Australian Treasury Corporation during 2000-01 to refinance maturing Financial Agreement Act debt (net of sinking fund contributions) resulting in increased interest payments to the Corporation. The interest rate on this debt is lower than the Commonwealth Inscribed Stock it replaced.

Loan (Financial Agreement) Act 1991 – loan guarantee fees

Current/previous year actual

Reflects the cost of guaranteeing additional debt.

Western Australian Treasury Corporation Act 1986 – loan guarantee fees

Estimate/actual

Reflects savings flowing from debt repayments.

Current/previous year actual

As above.

Government Employees Superannuation Act 1987

Current/previous year actual

The increase is due to a higher than expected number of retirement and disability payments.

Parliamentary Superannuation Act 1970

Estimate/actual

The number of Members of Parliament expected to retire during the year did not eventuate.

Current/previous year actual

Variation is due to fluctuations in retirements that occur in election years.

Judges' Salaries and Pensions Act 1950

Estimate/actual

The Ministry of Justice administered the Judges' salaries and pensions until 1999-2000. On 1 July 2000 Treasury commenced administering the pension portion.

Current/previous year actual

As above.

Unclaimed Money Act 1990

Estimate/actual

The level of expenditure is determined by the value of claims, which is variable.

Current/previous year actual

As above.

Financial Agreement Act 1995 – sinking fund

Estimate/actual

Part of the proceeds of the AlintaGas sale were used to make additional payments.

Current/previous year actual

As above

Notes to the Financial Statements - continued

Loan (Financial Agreement) Act 1991 – capital repayments

Current/previous year actual

\$106.0 million was borrowed from the Western Australian Treasury Corporation during 2000-01 to refinance maturing Financial Agreement Act debt (net of sinking fund contributions) resulting in higher capital repayment obligations.

Western Australian Treasury Corporation Act 1986 – capital repayments

Estimate/actual

Reflects the application of part of the proceeds of the AlintaGas sale to retire debt.

Current/previous year actual

Capital repayments vary from year to year.

Consolidated Fund revenues administered by Treasury.

	2000-01			1999-00	Actual	
	Estimate	Actual	Variation		2000-01	Variation
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
RECURRENT						
Departmental Revenue						
Tax equivalent receipts	278,512	361,829	83,317	217,878	361,829	143,951
Business undertakings – dividends, surpluses and other	503,087	899,066	395,979	261,846	899,066	637,220
Proceeds from sale of gas pipeline	-	-	95,000	-	(95,000)	
Loan guarantee charge	12,200	12,414	214	11,583	12,414	831
Recoveries -						
Superannuation	39,224	40,649	1,425	38,305	40,649	2,344
Debt charges – interest	12,565	14,915	2,350	37,122	14,915	(22,207)
Public Bank Account interest earned	31,000	39,200	8,200	32,300	39,200	6,900
Rent from Government owned buildings	11,005	9,807	(1,198)	9,843	9,807	(36)
Other	4,694	41,872	37,178	10,665	41,872	31,207
Commonwealth (recurrent)						
General revenue	2,649,300	2,657,110	7,810	1,660,086	2,657,110	997,024
Safety net revenues	55,700	63,726	8,026	924,261	63,726	(860,535)
Specific purpose	19,530	14,024	(5,506)	106,227	14,024	(92,203)
CAPITAL						
Asset Sales						
Motor vehicles	-	-	-	208	-	(208)
Other	-	9,788	9,788	4,783	9,788	5,005
Loan repayments						
Recoveries	115,334	23,348	(91,986)	269,205	22,618	(246,587)
	3,732,151	4,187,748	455,597	3,679,312	4,187,018	507,706
FINANCING						
State Development Fund	126,800	126,800	-	43,800	126,800	83,000
	3,858,951	4,314,548	455,597	3,723,112	4,313,818	590,706

Notes to the Financial Statements - *continued*

Details of significant variations are:

Tax equivalent receipts

Estimate/actual

Receipts from AlintaGas were \$132.2 million higher than expected mainly due to an extra \$125 million for a tax equivalent assessment on capital gains. Receipts from Western Power and the Water Corporation were lower by \$30.1 million and \$18.3 million respectively due to lower profits.

Current/previous year actual

Mainly reflects the impact of the sale of AlintaGas.

Business undertakings – dividends, surpluses and other

Estimate/actual

Dividends from AlintaGas were \$428.5 million higher than budget including the sale proceeds paid as a dividend (\$392.4 million) together with final and special dividends (\$36.1 million). The Water Corporation paid a \$13.6 million higher dividend while the expected Westrail dividend of \$49.5 million was not forthcoming due to the sale of the freight division.

Current/previous year actual

In addition to the extra dividends received as a result of the sale of AlintaGas, the Water Corporation and Western Power contributed additional \$192.8 million and \$36.0 million respectively in 2000-01.

Proceeds from sale of gas pipeline

Current/previous year actual

This was a non-recurring item.

Recoveries – Debt Charges –Interest

Estimate/actual

An expected accelerated repayment of Consolidated Fund debt by the Health Department did not proceed. As a result interest payments on the outstanding debt were higher than anticipated.

Current/previous year actual

Reflects the impact of substantial accelerated repayments of Consolidated Fund debt in 1999-2000.

Public Bank Account interest earned

Estimate/actual

Surplus funds available for investment during the year were higher mainly due to the sale of AlintaGas.

Current/previous year actual

As above.

Rent from government owned buildings

Estimate/actual

The actual result was less than expected due to subsequent reduced assessments by the Valuer General's Office.

Notes to the Financial Statements - *continued*

Other

Estimate/actual

The variation is due to the repayment of superannuation liabilities by AlintaGas and Westrail of \$10.6 million and \$18.2 million respectively plus other miscellaneous revenues.

Current/previous year actual

As above. This item also varies from year to year due to non-recurring and other unexpected receipts.

Commonwealth (recurrent) –General Revenue

Current/previous year actual

The substantial increase is due to the GST-related tax reforms, under which the State is compensated for the abolition of safety net revenues, the introduction of the First Home Owners Grant scheme, the cost of administering the GST and reductions in gambling revenues to make room for the GST.

Commonwealth (recurrent) –Safety Net Revenues

Estimate/actual

Revenues from petroleum and liquor revenue replacement payments were higher than expected in 2000-01.

Current/previous year actual

Safety net revenues were abolished from 1 July 2000 as part of the tax reform program, although the equivalent revenue foregone is included in the calculation of the GST funding base. Final payments were received in December 2000, reflecting a lag in collections with respect to transactions in the final weeks of 1999-2000.

Commonwealth (recurrent) – specific purpose

Estimate/actual

The receipt of \$5.9 million under the Regional Forests Agreement did not eventuate.

Current/previous year actual

The substantial decline in specific purpose payments was due to the cessation of the Gas Project Assistance, which was fully paid out in 1999-2000.

Asset sales – motor vehicles

Current/previous year actual

There were no receipts from the sale of motor vehicles held outside the Fleetwest arrangements.

Asset sales - Other

Estimate/actual

Amount represents part proceeds from the AlintaGas and Westrail freight sales.

Current/previous year actual

Amount represents receipts from the State Supply Commission for assets sold in January 2000.

Loan repayments – Recoveries

Estimate/actual

An expected accelerated repayment of Consolidated Fund debt by the Health Department did not proceed.

Current/previous year actual

The accelerated loan repayments made in 1999-2000 were one-off events.

State Development Fund

Current/previous year actual

The trust fund was created to fund specific capital projects. Drawdowns match the progress of those projects.

Notes to the Financial Statements - *continued*

Supplementary Funding

Supplementary funding approved and expended during 2000-01 was as follows.

Item Number	Description	Amount Approved \$'000	Amount Expended \$'000
n/a	Fremantle Port Authority - Government Equity Contribution	3,892	72
n/a	Gold Corporation - Northampton Battery Site Remediation	245	245
18	Government Employees Superannuation Board – West State Super Scheme	29,000	25,576
25	GST Administration Costs	17,800	17,800
15	Water Corporation of Western Australia	7,335	7,335
16	Western Australian Government Railways Commission	8,500	7,248
17	Western Australian Land Authority	10,000	4,559
n/a	State Supply Commission – State Fleet	35,000	35,000

The reasons for supplementary funding were:

Fremantle Port Authority – Government Equity Contributions

Additional funds were required for agreed infrastructure works associated with the Fremantle Waterfront Project. An equity contribution was made to the Fremantle Port Authority to compensate for interest paid on a loan for a bulk ship-offloader.

Gold Corporation - Northampton Battery Site Remediation

Funds were provided to Gold Corporation to remediate a battery site in Northampton.

Government Employees Superannuation Board – West State Super Scheme

The Board's estimate of the funding requirement for the scheme was inadequate.

GST Administration Costs

Extra payments were made to the Australian Taxation Office for the cost of administering the GST. The Commonwealth reimbursed this cost.

Water Corporation of Western Australia

Additional funds were required to full compensate the cost of meeting community service obligations.

Western Australian Government Railways Commission

Additional funding was provided to meet Westrail Freight's post-sale structure and was partly offset by lower than anticipated land sales re-appropriation payments.

Western Australian Land Authority

Additional funds were required to meet LandCorp's responsibilities in terms of the Hope Valley-Wattelup Redevelopment Act.

State Supply Commission - State Fleet

Supplementary funding was provided for contractual payments associated with the State's Vehicle Fleet Funding Facility.

Notes to the Financial Statements - *continued*

34. Events occurring after reporting date

As of 1 July 2001, as a part of the Machinery of Government arrangements, Treasury Department's operations were merged with State Revenue Department and the name of the newly created agency is The Department of Treasury and Finance.

Further, the Treasury Department transferred its responsibilities for the management of the State's vehicle fleet to the State Supply Commission.

35. Additional Financial Instruments Disclosures

Interest rate risk exposure

The Department's exposure to interest rate risk is nil as the relevant financial instruments, consisting of cash and amounts in suspense, accounts receivable, accounts payable, accrued salaries, amount due to the Treasurer and employee entitlements are all non interest bearing

Credit risk exposure

Accounts receivable is the only financial instrument in which there is credit risk exposure. The credit risk is represented by the carrying amount.

Net Fair Value

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

Appendices

Appendices

Appendix A: Legislation

The following is a list of the Acts of Parliament administered by Treasury, which are the responsibility of the Treasurer.

Statute	Purpose
Anzac Day Act 1960	Recognises Anzac Day as a public holiday and establishes the Anzac Day Trust Fund.
Appropriation (Consolidated Fund) Acts (Nos. 1, 2, 3 and 4)	Annual Acts authorising the government to disburse funds from the Consolidated Fund and appropriate payments made under the authority of the Treasurer's Advance Authorization Act.
Bank of South Australia (Merger with Advance Bank) Act 1996	To facilitate the merger of the Bank of South Australia and Advance Bank. Following a merger there is only one banking licence. The Act provides the mechanism for bringing all accounts into the one licensed entity.
Competition Policy Reform (Taxing) Act 1996	To provide for the application of financial penalties for breaches of Part IV of the Trade Practices Act.
Competition Policy Reform (Western Australia) Act 1996	To apply the competitive conduct provisions of Part IV of the Trade Practices Act as laws of Western Australia.
Financial Administration and Audit Act 1985	To provide for the administration and audit of the public finances of the State and certain State agencies; provide for annual reporting by departments and statutory authorities; authorise and regulate the investment of certain public moneys; and provide for the office and functions of the Auditor General.
Financial Agreement Act 1928	To approve an Agreement between the Commonwealth and the States relating to financial relations between the parties.

Financial Agreement Act 1995	To approve an Agreement between the Commonwealth and the States relating to financial relations between the parties.
Financial Relations Agreement (Consequential Provisions) Act 1999	Includes a substantial part of the Western Australian legislation required to give effect to the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations (incorporating the Goods and Services Tax related national tax reforms).
Government Financial Responsibility Act 2000	To establish a framework for government financial planning and reporting designed to enhance transparency and accountability in State financial reporting.
Judges' Salaries and Pensions Act 1950	To authorise the payment of specified salaries and pensions to judges of the Supreme Court and to make payment to their families.
Limitation Act 1935	Provides a limited time period for commencing actions and suits.
Loan Act	An annual Act to authorise the borrowing of a specified sum for public purposes.
R & I Holdings Act 1990	To provide for a body called R & I Holdings and for it to be wound up when it has completed its functions. The R & I Holdings Act was repealed by proclamation on 26 June 2001.
State Enterprises (Commonwealth Tax Equivalents) Act 1996	To require State enterprises to pay to the Consolidated Fund amounts equivalent to income and sales tax from which they are exempt under Commonwealth law.
State Entities (Payments) Act 1999	Ensures that State entities can operate as if they were subject to the Commonwealth's Goods and Services Tax legislation, as required by the Intergovernmental Agreement

Appendix A: Legislation

	on the Reform of Commonwealth-State Financial Relations.
State Trading Concerns Act 1916	To regulate the establishment, carrying on and management of trading concerns by the State Government, and to authorise departments to engage in certain revenue generating activities.
Treasurer's Advance Authorization Act	An annual Act to authorise the Treasurer to make certain payments and advances, and to specify a limit for the payments and advances that may be authorised from the account.
Unclaimed Money Act 1990	To provide for the advertisement of unclaimed money and for the payment of that money into and out of the Consolidated Fund.
Westpac Banking Corporation (Merger with Challenge Bank) Act 1996	To facilitate the merger of the Westpac and Challenge banks. Following a merger there is only one banking licence. The Act provides the mechanism for bringing all accounts into the one licensed entity.

Appendix B: New Trust Fund Statements

There were no new trust funds established at Treasury during 2000-01.

Appendix C: Project Evaluations

Activity:	Treasury and the Ministry of the Premier and Cabinet commenced a review of the processes for State government negotiations with the Commonwealth on its provision of specific purpose payments to the States.
Key Result:	A strategic framework to guide improvements in the processes has been agreed, and has been provided to Cabinet for its consideration.
Key Action:	Further development, in consultation with line agencies, of a more systematic and coordinated process across government for the negotiations with the Commonwealth, to deliver improved outcomes for Western Australia.

Appendix D: Publications

Treasury produced a number of publications in 2000-01, a list of which is provided below.

Register of Unclaimed Moneys

Financial Administration and Audit Act

Financial Administration Regulations

Treasurer's Instructions

Treasurer's Annual and Quarterly Statements

Government of Western Australia Consolidated Financial Statements Year Ended 30 June 2000

Monthly Report of General Government Finances

Government Financial Results Report

Quarterly Financial Results Report

Accrual Budget Background Information

Updated Questions and Answers on the New Appropriation Regime and Capital User Charge

Accrual Appropriations and Capital User Charge – A User Manual

Review of the Financial Administration and Audit Act – Papers for Comment

Mid-Year Review of Public Sector Finances

Funding Capital Works Through Property Asset Sales – Advice for Agencies

Guidelines for Managing Government Real Estate

Western Australia's Comments on the Commonwealth Grants Commission's Indigenous Funding Inquiry Draft Report

Submission to the Commonwealth Grants Commission Review of the Local Government (Financial Assistance) Act 1995 (in conjunction with the Western Australian Local Government Grants Commission)

Comments to the Commonwealth Grants Commission on the Draft Report for the Review of the Local Government (Financial Assistance) Act 1995 (in conjunction with the Western Australian Local Government Grants Commission)

Western Australia's Submission on Capital Issues to the Commonwealth Grants Commission's 2004 Review

Western Australia's Comments on Urban Transit for the 2004 Review in Response to the Grants Commission's Discussion Paper 2000-02

Western Australia's Comments on the Assessment of Superannuation in the Commonwealth Grants Commission's 2001 Update

Interstate Fiscal Equalisation Distribution of Commonwealth General Purpose Grants for Local Government.

Submission to the Productivity Commission Review of the National Access Regime

Progress Report: Implementing National Competition Policy in Western Australia – Report to the National Competition Council

Supplementary Submission to the Productivity Commission Review of the National Access Regime

Quarterly Economic Summary (and regular summaries of major economic statistics)

Overview of State Taxes

Treasury Annual Report

Our Commitment to Customer Service

Treasury Information Statement

Treasury News

Appendix E: Ministerial Circulars

Circular to Ministers No. 10/2000 was issued on 3 August 2000. Its title was Goods and Services Tax and Grants to Charities.

The circular advised of a Cabinet decision to gross up grants to registered charities by 10 per cent where the Goods and Services Tax applies, and to allow charitable organisations within the common law meaning (with some exceptions) to retain embedded tax savings resulting from the abolition of wholesale sales tax and reduction in fuel excise, under the Goods and Services Tax-related tax reforms.

A Circular to Ministers was issued in March 2001. Its title was Savings in Advertising and Promotion, Travel and Consultancy Expenditure.

The circular advised of a Cabinet decision to achieve specific reductions in the costs of advertising and promotion (30 per cent), interstate and overseas travel (20 per cent) and consultancies (30 per cent).

A Circular to Ministers was issued on 15 May 2001. Its title was Legislation Review Process for Competition Policy.

The circular outlined the process for reviewing legislation in accordance with competition policy requirements. Failure to comply with the process could put at risk annual competition payments to Western Australia potentially worth \$70 million per annum. A major emphasis in completing the review program is to ensure that public interest is the driver of reform, taking full account of social, environmental and regional development impacts as well as economic impacts.

Circular to Ministers No 12/01 was issued on 28 June 2001. Its title was Machinery of Government – Implications for Office Accommodation.

The circular advised of a six month moratorium on the procurement of new leased office accommodation and on the renewal of any existing leases. The moratorium was put in place in light of the potential impact that the machinery of government changes could have on the State's office accommodation requirements.

Appendix F: Freedom of Information

General Information

The Freedom of Information Act requires agencies to publish an annual information statement in a manner approved by the Attorney General. The Attorney General has approved the publication of the statement either as a stand alone document or in agencies' annual reports. We have chosen to incorporate our Freedom of Information data in our Annual Report.

Formal Application

Where possible, information we hold will be made available on an informal basis and at no charge. Refer to Appendix D for information on publications we released during 2000-01.

Individuals may make a formal application under the Freedom of Information Act for access to documents of ours that are not publicly available. The Corporate Information Branch of the Ministry of Premier and Cabinet performs a bureau records management service for us. Most of our corporate information continues to be managed in paper format and is enclosed in departmental files of which there are in excess of 5,000.

A formal application for information must be:

- in writing;
- give enough information to enable the requested documents to be identified;
- give an Australian address to which notices can be sent;

- accompanied by a \$30 application fee, unless the information relates to a personal matter which is free of charge. An additional charge may apply for the processing of non-personal information.

The fee is reduced by 25 percent for pensioners and financially disadvantaged persons; and

- addressed to:

Treasury FOI Coordinator
13th Floor
197 St George's Terrace
PERTH WA 6000

Before lodging a formal application we suggest you discuss the matter with our Freedom of Information Coordinator, who can be contacted by telephoning (08) 9222 9249 or (08) 9222 9171.

Under the Freedom of Information Act, we are required to respond to applications for information within 45 days of receipt, unless an extension of time is granted. The average time to process applications during 2000-01 was 51 days.

Access to Information

The Act encourages open government through the release of documents and information. However, it contains provisions allowing agencies to refuse to deal with applications, or to refuse access to documents, on a range of grounds. Where we refuse access to documents, in part or in full, we will notify the applicant of the reasons for our decision.

Appendix F: Freedom of Information

Applicants have the right of appeal and may ask us to reconsider a decision to refuse access. Further appeal rights to the Information Commissioner are also available. The Freedom of Information Coordinator will be pleased to explain your rights in these circumstances.

Where an applicant is granted permission to inspect documents, Treasury will contact the applicant to arrange mutually convenient viewing or distribution arrangements.

2000-01 Applications

We received nine applications for information under the Freedom of Information Act during the year.

Full access to information was granted in respect of three of the applications, with edited access allowed for one application. Access was denied for one application and six applications were under consideration at 30 June 2001.

The applications covered a range of topics including gaming, corporatised entities and credit ratings. Six of the nine applications were from members of parliament with one from the media.

Appendix G: Public Sector Standards/Conduct

Under the provisions of the Public Sector Management Act we are required to report annually on the extent to which we have complied with the public sector standards and ethics.

Public Sector Standards

We have policies and procedures in place which are consistent with the guidelines for public sector standards that have been issued by the Office of the Public Sector Standards Commissioner.

The Standards cover:

- recruitment, selection and appointment;
- discipline;
- secondment;
- transfer;
- redeployment;
- termination;
- performance management;
- temporary deployment; and
- grievance resolution.

The standards were first developed using a participative approach with staff. To ensure that new staff are familiar with the standards they form part of the induction process for new employees. In addition, the standards are available for viewing on our Intranet facility, are included in Treasury's Policy Compendium and marketed from time to time in our internal newsletter, *Inside Treasury*.

We have trained grievance officers available for staff counselling and to resolve disputes. We also have a staff counselling policy which gives staff and their immediate family access to professional counselling at departmental expense.

Encouragingly, in an Employee Opinion Survey conducted last September, the highest satisfaction level amongst staff was recorded in relation to questions about Treasury providing its staff with a harassment free workplace.

There were no formal applications claiming a breach of the standards during 2000-01.

Code of Conduct

Treasury has a Code of Conduct that draws from the principles of natural justice, respect for persons and responsible care as embodied in the Western Australian Public Sector Code of Ethics.

Our Code of Conduct provides a guide for our officers in understanding their rights and obligations, including the ethical behaviours and values expected of them in their day to day work.

It also serves as a public demonstration by the Department and its officers of a commitment to professional integrity and accountability when conducting Treasury business.

Appendix G: Public Sector Standards/Conduct

Our Code of Conduct covers the following key areas:

- ethical behaviours;
- personal behaviour;
- business protocols;
- customer relations;
- communications protocols;
- use of departmental property;
- occupational health matters; and
- human resource matters.

The Code of Conduct applies to all our officers, including those contracted or seconded to the Department.

Our Code of Conduct was developed using a consultative approach and so there is a good level of awareness about it amongst staff. Like the Human Resource Standards it forms part of the induction process and it is available for viewing on our Intranet facility.

Compliance Review

In December 2000 the Office of the Public Sector Standards Commissioner undertook a compliance review of our Code of Conduct and our Human Resource Standards.

The Code was found to be both extensive and relevant to our business needs. However, the review highlighted that there was no formalised strategy to monitor and report on compliance.

Our Human Resource Standards were found to comply with the relevant public sector standards. Notwithstanding this, a couple of compliance risks were identified in the review, mainly in relation to performance management and temporary deployment.

The Review recommended that:

- responsibility for compliance with the Standards and ethical codes be allocated to a responsible officer in Treasury; and
- a system of self-assessment be implemented, including compliance checks on transactions and periodic audits.

Since the Review was conducted we have developed and implemented a comprehensive action plan to reduce the non-compliance risks identified in the Commissioner's Report.

Compliance Statement

In the administration of Treasury, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and our Code of Conduct.



J L Langoulant
UNDER TREASURER

Appendix H: Government Purchasing Charter

Under the State Supply Commission Act we are required to report on our progress in implementing the Government Purchasing Charter.

The Charter outlines a range of commitments from government to its suppliers and sets out a number of requirements to be met by Chief Executive Officers of government agencies.

We formalised our commitment to the Government's Purchasing Charter by issuing our own Purchasing Policy in 1999 - 00.

The Policy was updated in 2000-01 to accommodate the revised reporting requirements for the Government Contracting Information Bulletin Board and the Buy Local Policy announced in November 2000.

The Purchasing Policy provides a formal framework and reference point to assist our officers to undertake purchases in an appropriate and compliant manner.

All aspects of the procurement function are covered by the Policy, including detailed procedural and processing information, supported by a series of standard forms and pro-forma documents, through to the monitoring and reporting of our procurement activities.

The Policy closely follows the recommended procurement and contracting requirements promoted by the State Supply Commission

and the Department of Contract and Management Services. It has been adapted to meet our procurement activities and to take advantage of the administrative efficiencies of products and services offered through Common Use Contracts.

The main purpose of the Policy is to provide a comprehensive guide to Treasury officers, when entering into purchasing arrangements.

It outlines the need to test the market and to be in an informed position to make a value for money decision when committing departmental funds for the purchase of goods and services. Built into the Policy is a level of practical flexibility while at the same time it addresses the issues of risk management.

The Policy represents a management system through which we can fulfil our commitment to the Government's Purchasing Charter.

Appendix I: Office Directory

Corporate Executive

John Langoulant, Under Treasurer	Tel 9222 9202	Fax 9222 9206
Anne Nolan, Executive Director (Economic)	Tel 9222 9203	Fax 9222 9206
Colin Murphy, Executive Director (Finance)	Tel 9222 9223	Fax 9222 9206
Andrew Chuk, Executive Director (Agency Resources)	Tel 9222 9205	Fax 9222 9206
Alan Jackson, Director, Corporate Services	Tel 9222 9133	Fax 9222 9142

Asset Financing

Robert Mianich, Acting Assistant Under Treasurer	Tel 9222 2364	Fax 9222 9142
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Economic and Revenue Policy

Michael Barnes, Acting Director	Tel 9222 9161	Fax 9222 9820
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Intergovernmental Relations

Mark Altus, Director	Tel 9222 9156	Fax 9222 9820
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Structural Policy

David Morrison, Director	Tel 9222 9825	Fax 9222 9914
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Financial Operations

Doug Tyler, Acting Director	Tel 9222 9220	Fax 9222 9194
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Financial Policy

Graeme Doyle, Acting Director	Tel 9222 9136	Fax 9222 9342
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Fiscal Strategy

David Imber, Director	Tel 9222 9134	Fax 9222 9338
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Agency Resources Group 1

Timothy Marney, Director	Tel 9222 9363	Fax 9222 8748
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Agency Resources Group 2

Ray Illich, Director	Tel 9222 9221	Fax 9222 9331
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Agency Resources Group 3

Alex Porter, Acting Director	Tel 9222 9326	Fax 9222 9119
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