



Department of Treasury and Finance  
Government of Western Australia

“Our People really are our  
greatest strength.”

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greatest strength.”

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greatest strength.”



Annual Report 2006–07

## Statement of Compliance

For the year ended 30 June 2007

**THE HON E S RIPPER BA, DIP ED, MLA**  
**TREASURER OF WESTERN AUSTRALIA**

In accordance with section 61 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Department of Treasury and Finance for the financial year ended 30 June 2007.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006* and any other relevant written law.

**Timothy Marney**  
Under Treasurer

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# Overview

## Executive Summary

### Under Treasurer's Review

Business is certainly booming in Western Australia. In this surging economic climate all hands are on deck. It seems that everyone is working to their full capacity across the State, and the Department of Treasury and Finance was no exception.

2006-07 has been a challenging and rewarding year. We have been working hard to lead reform projects across a range of services and taxation regimes, taking over the shared services project, rewriting legislation, and planning for the future, so that Western Australia's growth potential continues to expand.

We have continued to provide an excellent standard of economic and financial advice to the Government and the public sector. During 2006-07 we have implemented changes to our forecasting processes, making our forecasts more reliable. We've also been working with other government agencies to provide annual financial reporting in a more timely way. We have kept up with a frenetic pace in demand for advice to Government and the collection of revenues.

Our people continue to demonstrate exceptional leadership, heading up the reform program in procurement and achieving outstanding results that significantly exceed our targets and literally translate into savings to Government and benefits for all Western Australians. We developed a new education and training framework, and we offer a Scholarship Program to actively encourage and support our people to gain accreditation, increasing knowledge and skill levels in all areas of government procurement. We're working hard on behalf of our community and the better skilled and productive our people, the better the outcomes for WA.

This is the same philosophy that guides the integration of the shared services project into our Department. We are taking a strategic approach to achieving the objectives of this project – focusing on excellent contract and project management, and developing and nurturing a happy and productive team – in order to deliver substantial benefits to stakeholders across the public sector.

“Our People really are our greatest strength.”



**TIMOTHY MARNEY**  
Under Treasurer

Attracting and retaining talented people is a challenging element of pursuing excellence, but in a market hungry for resources in many business sectors, our people really are our greatest asset. To attract innovation and excellence, we need to create an environment where it is fostered and celebrated. We are continuing to introduce and investigate strategies with this objective. During 2006-07 we formalised our flexible working policies; we introduced a formal awards program to recognise and reward exceptional performance in procurement; we are implementing a structured cultural change program; and, we have introduced a number of team building and professional development programs across the Department.

Our team is united by our shared values. Defining and sharing a strategic vision helps us to create a high performance culture, working together toward the common goal of a better future for all Western Australians. Our team has worked hard over the year to achieve remarkable success for a number of diverse and challenging areas, including:

- Clearing the way for the construction of the Fiona Stanley Hospital, part of the Health Reform program, scrutinising the planning process to ensure that appropriate frameworks and robust processes exist to deliver the best value for money investment in the community;
- Publishing a Green Paper (preliminary report for Parliamentary discussion) of a State infrastructure strategy to guide planning and delivery over the next 20 years;
- Rewriting the existing Stamp Act, an outdated 1921 statute and providing the Government with an exposure draft of the new legislation;
- Producing the First Annual Report on State Finances, replacing the *Government Financial Results Report*, the *Consolidated Financial Statements* and the *Treasurer's Annual Statements*;
- Publishing *Housing Stress in Western Australia*, where we looked at the impact of rapidly rising housing costs to the community; and,
- Delivering the *Final Report of the State Tax Review*, in the wake of which we have to weigh the advantages of tax relief and reform priorities against the need for funding of essential services and infrastructure projects.

Our environment is changing. Our goals are being extended. The expectations of our stakeholders, the way we manage our relationships, and even the way we see ourselves is changing.

It is only through the dedication of our people, their skill and hard work, that we are able to achieve our targets and goals. Despite a seemingly ever-increasing workload, as well as additional and expanding responsibilities, our people have done an outstanding job in delivering excellent outcomes to the Government and people of Western Australia over the past year. This is why I believe *our people really are our greatest strength*.



**Timothy Marney**  
Under Treasurer



Our vision is:  
Employer of Choice.  
Provider of Choice.

### What does it mean to be an employer of choice?

Being an employer of choice means simply that we want people to really want to work for us.

### What does it mean to be a provider of choice?

We provide economic and financial advice to the Western Australian Government. We also provide excellent procurement services, financial management and administration of State Revenue law.

To be a provider of choice means that we want our customers and stakeholders to feel satisfied that we are providing them with the highest level of quality and service. We want to be the best at what we do and we want them to seek out and be satisfied with our services.

The only way to become the best at what we do is to have the best people working for us. People who are the best providers of expert advice, the best people to deliver optimum financial outcomes, and people who most effectively manage our State procurement and finances.

### Our philosophy

Our philosophy is simple. Extraordinary people achieve extraordinary outcomes.

We believe that investing in our people is the first step to implementing our business strategies. We believe that skilled people who are happy in their employment achieve significantly greater benefits for themselves, their customers and the wider community.

This philosophy has been a guiding principle in all of our business objectives. Our ability to achieve these objectives depends entirely on the strength of our people.

*Our people really are our greatest strength!*

## Our Values

**We aim to provide quality economic and financial advice, financial management, fair and equitable revenue law administration, effective government procurement and shared services.**

At the Department of Treasury and Finance we strive for excellence in all our undertakings. We believe that the only path to excellence is through an ethical approach to all our relationships and business functions.

We believe that ethics are driven by values and that values are most apparent in culture. Culture is the foundation upon which an ethical business environment is created, and this is becoming increasingly apparent in all our actions and outcomes. As a basic principle of good governance we believe that investing in our people is a sound strategy for ethically achieving our business objectives and the Government's goals.

Our shared values were identified with the active involvement and agreement of our people.

We value:

- Our customers;
- Strong teamwork;
- Creativity and value adding; and
- Accountability.

## A Commitment to Sustainability

A triple bottom line approach is embedded firmly into our culture and is inherent in all our activities. This is driven by the values of our people and their commitment to achieving sustainable outcomes. Through our Sustainability Action Plan we are addressing the Sustainability Code of Practice for Government Agencies. However, we want to take our commitment a step further and make sustainability part of our day-to-day operations.

Our leaders actively support our commitment to the triple bottom line and our Sustainability Action Committee reports regularly to the Corporate Executive. Some of the key initiatives we have implemented during the year include:

- endorsement of the Green Transport Plan which promotes the usage and awareness of alternative means of travel that are more sustainable, healthy and environmentally friendly;
- organising a car-pooling register;
- improving change room, shower facilities and bicycle storage facilities in most of our tenancies;
- promoting Bike Week which was organised by the Department for Planning and Infrastructure;
- participating in TravelSmart Week that was hosted by Travel Smart WA;
- increasing the percentage of four cylinder vehicles in the fleet;
- incorporating travel smart options into the induction program for new staff; and
- incorporating sustainability principles into our procurement policies and procedures and ensuring staff awareness.

With the lease of additional office space in Governor Stirling Tower, the existing light fittings are being replaced with low voltage energy efficient lighting as well as the installation of energy efficient equipment with the purchase of a multi-functional device photocopier, printer, scanner and facsimile.

Additionally, we have introduced video conferencing facilities with the aim of reducing the need for staff travel for interstate/intrastate meetings and conferences.



## Operational Structure

### Enabling Legislation

The Department of Treasury and Finance was established as a department under the *Public Sector Management Act 1994*, on 1 July 2001.

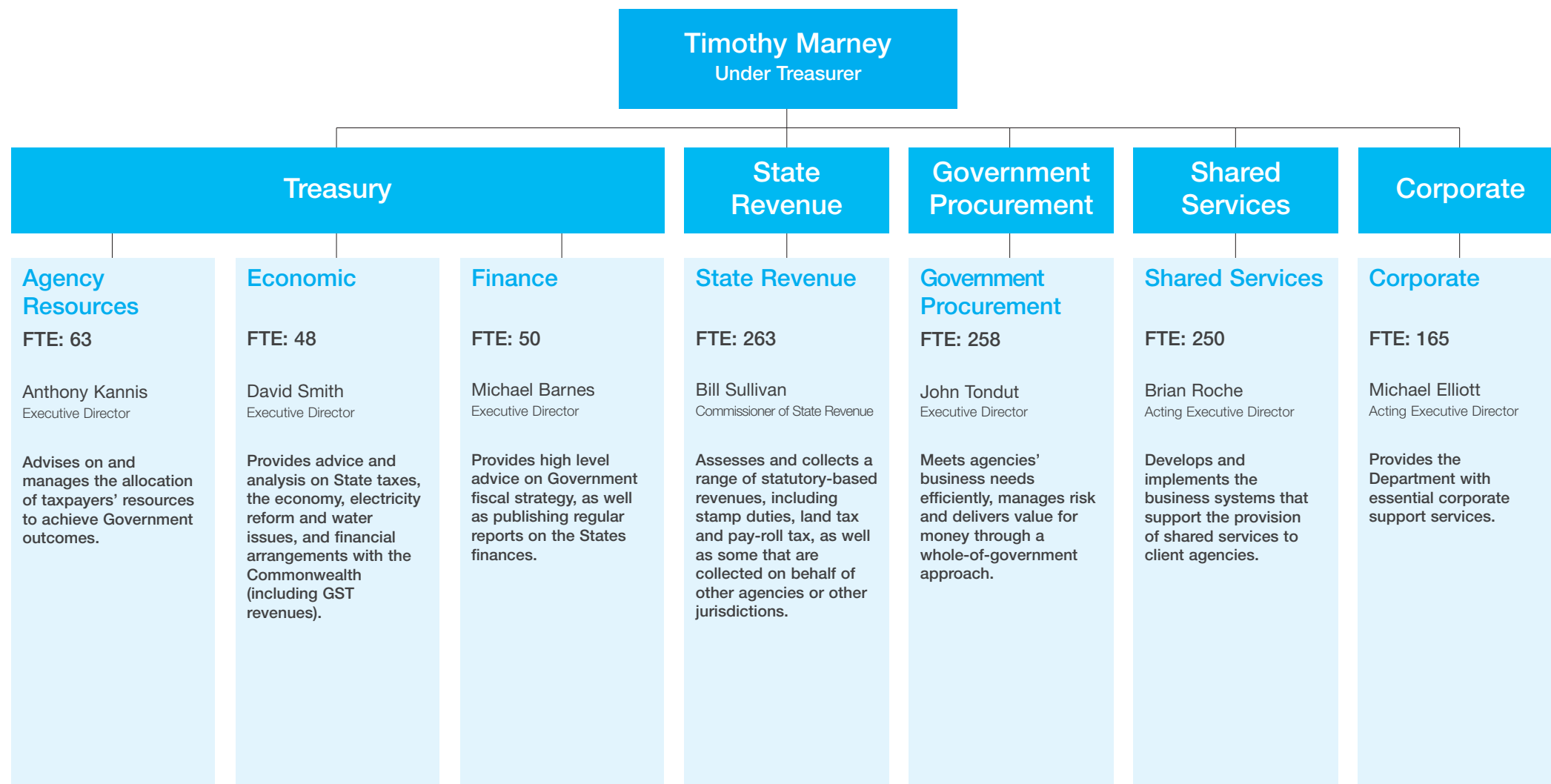
The enabling legislation that governs the Department's operations includes:

- the *Public Sector Management Act 1994* for our general administration;
- the *Constitution Act 1889* and the *Constitution Acts Amendment Act 1899* provide the framework under which we operate;
- the *Government Financial Responsibility Act 2000* places reporting obligations on the Department in respect to the State's finances;
- the *Financial Management Act 2006*, and associated Treasurer's Instructions, provides the powers for our officers to operate in government finance, control and accountability matters; and
- the *State Supply Commission Act 1991* through a delegation to the Under Treasurer provides the power to establish and manage contacts.

### Responsible Minister

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

## Organisational structure



## Our Leaders



**Timothy Marney, B Econ (Hons)**  
Under Treasurer

Timothy Marney was appointed as Under Treasurer for the State of Western Australia in June 2005. Prior to his appointment as Under Treasurer, Tim held a number of senior positions across the Department, where he provided economic policy advice and forecasting, delivered organisational administration and development solutions, and made considerable contributions to financial strategy, budgeting and capital works planning. In addition to his responsibilities as Under Treasurer, Tim is also the Chair of the Western Australian Treasury Corporation Board and a member of the State Supply Commission Board.



**Anthony Kannis, B.Bus**  
Executive Director  
Treasury – Agency Resources

Anthony joined the public sector in 1979 and until 1996 worked in a number of central agencies with responsibility for asset and capital planning. He joined the Western Australian Treasury in January 1996 as Principal Evaluation Officer in the Capital Evaluation Unit. Since then he has held senior positions in the Agency Resources Business Unit and was appointed as Executive Director, Agency Resources in November 2005.



**David Smith, B Econ (Hons)**  
Executive Director  
Treasury – Economic

David has been with the Western Australian Treasury for ten years in a number of senior roles, including a period in 2001-02 in the Deputy Premier's office. In his current role, David heads a team providing advice on the state and structure of the WA economy, various aspects of economic reform and State revenues, including financial arrangements with the Commonwealth. Prior to moving to Perth, David had a long career within the Australian Government public service, including the Department of the Prime Minister and Cabinet and the Department of Foreign Affairs and Trade.



**Michael Barnes, B.Bus (Hons)**  
Executive Director  
Treasury – Finance

Michael joined the Western Australian Treasury (as it was then called) in 1997. During this time, his main areas of responsibility have been revenue policy, fiscal strategy and whole-of-government financial reporting. Michael was appointed to the position of Executive Director, Finance in February 2007. Before joining the Department, Michael worked in the Commonwealth Treasury, where he commenced his career as a graduate in 1992. Michael is also Deputy Chairperson of the Western Australian Treasury Corporation.

## Our Leaders



**Bill Sullivan, B Ec (Hons), M Ec, Grad. Dip. in Taxation Studies, Dip. in Financial Markets**  
Commissioner of  
State Revenue

Bill is the Western Australian Commissioner of State Revenue. He has over 15 years experience in tax administration and spent over seven years prior to this appointment in various policy areas of the Western Australian State Treasury. Bill has been Commissioner since February 2002.



**John Tondut, BE (Hons), MBA**  
Executive Director  
Government Procurement

Initially trained as an Engineer, John has held senior management positions in several procurement related agencies across the State public sector. For the past five years he has had a key leadership role in the Government's Procurement Reform program. John chairs the Australian Procurement and Construction Council's Leadership Group and is a member of the Chartered Institute of Purchasing and Supply (Australia) Steering Group – the procurement professional body.



**Brian Roche, B.Bus, M.Mgmt**  
A/Executive Director  
Shared Services

Before taking up this current role, Brian was the Acting Executive Director, Shared Services Program Office for four months. He has also headed up corporate services for the Department of Treasury and Finance and the Department of Consumer and Employment Protection. Brian is fully committed to supporting and working with the team at the Office of Shared Services and client agencies to complete this exciting project and seeing the shared service centre become fully operational.



**Michael Elliott B.Sc**  
A/Executive Director  
Corporate

Michael joined the Department in 2002. Since joining, his main areas of responsibility have been organisational development, leadership and management development and human resource management. Michael has acted in the position of Executive Director, Corporate since December 2006. Previously Michael worked as a management consultant and prior to that worked for the Department of Agriculture.

## Our People

### At a Glance

	2006-07	2005-06
Full time permanent	873*	694
Full time contract	151	127
Part time (measured on a FTE basis)	46	58
On secondment – in	27	15
On secondment – out	70	40

\* The increase in full time employees is mainly due to the transfer of the Office of Shared Services from the Department of Premier and Cabinet

### Celebrating our Differences

#### Equal opportunity and cultural diversity in the workplace

	Equity Index	% Actual Representation (as at 30-06-07)	2007 Objective (set by DTF)	% Above/ below objective
Women	70	9.5	11.0%	-1.5
People from culturally diverse backgrounds	108	5.6	12.7%	-7.1
Indigenous Australians	-	0.8	0.7%	0.1
People with disabilities	68	1.4	3.0%	-1.6

As an employer, along with other public sector agencies we are facing unique challenges in attracting and rewarding the excellence of our people. As we are often unable to match the private sector in financial incentives, we must remain innovative and vigilant in developing attractive recruitment and retention strategies. In an environment that has traditionally been dominated by a single broad demographic group, an evolving culture of diversity is clearly emerging. Although our changes are still relatively embryonic, we have certainly made considerable progress this year.

Although we are a little disappointed in our relative performance against the diversity targets we set ourselves for 2006-07, we are proud of the innovative programs that we have developed and implemented to meet our targets in the medium to long term. And we don't just talk about it – we actively set targets to really stretch ourselves and strive for.

We are very proud to have the beginning of meaningful engagement of Indigenous Western Australians as part of our team. It's a start!

A comprehensive and ongoing program of teambuilding and professional development opportunities assists us to create a culture that reduces attrition and the loss of experience and knowledge that occurs when we lose valuable people. By investing in our people we are nurturing our most valuable asset, ensuring that our workforce is becoming increasingly knowledgeable and professional. We are committed to building on this knowledge network with outcomes that indirectly benefit all Western Australians.

## Attracting Excellence

Strategies to attract diverse and talented people

### Vacation Employment Program

The Vacation Employment Program is a paid and structured work experience placement scheme that exposes university students to a work or discipline area that is relevant to their course of study. The 12 week Program combines planned personal and professional development activities using a variety of learning strategies, such as structured training and workshop sessions, the completion of a defined project, on-the-job-training, and specific networking opportunities. We offered 17 Vacation Employment placements in 2007.

### Indigenous Trainee Program

We have initiated an Indigenous employment program and have employed three indigenous people who are completing a traineeship. Our Indigenous Traineeship Program will be expanded, with up to five additional Indigenous employees in 2008.

We are also targeting indigenous people in the advertising strategy for the Graduate Program 2008.

### Graduate Program

We have introduced a comprehensive Graduate Employment Program to attract the highest calibre university graduates to our organisation. The Graduate Program had an intake of 24 graduates in 2007. We place considerable emphasis on developing our graduates once they have commenced working for us. We provide on-the-job training, offering insight into the workings of the Department, enabling them to make valuable contributions to our business and facilitating the transition from graduates to well developed professionals.

“Our People really are our greatest strength.”



## Developing our Resources

**Strategies to develop the skills and knowledge of our existing talent**

### Education and Training

We are committed to the ongoing personal and professional development of our people. We actively encourage our people to attend training and undertake education to further their knowledge and skills and ultimately deliver a better outcome for the Government and people of Western Australia.

All our employees attend a comprehensive induction program on commencement, which covers details about the structure and policies of the Department, working conditions, document and records management, employee benefits and their obligations as Western Australian public servants.

We have developed an extensive training calendar outlining internal and external training courses that are available to our people, and we incorporate training as a Key Performance Indicator into our Individual Performance Planning functions. In addition to work-related induction and on-the-job training opportunities, we set aside a training allocation for each staff member. This allocation may be used for personal or professional development (subject to an assessment and approval process).

### Under Treasurer's Educational Development Program

The Under Treasurer's Educational Development Program (UTE DP) provides staff access to two educational scholarship streams. There is a 'general' stream that applies to a wide range of staff development opportunities. There is also a 'strategic procurement' stream as an initiative within the Government's Procurement Reform Program. There were 32 people studying with assistance from the UTE DP in 2006-07 in the general stream. Some of the courses being studied include MBAs, Bachelor of Commerce, Masters in Leadership, Masters of Economics, Masters of Accounting, and Bachelor of Laws. In procurement studies, an additional 24 applicants were granted placements in 2006-07, bringing the total staff awarded in the procurement stream to 67.

### Mentorship Program

The aim of the Mentoring Program is to further personal and professional development opportunities, build relationships, promote diversity and to support our cultural development and transition process. Our program encourages our senior people to actively support the personal and professional development of colleagues outside the normal manager/direct report relationship. A mentor should challenge protégé assumptions, explore new ways of thinking and where possible, open up new career horizons. In 2007, we had 16 mentors and the same number of protégés in our Mentorship Program. Feedback has been extremely positive with both mentors and protégés stating that the program has delivered benefits that exceeded their expectations.

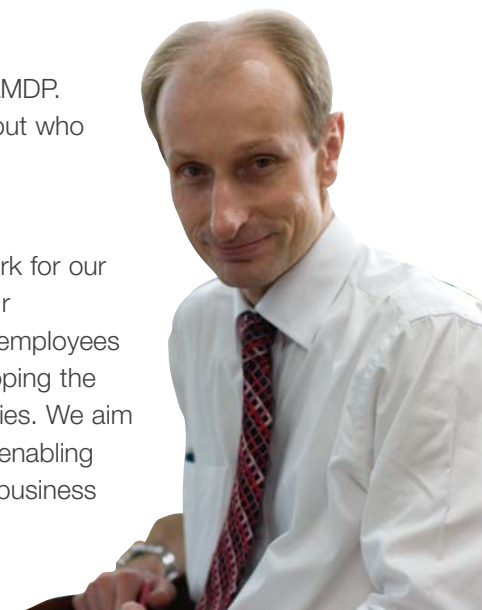
### Leadership Management and Development Program

The Leadership Management and Development Program (LMDP) is based on seven core leadership and management principles identified by our people. Although the program has gone through some evolutionary improvements since inception it remains true to these principles. The emphasis throughout the course is on participation, having fun, active learning and the translation of learning back to the work place.

All staff who are responsible for conducting Individual Performance Plans are required to participate in the LMDP. Staff not currently in a supervisory or leadership role but who aspire to leadership roles can also be nominated.

### Career Development System

Our Career Development System provides a framework for our people to consider their career goals and plan for their professional development needs. Under this system, employees receive guidance and training to assist them in developing the competencies required for future roles and opportunities. We aim to effectively facilitate succession and skills planning, enabling individuals to grow and develop cohesively with their business unit and our entire organisation.





## Nurturing our Talent

Strategies to create a wholesome environment, empowering our people to achieve a healthy work/life balance

### Flexible Working Arrangements

Flexible work arrangements offer an opportunity for both the Department and our people to benefit. For our people, it means that lifestyles and personal situations are not an obstacle to enjoying a rewarding career. For us, it provides the opportunity to attract and retain staff whose skills ensure that our team continues to play a leading role in the economic development and well-being of Western Australia.

There is a range of flexible work arrangements available. However, one size does not fit all. The key to successful flexible work arrangements is communication, collaboration and a focus on delivering outcomes that benefit all stakeholders. Depending on their employment circumstances, some of the flexible work arrangements that may be available to our people include:

- Flexi-time and flexi-leave;
- Part-time work opportunities;
- Opportunities to purchase additional leave;
- Working from home arrangements; and,
- A deferred salary scheme.

### Wellness Program

We care about the health and wellbeing of our people. Our Wellness Program is designed to provide education and support to our people and to assist them in maintaining healthy lifestyles, encouraging them to deal effectively with the stresses of everyday work and life problems. The program is voluntary and available to all employees.

Some of the initiatives of our Wellness Program in 2006-07 include workshops, information sessions, on-site health assessments and exercise sessions. These are often subsidised and are conducted by external providers usually on our own premises. Some of the specific initiatives we offer are:

- Eyesight testing;
- Health assessments (such as cholesterol testing, blood pressure testing, fitness);
- Quit smoking campaigns;
- Physical fitness classes and activities;
- Immunisation for influenza;
- Health information workshops (diet, nutrition, back care, parenting, alcohol); and
- Stress management and relaxation workshops and sessions.

### Employee Assistance Program

We recognise that from time-to-time staff may find themselves in a situation, either at work or at home, which is particularly difficult to deal with or stressful, and that, in those circumstances, they may benefit from professional counselling. Confidential professional counselling from an independent and qualified provider is available to all our staff and their immediate family members free of charge.





## Celebrating our success

Strategies to reward, recognise and encourage high performing individuals and teams

### Delivering Excellence in Public Service Awards

In April 2007 our Under Treasurer introduced the inaugural internal award scheme – our Delivering Excellence in Public Service Awards.

This scheme recognises outstanding public service above and beyond the call of duty. The three recipients of this prestigious internal award in 2007 were:

- Roni Juranovich – for her exceptional commitment in arranging (and inspiring) blood donation;
- Craig Jenkins – for his sustained commitment to arranging (and inspiring) the casual dress for a cause fund raising at the end of each month; and,
- Mark Altus – in recognition of his outstanding national leadership in developing Commonwealth and State intergovernmental relationships.

### Premier's Awards 2006

We demonstrate our pride in our people by actively participating in suitable external reward and recognition programs such as the highly competitive and prestigious WA Premier's Awards. Participating in external award programs presents the opportunity for wider recognition for the excellent contribution and achievements of our people.

In November 2006 our Revenue Online team was short-listed. Our 'Greening the WA Government's Vehicle Fleet' submission was a finalist in the lifestyle and environment category, and our 'Get the People Right and Procurement Delivers' submission was successful in the category of Governance and Public Sector Improvement, where we received a high commendation for Excellence in Public Sector Management.

### Prime Minister's Awards for Excellence in Public Sector Management 2006

We were awarded a high commendation in the 2006 Institute of Public Administration Australia Prime Minister's Awards for Excellence in Public Sector Management. These awards provide recognition for public sector work groups, units and teams across all three levels of public administration in Australia. Our submission entitled 'Get the People Right and Procurement Delivers', outlined our initiatives to achieve better procurement outcomes across the public sector. Along with 14 other nominations, our submission was subject to a rigorous assessment and judging process based on the Australian Business Excellence Framework.

### Treasurer's Innovation in Procurement Awards

Excellence in procurement was again formally recognised in November 2006 at the inaugural Innovation in Procurement Treasurer's Awards. This Awards program was an initiative of our Department and acknowledges the importance of procurement in delivering outcomes for all Western Australians by recognising the outstanding performance of many agencies and individuals across the WA public sector. These awards present the opportunity to promote best practice procurement as a role model for all WA government agencies.

Rob Tagliaferri from the Department's Goldfields/Esperance Regional Buying Centre was dependently judged as the winner of the Outstanding Procurement Practitioner award for his outstanding contribution to procurement in regional WA.



## Having fun at work

Strategies to share common values and promote teamwork in the workplace

### Team Building Programs

To foster leadership development within the Department, a series of group team building activities are held within each business unit either annually or biannually. There are several aims of these activities including building and developing teams, promoting and sharing our corporate vision and values, and aligning individual development with cultural direction. These activities provide an excellent foundation for future leadership development. Feedback from these activities in 2006-07 has been exceptionally positive and the benefits evident through closer business relationships and a greater emphasis on teamwork.

### Social Club

Social Club membership is voluntary and open to all staff, including their family and friends, as well as Associate Memberships to people from other government agencies. Our Social Club aims to provide opportunities for our people to have fun through the services and organised functions on offer to members. Some of the Social Club offerings for 2006-07 included:

- Discounted tickets to events such as movies, concerts and plays;
- Quiz nights and social outings;
- Family weekends and staff morning teas; and,
- Christmas, end of financial year and Christmas in July functions and celebrations.



### Supporting Charities

During the year we supported a number of charitable causes and fundraising events. The most notable of these are our monthly 'casual for a cause' days. Some of the charities we raised money for throughout the year include: RPH Medical Research Foundation; Heart Foundation (WA); Parkinsons Disease; CANTeen "National Bandanna Day"; Cerebral Palsy; Salvos Xmas Appeal; Leukaemia Foundation; RSPCA (WA); Radio Lollipop; Make-A-Wish Foundation; Muscular Dystrophy WA; and Breast Cancer Foundation WA.

During 2006-07 our staff raised \$7,600.

## Administered Legislation

The following is a list of the Acts of Parliament, which are the responsibility of the Treasurer and were administered by the Department during 2006-07.

### ***Advance Bank (Merger with St George Bank) Act 1998***

To facilitate the merger of Advance Bank with St George Bank

### ***Advance Bank (Merger with St George Bank) (Taxing) Act 1998***

To make provision for the payment of an amount to the Treasurer (following the merger of Advance Bank with St George Bank).

### ***Anzac Day Act 1960***

Recognises Anzac Day as a public holiday and establishes the Anzac Day Trust Fund

### ***Australia and New Zealand Banking Corp Limited (Town & Country) Act 1995***

To facilitate the merger of the Australia and New Zealand Banking Group and Town & Country Bank. The Act provides for the transfer to the Australia and New Zealand Banking Group of the banking Business of Town & Country Bank

### ***Appropriation (Consolidated Account) Acts (Nos 1 and 2)***

Annual acts authorising the Government to disburse funds from the Consolidated Account and appropriate payments made under the authority of the Treasurer's Advance Authorisation Act.

### ***Bank Mergers Act 1997***

To allow provisions to be made for, or with respect to, mergers of banks by regulation and/or an order.

### ***Bank Mergers (Taxing) Act 1997***

To make provision for the payment of an amount instead of State taxes and charges, in relation to a merger provided for under the *Bank Mergers Act 1997*.

### ***Debits Tax Act 2002***

To impose a tax for certain debits made to accounts kept with financial institutions.

### ***Debits Tax Assessment Act 2002***

To provide for the collection and administration of debits tax imposed on financial institutions.

### ***Economic Regulation Authority Act 2003***

To provide for the establishment of the Economic Regulation Authority and its functions and powers.

### ***Financial Administration and Audit Act 1985 (repealed from 1 February 2007)***

To provide for the administration and audit 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 Management Act 2006***

To provide for the management, administration and reporting of the public finances of the State, and for related purposes.

***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).

***First Home Owner Grant Act 2000***

To encourage and assist home ownership by providing grants to first homeowners.

***Government Financial Responsibility Act 2000***

To establish a framework for government financial planning and reporting designed to enhance transparency and accountability in State financial policy, performance and 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.

***Land Tax Act 2002***

To impose a land tax in respect of certain land.

***Land Tax Assessment Act 2002***

To provide for the collection and administration of land tax.

***Northern Mining Corporation (Acquisition) Act 1983***

To enable the State of Western Australia to deal with the share capital of Northern Mining Corporation NL and to make advances to, and guarantee any financial obligations of the company.

***Pay-roll Tax Act 2002***

To impose a tax in respect of certain wages paid by employers.

***Pay-roll Tax Assessment Act 2002***

To provide for the collection and administration of pay-roll tax.

***Railways (Access) Act 1998***

To promote competition in the operation of rail services through the establishment of a rail access regime, promoting the efficient use of and investment in railway facilities.

***Rates and Charges (Rebates and Deferments) Act 1992***

To provide relief to pensioners and seniors for local government and water charges by enabling authorities to allow rebates and deferment of payments for such charges.

***State Bank of South Australia (Transfer of Undertaking) Act 1994***

To provide for the transfer of the undertaking of the State Bank of South Australia to the Bank of South Australia Limited.

***Stamp Act 1921***

To impose stamp duties in respect of certain instruments and transactions and to provide for the collection and administration of stamp duties.

***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 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 and statutory authorities to engage in certain revenue generating activities.

***Taxation Administration Act 2003***

To enhance the administration and enforcement of legislation dealing with State taxation by providing a single set of consistent rules applicable to all taxes collected by the State.



### ***Treasurer's Advance Authorisation Act 2006***

An Act which authorises 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.

### ***Unclaimed Money (Superannuation and RSA Providers) Act 2003***

To enable unclaimed money held by certain superannuation and retirement savings account providers to be paid to the Treasurer, to provide for a register of such unclaimed money, and for related purposes.

### ***WADC and WA Exim Corporation Repeal Act 1998***

To provide for the cessation of business of Western Australia Development Corporation and Western Australian Exim Corporation.

### ***WAGH Financial Obligations Act 1990***

To appropriate an amount from the General Loan and Capital Works Fund in relation to Western Australian Government Holdings Limited.

## **Other Key Legislation impacting on the Department's Activities**

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

- *Auditor General Act 2006*;
- *Contaminated Sites Act 2003*;
- *Disability Services Act 1993*;
- *Equal Opportunity Act 1984*;
- *Financial Management Act 2006*;
- *Freedom of Information Act 1992*;
- *Industrial Relations Act 1979*;
- *Minimum Conditions of Employment Act 1993*;
- *Occupational Safety and Health Act 1984*;
- *Public Sector Management Act 1994*;
- *Salaries and Allowances Act 1975*;
- *State Records Act 2000*; and
- *State Supply Commission Act 1991*.

The Department collected taxes, duties and fees, and paid subsidies and rebates on behalf of other departments during 2006-07, in accordance with the legislation listed below.

### ***Agriculture and Related Resources Protection Act 1976***

To provide for the management, control and prevention of certain plants, animals and diseases, and to protect primary and related industries.

### ***Cattle Industry Compensation Act 1965***

To enable the payment of compensation to owners of cattle and carcasses of cattle in certain circumstances.

### ***Emergency Services Levy Act 2002***

To impose the emergency services levy determined under the Fire and Emergency Services Authority of Western Australia Act 1998.

### ***Indian Ocean Territories (Administration of Laws) Act 1992***

To enable State authorities (including the courts) to provide services and operate in respect of, and exercise jurisdiction in relation to Christmas Island and the Cocos (Keeling) Islands.

### ***Metropolitan Region Improvement Tax Act 1959***

To impose a tax in respect of certain land located within the metropolitan region.

### ***Perth Parking Management Act 1999***

To provide for the management of parking in certain parts of Perth metropolitan area and the collection and administration of licence fees levied on such parking.

### ***Perth Parking Management (Taxing) Act 1999***

To impose licence fees in respect of certain parking bays within the Perth Metropolitan area.

***Racing and Wagering Western Australia Act 2003***

To provide for the operation of a betting service on totalisators through Racing and Wagering Western Australia.

***Racing and Wagering Western Australia Tax Act 2003***

To impose a tax on money paid in respect of bets made through or with Racing and Wagering Western Australia.

The Department was also responsible for the collection of taxes, duties and fees and the payment of rebates in accordance with the following legislation:

- Commonwealth Places (Mirror Taxes Administration) Act 1999;
- Commonwealth Places (Mirror Taxes Administration) Regulations 2002;
- Commonwealth Places (Mirror Taxes Administration) Regulations 2007;
- Commonwealth Places (Mirror Taxes) Act 1998;
- Commonwealth Places (Mirror Taxes) (Modification of Applied Laws (WA)) Notice 2002; and
- Commonwealth Places (Mirror Taxes) (Modification of Applied Laws (WA)) Notice 2007.

## Performance Management Framework

### Outcome Based Management Framework

**Mission:** To provide quality economic and financial advice, financial management, fair and equitable revenue laws administration and effective government procurement.

**Government Goal:** Creating conditions that foster a strong economy delivering more jobs, opportunities and greater wealth for all Western Australians.

Desired outcomes	Effectiveness Indicators	Services Provided	Efficiency Indicators
Sustainable and transparent public sector finances.	<ul style="list-style-type: none"> <li>Maintenance of the State's credit rating.<sup>1</sup></li> <li>Fiscal transparency ranking.<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>Financial management.</li> <li>Reporting of public sector finances.</li> </ul>	<ul style="list-style-type: none"> <li>Cost of financial management per \$m general government sector expenses.</li> <li>Percentage of financial reports released as per agreed time frames.<sup>3</sup></li> </ul>
A strong and competitive State economy.	<ul style="list-style-type: none"> <li>State's tax competitiveness.<sup>4</sup></li> <li>Five year average Gross State Product growth compared with average of other States.</li> </ul>	<ul style="list-style-type: none"> <li>Development of economic and revenue policies.</li> </ul>	<ul style="list-style-type: none"> <li>Accuracy of key economic and general government revenue forecasts.<sup>5</sup></li> <li>Percentage of briefing requests and other Ministerials responded to within agreed time frames.</li> </ul>
Financial resources are allocated consistent with the Government's priorities.	<ul style="list-style-type: none"> <li>Percentage of the Department's resource allocation recommendations accepted by the Expenditure Review Committee.</li> <li>Share of general government expenses allocated to priority areas.<sup>6</sup></li> </ul>	<ul style="list-style-type: none"> <li>Management of the State Budget's expenditure aspects.</li> </ul>	<ul style="list-style-type: none"> <li>Cost of expenditure budget management per \$m general government sector expenses.</li> <li>Percentage of briefing requests and other Ministerials responded to within agreed time frames.</li> </ul>
Due and payable revenue is collected and eligible grants, subsidies and rebates paid.	<ul style="list-style-type: none"> <li>Extent to which due revenue is collected on time.</li> <li>Extent to which correct grants, subsidies and rebates are claimed.</li> </ul>	<ul style="list-style-type: none"> <li>Revenue assessment and collection.</li> <li>Grants and subsidies administration.</li> </ul>	<ul style="list-style-type: none"> <li>Average cost per land item assessed.</li> <li>Average cost per stamp duty return issued.</li> <li>Average cost per pay-roll tax return issued.</li> <li>Average cost per instrument assessed.</li> <li>Average cost per application/claim processed.</li> </ul>

Desired outcomes	Effectiveness Indicators	Services Provided	Efficiency Indicators
Value for money from public sector procurement.	<ul style="list-style-type: none"> <li>• Extent to which client agencies agree that their contract arrangements achieved value for money.</li> <li>• Extent to which client agencies agree that common use contract arrangements achieved value for money.</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate the development and management of agency specific contracts.</li> <li>• Development, management and promotion of whole of government common use contract arrangements and systems.</li> </ul>	<ul style="list-style-type: none"> <li>• Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value.</li> <li>• Client satisfaction with the timeliness of agency specific contract development.</li> <li>• Cost of developing, managing and promoting whole of government common use contract arrangements and systems as a percentage of the total annual value of purchases through the arrangements.</li> <li>• Percentage of retendered/redesigned common use arrangements developed and awarded prior to the expiry of the previous arrangement.</li> </ul>
Quality, value for money corporate services within a whole-of-government shared services framework.	<ul style="list-style-type: none"> <li>• Progress with the reform of the Western Australian public sector for shared corporate services by achievement of the following milestones: <ul style="list-style-type: none"> <li>– First agencies go live.</li> <li>– Number of agencies rolling in by financial quarter.</li> </ul> </li> <li>• Percentage of services provided within established time frames.</li> <li>• Accuracy rate of services provided.</li> <li>• Average resolution rate of enquiries.</li> </ul>	<ul style="list-style-type: none"> <li>• Project management, coordination and implementation of the whole of government shared corporate services reform.</li> <li>• Provision of financial and human resources services.</li> </ul>	<ul style="list-style-type: none"> <li>• Progress with the reform of the Western Australian public sector for shared corporate services within budget: delivery of project within budgeted target.</li> <li>• Average cost per Financial Services.</li> <li>• Average cost of Human Resource Service.</li> </ul>

1. WA's credit rating is currently assessed by Standard and Poors and by Moody's. 2. The State's fiscal transparency ranking is assessed by Access Economics and published in the report 'State and Territory Budget Monitor'. 3. Agreed time frames for release of whole of government financial reports: Annual Report on State Finances – 90 days after the end of the financial year (legislative deadline as from 2005-06); Quarterly Financial Results Report – 60 days after the end of the quarter (legislative deadline as from Dec qtr 2005); Mid-Year Review – 31 December (legislative deadline); Pre-Election Financial Projections Statement – 10 days after Legislative Assembly dissolved/expired (legislative deadline); Monthly reports – 6 weeks from the end of the month (non-legislative internal goal, agreed with the Treasurer). 4. The State's tax competitiveness is assessed by maintaining WA's taxation revenue as a % of GSP below the weighted average of the other States. 5. DTF is accountable for the accuracy of its published forecasts (within acceptable parameters and subject to recognition of external influences). This efficiency indicator shows the accuracy of forecasts (for a given cost) by disclosing the extent to which variations between budget forecasts and actual results are within acceptable limits. The economic parameters and actual revenues on which this efficiency indicator is based are reported in Budget Paper No. 3, Chapter 2 sub heading 'Statement of Risks' and Chapter 4 'Financial Projections – Revenue'.

6. The Government's current priority areas include: health, education, law order and public safety.



## Changes to Outcome Based Management Framework

We carried out a review of our Outcome Based Management structure to improve the relevance and usefulness of our performance information.

As a result, amendments were approved in order to:

- clarify the Government desired outcomes to which we contribute;
- identify more relevant and useful key performance indicators;
- encourage consistency between the internal and external performance indicators;
- enable better working between the Department's strategic planning and resourcing frameworks; and
- enable us to move away from a regime that required a level of resources in the measurement that was out of proportion to the value of the indicators being produced.

Our new Outcome Based Management structure took effect from 1 July 2006.

## Shared Responsibilities with other agencies

The implementation of shared corporate services across the public sector is a complex whole-of-government initiative aimed at delivering significant cost efficiencies and enhanced service capability. The project involves a significant investment in new technology and systems design. It will result in a shift in the employment arrangements of hundreds of public servants, and provide major structural changes to corporate services delivery across the sector.

Shared Services will deliver finance, human resource and payroll services to client agencies. At present the focus is on finalising a new integrated project master plan, which will also include a revised roll-in schedule for client agencies. Shared Services established dedicated roll-in teams who work in collaboration with client agencies to ensure a smooth transition to shared service arrangements.

## Agency Performance – Report on Operations

### Financial Targets: Actual performance compared to budget targets

The Office of Native Title (ONT), which was a Departmental business unit, became a separate entity on July 1, 2006. The Department transferred the assets, liability and equity entitlements to this newly created sub department. Net asset transferred totalled \$32.3 million.

On 1 January 2007, Shared Services became a business unit of the Department. This major change resulted in the transfer of net assets totalling \$51.3 million

### Net Cost of Services

The net cost of services for 2006-07 was \$120.6 million compared with \$89 million in 2005-06. The merger with Shared Services provides the main explanation for the significant increase in net cost of services totalling \$21 million. Government Procurement experienced growth with its Client Procurement Services business (Health Procurement Cluster), with the balance attributable to reduced revenue from the procurement business.

The Department's expense limit for 2006-07 was \$131.2 million (after adjustments for the first six months activities for the former Office of Shared Services), with our actual cost of service totalling \$130.6 million. This result provided us with an actual underspend for the period of \$0.6 million.

### Financial Position

The Department's net asset position as at 30 June 2007 was \$93.5 million, as compared to the 2005-06 result of \$63.7 million. This increase was mainly due to the net impact of the Shared Services merger (\$51.3 million addition) and the creation of the sub department of the ONT (\$32.3 million outlay).

During the financial period, the Department of Treasury and Finance transferred \$4 million to the Consolidated Fund from cash balances.

## Treasury: Agency Resources

We advise on, and manage the allocation of taxpayers' resources to achieve the Government's outcomes.

To do this, we undertake a number of specific tasks. For example, we identify for Government the appropriate costs of services, advise Government on equitable budget settings for agencies (consistent with the Government's agenda) and monitor and manage agencies' progress in relation to their budgets and delivery of outcomes.

Our other tasks include strategic and operational advice to Government on resourcing, infrastructure, and performances issues within the public sector.

The outcome we seek is that financial resources are allocated consistent with the Government's priorities. We have two key effectiveness indicators relating to this outcome: percentage of the Department's resource allocation recommendations accepted by the Expenditure Review Committee (ERC); and share of general government expenses allocated to priority areas.

During 2006-07, both of these effectiveness indicators were met.

### Budget Management

We manage the budget and planning process for future budgets. Throughout the year, we supported the ERC, a standing committee of Cabinet, with detailed background, analysis and recommendations on strategic and operational issues. Furthermore, in relation to the 2007-08 Budget process, we implemented a revised two step process, starting with the consideration of cost and demand pressures, followed by the 'top-down' consideration of new initiatives and priorities as specified by the Government.

### Department of Health – Reform Agenda

We have a broad role in facilitating this reform agenda over the next ten to 15 years, including monitoring its progress, making sure all the appropriate frameworks are in place, and providing advice to Government and stakeholders on significant issues and risks. The Under Treasurer is a member of the Health Reform Implementation Steering Committee, which meets several times a year to discuss the progress of health reform in Western Australia.

We assess capital infrastructure business cases, monitor the potential benefits and efficiencies, and undertake comparisons with other states to learn from their successes and identified areas for improvement.



**ANTHONY KANNIS**  
Executive Director

## Fiona Stanley Hospital project

The Government has approved \$1.09 billion for the new Fiona Stanley Hospital at Murdoch, one of the largest and most complex building projects undertaken by the State in recent years. It will become the major tertiary hospital to service the south of Perth and is a big part of the State's health reform agenda.

The project is now in the planning stages, and we have subjected it to close scrutiny, given its size and complexity. The Under Treasurer is a member of the Fiona Stanley Hospital Project Steering Committee. Several Treasury staff are included in project working groups. We need to ensure that appropriate frameworks and robust processes are in place for the project to deliver improved clinical practice, appropriate design and reform efficiencies.

## Justice Reform Implementation

We have also been very active on the Justice Reform Implementation Committee, established to oversee and monitor the implementation of recommendations of the *Inquiry into the Performance of the Department of Justice with regard to the Management of Offenders in Custody and in the Community*. Our work has resulted in appropriate reporting relationships and structures being established, as well as making sure that quality feedback on the progress of reforms was available to the Government.

Our involvement led to the setting up of the Cabinet Standing Committee on Law and Order, which is focused on a strategic across-government approach on justice

issues. We will continue to maintain a key driving role in the reform process.

## Improving Indigenous Outcomes

We invested significant time during the year so that we could have a better understanding of Indigenous issues, disadvantages and policy formulation. We looked at experiences in other jurisdictions and at the current situation in Western Australian. Our research and evaluation will continue to underpin our policy advice to the Government, other agencies and our Commonwealth counterparts. As a consequence, we developed options for a future accountability and governance framework. We also provided substantial input into the functional review of the Department of Indigenous Affairs.

## Strategic Review of the Capital Works Program

While the State enjoys strong economic growth, this has created unprecedented demand for infrastructure. As a result there are significant cost pressures and delays in delivering projects across both the private and public sectors.

We undertook a strategic review of the Capital Works Program to ensure that the focus of the Program is on delivering key items of infrastructure to support sustainable economic growth and a growing population. The review delivered \$565 million of additional capacity across the Program and also identified a number of projects where the expected timeframes were not realistic.

## State Infrastructure Strategy

We are coordinating the development of the Government's State Infrastructure Strategy. It is being developed in consultation with the private sector and the general community. This Strategy will guide infrastructure planning and delivery over the next 20 years.



As the first step, we drafted the *Framework for the State Infrastructure Strategy Green Paper*, which was released in September 2006. It outlines the processes for developing the Strategy and discusses policy and planning issues. The Green Paper includes information on the types of projects to be identified in the Strategy, the respective roles of the Government and the private sector in infrastructure provision, issues associated with coordinating the provision of complementary infrastructure to facilitate major projects, intergovernmental aspects of infrastructure provision, and regulation of infrastructure.

## Treasury: Economic

We provide advice and analysis on State taxes, the economy, electricity reform and water issues, and financial arrangements with the Commonwealth (including GST revenues).

### Reviews

After extensive community engagement, we completed the *Final Report of the State Tax Review*. This report recommended tax relief and reform priorities to make our tax system fairer, more efficient and more competitive.

Our desired outcome is a strong and competitive State economy. All indications are that the Western Australian economy continues to perform very well, though this of course reflects the impact of many factors well beyond the control of the Department. The effectiveness indicators relating to the maintenance of the State's relative tax competitiveness, which is a priority for the Government, were met in 2006-07 (and exceeded our target).

A major challenge for us is forecasting revenue in periods of exceptional, but potentially volatile, economic performance. This has also been a significant challenge for other jurisdictions and for numerous publicly listed companies.

Following on from last year's review of revenue forecasting, we implemented changes. We are continuing to benchmark our performance, and improving the reliability of taxation, mining royalty and GST revenue forecasts is a focus of ongoing attention. We have reflected the importance of this in our new outcome measures of revenue forecasting accuracy in order to raise the transparency and accountability of our performance.

We led a payroll tax consistency project among all States and Territories. This project has made significant progress towards reducing payroll tax compliance costs for businesses operating across State boundaries. We also chaired a national working group on reform of specific purpose payments from the Commonwealth to the States.

**DAVID SMITH**  
Executive Director



We took the opportunity to have the State's voice heard at the Commonwealth Grants Commission Review of its methods for allocating GST revenue which will be completed in 2010. We sought substantial enhancements to the integrity of the methods and the outcomes for Western Australia through submissions and participation in Commission conferences.

There are significant reforms underway in public service superannuation arrangements. We chaired an inter-agency group that reviewed and recommended introduction of choice of superannuation fund for public sector employees in the State accumulation scheme. Working with the Government Employees Superannuation Board (GESB), legislation has been developed to provide State public servants with choices now available to most workers in Australia.

### The Environment

Heightened concern about the supply and use of water in a drying climate has been reflected in advice to Government across a range of policy issues.

These have ranged from major new water sources and security of supply to how to effectively utilise water markets, pricing and competition (and the potential for private sector involvement) to drive efficient investment and water allocation.

This advice helped Government make decisions about water sources and water pricing, as well as progress significant reforms to water legislation and implement the State's obligations under the National Water Initiative.

### Rail Haulage

We have been working on a rail haulage access regime for the Pilbara and possibly other iron ore developments in the State. We need to balance the interests of infrastructure owners and those parties seeking access by reducing uncertainty and encouraging optimal use and development of rail infrastructure. We worked closely with key internal and external stakeholders to help develop a draft regime.

### Rising Housing Costs

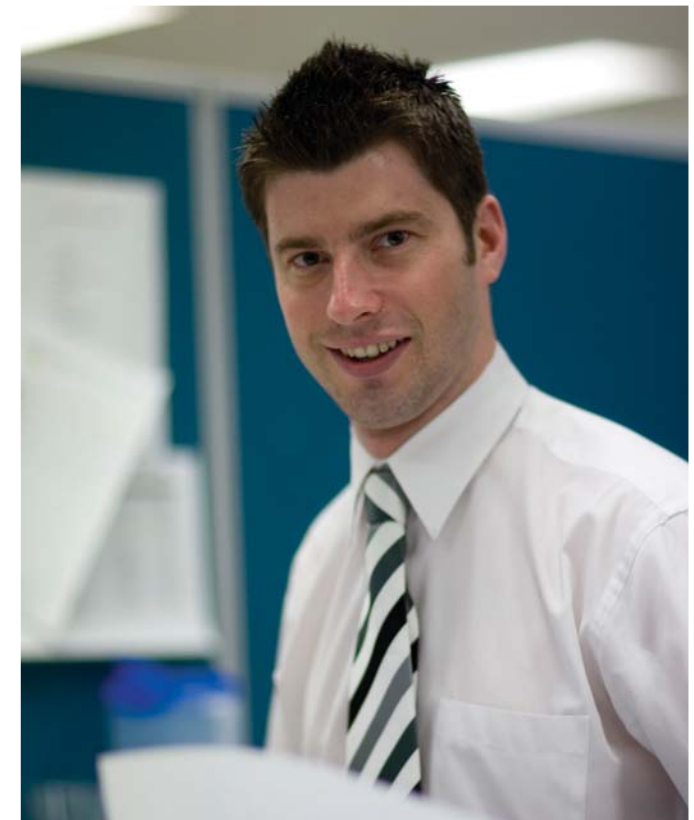
Housing prices in Perth and many regional areas rose significantly during the 12 months, and there were also concerns about flow through impacts to those most in need in the rental market. This issue was the focus of our report *Housing Stress in Western Australia* in March 2007 which provided an up-to-date and comprehensive report on housing market conditions and trends. We also advised Government on a range of housing initiatives for the 2007-08 State Budget.

As part of a review being undertaken by the Department of the Premier and Cabinet, we have started an analysis of regulatory and market factors affecting housing, land supply and affordability in Western Australia.

### Stakeholder Communication

Adoption and implementation of sound policy reforms in the public interest requires well informed community understanding.

To communicate more effectively, we launched a new-look version of our quarterly *Economic Summary* publication. The publication now has a wider audience and aims to be more topical and analytically focused, while continuing to provide regular assessments of key trends in the Western Australian economy. We currently release around 320 copies per quarter.





## Treasury: Finance

We provide high level advice on the Government's fiscal strategy, as well as publishing regular reports on the State's finances.

We develop and implement policies to assist the Western Australian public sector in its' financial management, in addition to helping agencies with the implementation of accounting standards. We look after the Public Ledger (including the Consolidated Account and Treasurer's Advance Account) and manage the purchase and resale of the public sector's vehicles through the State Fleet operation.

Our desired outcome is sustainable and transparent public sector finances. We have two key effectiveness indicators relating to this outcome, these being maintenance of the State's triple A credit rating, and maintaining Western Australia's First (A) ranking from Access Economics in terms of fiscal transparency. During 2006-07, both of these effectiveness indicators were met.

### Better Financial Reporting

We implemented a key change with the requirement for Government agencies to table their annual reports in Parliament within 90 days of the end of the financial year. This represented a major change from previous deadlines, which in some cases allowed up to 174 days. About 86 per cent of agencies with a 30 June 2006 reporting date met the new deadline, which was acknowledged by the Auditor General as a significant achievement. Through the establishment of a Steering Committee, we provided guidance and advice to agencies and streamlined a number of sector wide processes, which contributed to this successful outcome.

Related to these changes, we also produced the State's first *Annual Report on State Finances*, which was tabled in Parliament on 27 September 2006. This report, which covered whole-of-government finances for the 2005-06 financial year, replaced three separate previous reports (the *Government Financial Results Report*, the *Consolidated Financial Statements* and the *Treasurer's Annual Statements*). For the first time anywhere in Australia this included audit scrutiny of the 'headline' Government Finance Statistics (GFS) results, further enhancing accountability and transparency to Parliament and the Western Australian community.

### New Legislative Framework

We implemented the *Financial Management Act 2006* (FMA) and the *Auditor General Act 2006*, which together replaced the *Financial Administration and Audit Act 1985* with effect from 1 February 2007. This new legislation was the culmination of a comprehensive review process over several years, and gives effect to a number of important recommendations of the 1995 Commission on Government.



**MICHAEL BARNES**  
Executive Director

The new legislation provides the financial management and audit framework for the Western Australian public sector. It contains important improvements, simplifying and modernising the previous legislation, and enhancing accountability for financial management practices and outcomes.

There was also a comprehensive review and update of the Treasurer's Instructions and Financial Management Regulations to smooth the way for the implementation of the FMA. As a result of extensive guidance and advice to agencies, there was a fairly seamless transition from the previous legislation.

### Application of Budget Surpluses

As part of the 2007-08 Budget process, we provided comprehensive analysis and advice to the Government on options for the application of the projected cash surplus for 2006-07.

We implemented the Government's subsequent decision to set aside sufficient funds from the anticipated surplus for the debt free construction of the new Fiona Stanley Hospital. Legislation was introduced into Parliament to create a special purpose account dedicated to the construction and establishment of the hospital. The full projected cost of the hospital (\$1.09 billion) was appropriated in the 2007-08 Budget to this account. This will allow the hospital to be built without any need for debt financing, and follows the application of previous years' surpluses to retire debt and fully fund the New MetroRail project.

These outcomes represent a tangible use of the proceeds of the State's booming economy. All up, based on our advice, recent budget surpluses have been used to retire existing debt and avoid new debt totaling \$3.5 billion. This will save future generations of taxpayers around \$220 million per year in interest payments, and reduce the State's exposure to further interest rate rises.

### State Fleet Environment Program

State Fleet's environment program, involving a large-scale shift to four cylinder vehicles, use of liquefied petroleum gas where appropriate and an emissions offset program, won the Australasian Fleet Managers Association National Environment Award in June 2006. Further progress was made during 2006-07, with the proportion of four cylinder vehicles in the passenger fleet further increasing from around 45 per cent (at 30 June 2006) to nearly 54 per cent (at 30 June 2007).

The program was also a finalist in the State Environment Awards and the Premier's Award for Excellence in Public Sector Management.





## State Revenue

We assess and collect a range of statutory-based revenues, including stamp duties, land tax and pay-roll tax, as well as some that are collected on behalf of other agencies or other jurisdictions.

We also assess and pay grants and subsidies under statutory and administrative schemes. The major grant and concession schemes are the first home owner grant scheme and the pensioner rebate scheme for local government and water rates, and the emergency services levy.

### Revenue Gathering

We faced a number of challenges during the financial year, not the least of which flowed from continuing high transaction levels driven by a strong property market and economic activity generally. We raised \$5.08 billion in revenue and paid \$152.50 million in grants and subsidies, while at the same time meeting the majority of our customers' service targets.

### Customer Education

Customer education remains a key strategy to improve voluntary compliance. We developed a comprehensive Customer Education Strategic Plan, with detailed input from customers and our staff.

Under the Plan, we provided educational seminars for more than 1,500 customers to help them better understand their revenue obligations. We anticipate this number to increase, especially with the likely need to ensure taxpayers understand rewritten duties legislation.

In response to industry requests for assistance, we provided specifically developed training to settlement agents, real estate agents, accountants and legal professionals. We also developed strategic partnerships with industry bodies to conduct revenue related educational sessions that complement industry training programs.

### Stamp Act Rewrite

During the past 12 months, we continued significant work to prepare new legislation to put Government's policy changes into effect. This work included supporting the State Tax Review which also examined a range of policy settings which underpin the Act.



**BILL SULLIVAN**  
Commissioner

## Electronic Services - Revenue Online

We are committed to improving taxpayer service levels. Our online services were expanded with the addition of further functionality to the suite of pay-roll tax and stamping services. The enhancements included facilities for automatic late-lodgement penalty remission, electronic funds transfer payments, and online annual pay-roll tax return lodgement and wage adjustments.

We also produced a new e-newsletter along with an online interactive guide to assist stamp duty clients with their lodging requirements.

Over the 12 months, Revenue Online (ROL) usage increased for pay-roll tax, with 91 per cent of all monthly returns lodged online (as compared with 70 per cent in 2005-06). The number of stamp duty instruments assessed using ROL increased by 11 per cent to 347,274.

## Revenue Collection Information System Redevelopment Scoping Project

For many years now, we have been using the Revenue Collection Information System as our primary system to assess and collect State taxes and duties, and to disburse grants, subsidies and rebates. Due to the dating of the system it was time to look at the options for its replacement.

We looked at the options during the year and realised that a move to more contemporary technology would allow us to continue with the existing functions, and be significantly more cost effective than other options.

This implementation is expected to begin in the next 12 months and take about four years.

## Land Data Integrity

We have been working hard to improve the quality of land data used in our systems. We looked to improving existing systems and processes, and cleared some 126,000 data-related mismatches and anomalies over the year. Another benefit was that the improvement to data quality allowed the raising of an additional \$2.6 million in revenue.

In June 2007, the Office of the Auditor General raised concerns in its *Third Public Sector Performance Report 2007* with the rate of progress of finalising the clearance of the backlog of data mismatches and anomalies, and work is underway to address this issue.

## New Grant and Subsidy Scheme Administration and Scoping

During the year, we were given responsibility for administering the Government's new Thermoregulatory Dysfunction Energy Subsidy scheme. This scheme subsidises electricity bills for people who have a medical condition that requires environmental temperature control.

In addition, we sought stakeholder agreement on the high-level design and individual roles of stakeholders in a proposed Electronic Concession Confirmation (e-Concessions) system. We are continuing to develop this system to make it simpler for eligible pensioners and seniors to get concessions on their local government and water rates, and the emergency services levy.



## State Revenue Customer Charter

We reviewed our Customer Charter after consultation with stakeholders and staff, and a new Charter was published to begin from 1 July 2007. Service results against Customer Charter standards are published on a monthly basis on the State Revenue website.

## Government Procurement

**We are meeting agencies' business needs efficiently, managing risk and delivering value for money through a whole-of-government approach.**

**We are developing and managing whole-of-government contracts, providing contracting services and supporting agencies, and developing, implementing and monitoring procurement systems and standards.**

**We are also at the forefront of the Government's Procurement Reform initiative, which seeks better procurement services for agencies and significant cost savings to Government. This reform is now embedded in our processes and culture.**

**It has now saved around \$300 million in taxpayers dollars.**

### Common Use Arrangements

Over the past 12 months we launched 15 new or redesigned Common Use Arrangements (CUAs) including Freight Transport Services; Commercial Cleaning, Kitchen and Bathroom Products; Removalist Services; and Office and Classroom Furniture and Warehousing Services. Total expenditure on CUAs valued at \$814 million, bringing to more than \$60 million the annual savings to Government from CUAs launched since the start of the Procurement Reform in 2003. We value the feedback of our stakeholders and regularly conduct independent surveys to measure stakeholder satisfaction levels, as ultimately the effectiveness of the CUA program is reflected in the level of customer satisfaction. In 2006-07 our customer satisfaction with these contracts was 94 per cent.

### Agency Specific Contracts

We assisted agencies with their procurement planning and with the development of a wide variety of agency specific contracts for general goods and services. Contracts valued at around \$775 million were awarded, with customer satisfaction for contract development timeliness at 84 per cent, value for money at 81 per cent and satisfaction with the tendering process averaging 90 per cent.

### Information and Communications Technology Sourcing

We awarded about 100 agency-specific Information and Communications Technology (ICT) contracts with an estimated total value of over \$90 million. Again, customer feedback on our performance was very high. In January 2007 we introduced new ICT General Conditions of Contract and Request documents, following extensive consultation across government and the business community.



**JOHN TONDUT**  
A/Executive Director

## Regional Buying Centres

During the 12 months, our three Regional Buying Centres awarded 122 contracts valued at \$28 million. They were awarded to 110 individual suppliers, of which 66 were regionally based. In the past, much of this contracting would have been managed from Perth and more would have gone to non-regional suppliers. A review into the Regional Buying Centres' first 12-18 months of operation delivered a number of recommendations which were endorsed and are now in the process of being implemented, including the establishment of a centre at Albany to service the Great Southern Region, and the piloting of a partnership with the Department of Housing and Works to investigate a combined 'one-stop-shop' for works and goods and services procurement.

## Procurement Awards

In late 2006 we initiated the inaugural Innovation in Procurement Treasurer's Awards. The purpose of the awards is to identify, celebrate and learn from the various innovations in procurement across the public sector.

Our work with agencies on improving their procurement processes and outcomes was acknowledged when the Client Procurement Services Health team was nominated by the Department of Health for their contribution to contracting and won the Outstanding Procurement Team Award. We also gained a high commendation in the 2006 Premier's Awards for Excellence in Public Sector Management in the category of Governance and Public Sector Improvement for the submission 'Get the People Right and Procurement Delivers'.

## e-Procurement Systems

The roll-out of e-procurement systems to government agencies began in earnest during the year. We are undertaking this significant project in partnership with Shared Services. The process for the procurement modules includes setting up agency buyers and requisitioners on the system; establishing an approval hierarchy within the agency as a main control in the purchasing process; and training agency staff to use the e-procurement system effectively and efficiently. As at June 2007 around 1,300 people from 15 agencies had been trained on how to use the new system.

## Procurement Reporting

The past year has seen dramatic progress in improving the quality, depth and range of whole-of-government procurement reporting. The annual *Who Buys What* report was converted to the international United Nations Standard Products and Services Classification – UNSPSC procurement classification system that enables more detailed analysis of public sector expenditure and better procurement reporting. The new reports detail the level of agency contracting to small and local businesses, with the finding that small businesses are retaining a significant proportion of government contracts.

## Procurement Education

With the growing strategic importance of procurement as a business driver in both the public and private sectors, the Procurement Profession is now one of the fastest growing business-related professions.

We have been leading the way in establishing a new education and training framework for procurement across the State's public sector, creating pathways for the professional development of procurement practitioners. More than 60 OGP procurement staff participated in graduate courses in Strategic Procurement at Curtin University, with many undertaking 'niche' training programs on such topics as facilitation and negotiation skills. At the same time, procurement awareness training was delivered to more than 280 agency buyers through the Better Buying program, and to more than 290 officers through the Procuring Professional Advisory Services workshops.



## Shared Services

On 1 January 2007, Shared Services was transferred to the Department of Treasury and Finance as a separate business unit.

We have the challenge to develop and implement the Oracle Business System, which will support the provision of shared services to client agencies. This will enable the government to achieve economies of scale through shared technology, information and processing, while allowing agencies to focus on their core business. With all agencies using the Shared Service Centre there will also be increased and ongoing opportunities for continuous improvement and therefore delivery of value for money services.

We have been working to finalise the human resource and payroll components of the Oracle Business System.

### Project Delays

The project is two years behind its original schedule due to the longer than anticipated tender process, delays in stabilising Information and Communications Technology environment and delays in completing the build of the HR/Payroll system. (See also: *Significant Issues and Trends*).

Consequently we have engaged a highly experienced Project Director and established a dedicated program management office to improve overall project management. As part of this process, we developed an integrated project master plan. We have reorganised into project streams of major agency roll-ins, multiple (smaller agency) roll-ins, improvement projects, stability projects and industrial relations award builds. Approximately 120 projects have been identified within these five projects streams. Each one of these 120 projects has been defined, scoped, scheduled and resource needs identified. It is this detail that is then fed into the creation of an integrated plan for the whole program. This detailed plan will be ready by the end of the first quarter of 2007-08.

We conducted a high-level contract management review and have subsequently taken steps to ensure that best practice is applied to our contract management processes.

### Shared Service Centre

Our Shared Services Centre (SSC) has focused on high volume transactions to yield the greatest benefit for Government, ensuring economies of scale are achieved.



**BRIAN ROCHE**  
Executive Director



There are now 15 agencies receiving finance and procurement services through Shared Services: including Department of Culture and the Arts; Department of Racing, Gaming and Liquor; and the Department of Fisheries.

The SSC successfully completed all year-end processes and rolled in the Oracle Financial Application into the 2008 reporting period. We recognise the significant contribution of the many hours of quality review and finalisation of information provided by both the SSC people and the client agencies.

The first of the quarterly SSC Performance Measures were shared with the Client Management Council in June 2007.

In order to continuously improve on the delivery of high-quality customer focused services, the SSC is actively seeking information on performance measurements, customer and client feedback, by consulting with client agency account managers and partnering forum discussions (through Heads of Corporate Services and Client Management Councils).

An organisational development program was established to foster positive working relationships and enabling our people to actively contribute to improving the 'Shared Service model work environment' ideal.

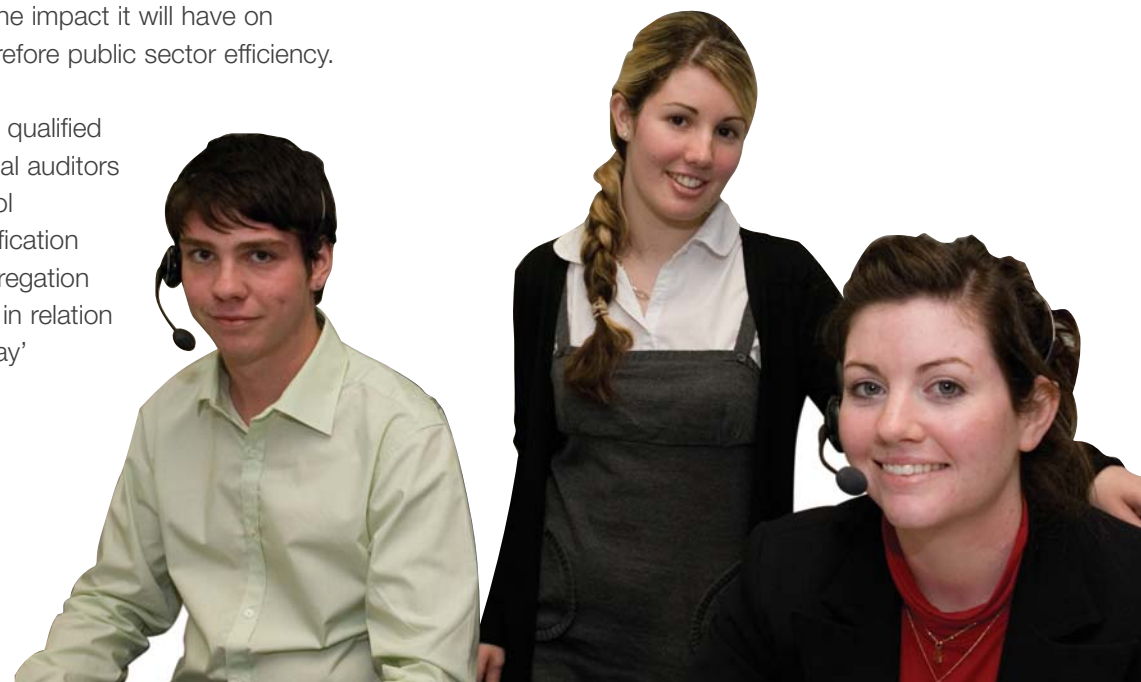
We also continued vital communication and consultation processes by holding briefings and awareness sessions, and distributing resource packs to industry and suppliers.

An extremely important aspect to the shared services project is the simplification, standardisation and rationalisation of public sector terms and conditions of employment. Shared Services will be taking the lead in working closely with agencies as there is an urgent need for input by agencies into the process and engagement of agencies as drivers of this change.

The simplification, standardisation and rationalisation of awards project is a significant opportunity for Government, not only for its major impact on the award build projects but also for the impact it will have on agency operations and therefore public sector efficiency.

Shared Services received a qualified audit opinion from its internal auditors on one of the 41 key control issues examined. The qualification related specifically to a segregation of duties control weakness in relation to the Oracle 'procure to pay' system.

The audit found that four accounts payable officers had during the period the ability to process vendor master data, invoices and payment transactions and perform vendor change report review controls. Management have since implemented adequate segregation of duties for staff and enhanced management reporting is being established.



## Significant Issues and Trends

### Current and emerging issues and trends

The achievement of sound financial management outcomes, including maintenance of the State's triple-A credit rating, remains a high priority for us. To this end, we will continue to provide financial management advice to Government that takes account of opportunities and challenges presented by the current economic environment, including analysis and advice on the most effective application of budget surpluses. This will help us maximise the long term structural position of the State's finances, particularly the balance of the State's assets and liabilities.

The past year or so has seen significant changes to the public sector financial reporting environment, with the implementation of Australian equivalents to International Financial Reporting Standards and accelerated reporting deadlines. Further changes and improvements are underway, following the passage of the *Financial Management Act 2006* and the outcome of a review of agency annual reporting requirements.

In terms of the State economy, we will continue to be challenged in our revenue forecasting by the exceptional economic growth in Western Australia. We also continue to work hard on reform opportunities for Government that

will enhance the State's growth potential, thereby extending this period of growth.

Our advice to Government, challenges to public sector service provision including new initiatives, efficiency and delivery of outcomes will be consistently influenced by conditions in the State's workforce – a major challenge impacting on Government service capacity as well as the private sector. Indeed, the loss of capability to the private sector is likely to continue to be a major constraint on public sector service delivery, efficiency and effectiveness.

We see a need to continue to develop the level of procurement expertise across the sector. The growing recognition of the importance of well-trained professional procurement staff is reflected in the apparent increasing level of attrition of experienced public sector procurement staff to the private sector.

The role of government purchasing cards as an effective and far more efficient means of undertaking low-value procurement continues to be highlighted by a number of reports and reviews.

The Department is leading a major whole-of-government initiative aimed at expanding the number of such cards on issue and the total value of purchasing undertaken. The aim is to have 80 per cent of the General Government sector's purchases under \$5,000, undertaken through purchasing cards by 2010. This may be resisted in some areas, as there is a significant increase in accountability for buying using purchasing cards. We think that increased accountability is a very good outcome.

The proposed introduction of the Commonwealth Government's Health and Social Services Access Card may require system and process changes to State agencies' provision of concessions which rely on the eligibility of applicants to be based on their holding of a Commonwealth Concession Card.



While the shared service concept is sound, implementation has fallen behind schedule and consequently the realisation of benefits is also behind schedule. This issue was highlighted in the Auditor General's report on the Shared Services project, released in June 2007. Shared Services accepted the findings and fully supported the recommendations of the Auditor General, acknowledging that the size and complexity of the project had been underestimated.

It is a long-term project but we are confident that we will be able to ensure that benefits to the Western Australian public sector will be substantial, delivering annual savings of \$55 million once fully implemented.

Economic issues likely to directly impact and influence the stakeholders and services of the Department are largely a reflection of the issues confronting Cabinet and the ERC.

Our major economic issues relate to the development of the 2008-10 Wages Policy, the increasing pressure on transport infrastructure including rail, ports and roads as a result of the booming development in regional Western Australia, effects and impact of climate change, and the state of the construction industry, especially the delivery of large infrastructure projects on time and on budget.

## Social trends

The strong growth in the economy over recent years has brought a number of social issues to the fore. We will need to address a range of issues which affect many segments of the community.

For example, we need to look at Child Protection and the specific impact of the recent review of the former Department of Community Development.

There is a clear need to improve Indigenous outcomes, not just in remote areas, but also in urban areas.

The recent rapid rise in the cost of housing throughout the State means that housing affordability and land supply is a critical issue.

Other areas which we will need to address in terms of future planning are:

- Law and order generally, but specifically in relation to policing, the justice system and corrective services;
- Health system generally, but particularly the ongoing reform agenda and increasing community expectations in mental health and disability services;
- Skills and training in relation to meeting short, medium and long-term demand; and
- Environmental issues generally, with a focus on mechanisms to maintain the sustainability of industry.



# Disclosures and Legal Compliance

## 2006-07





## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### DEPARTMENT OF TREASURY AND FINANCE FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2007

I have audited the accounts, financial statements, controls and key performance indicators of the Department of Treasury and Finance.

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity, Cash Flow Statement, Schedule of Income and Expenses by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

#### Under Treasurer's Responsibility for the Financial Statements and Key Performance Indicators

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

#### Summary of my Role

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

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

## Department of Treasury and Finance Financial Statements and Key Performance Indicators for the year ended 30 June 2007

### Qualification

At the Office of Shared Services, which is a business unit of the Department, there was inadequate segregation of duties in respect of payments to suppliers. As a result, there was a risk of fraudulent payments being processed without detection. In addition, management was not able to determine whether user access roles for the shared services finance system had been appropriately defined, because of inadequate reporting.

Despite these control deficiencies, audit testing did not detect any fraudulent payments. Management has advised that adequate segregation of duties has now been implemented, and that enhanced management reporting is being established.

### Qualified Audit Opinion

In my opinion,

- (i) except for the qualification, the controls exercised by the Department of Treasury and Finance provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions;
- (ii) the financial statements are based on proper accounts and present fairly the financial position of the Department of Treasury and Finance at 30 June 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions; and
- (iii) the key performance indicators of the Department are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended 30 June 2007.



COLIN MURPHY  
AUDITOR GENERAL  
18 September 2007

## Certification of Financial Statements

For the year ended 30 June 2007

The accompanying financial statements of the Department of Treasury and Finance have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2007 and the financial position as at 30 June 2007.

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



**Pascoe Rechichi**  
Chief Finance Officer

11 September 2007



**Timothy Marney**  
Accountable Authority

11 September 2007

# Income Statement

For the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	7	68,409	55,160
Supplies and services	8	36,555	30,258
Depreciation and amortisation expense	9	10,392	3,873
Accommodation expenses	10	7,705	5,401
Grants and subsidies	11	-	940
Capital User Charge	12	5,528	1,903
Loss on disposal of non-current assets	15	12	30
Other expenses	13	2,017	1,011
<b>Total cost of services</b>		<b>130,618</b>	<b>98,576</b>
<b>Income</b>	14		
User charges and fees		7,800	9,007
Commonwealth grants and contributions		-	8
Interest revenue		130	2
Other revenue		2,105	548
<b>Total income other than income from State Government</b>		<b>10,035</b>	<b>9,565</b>
<b>NET COST OF SERVICES</b>		<b>120,583</b>	<b>89,011</b>
<b>INCOME FROM STATE GOVERNMENT</b>	16		
Service appropriation		96,966	71,986
Liabilities assumed by the Treasurer		1,061	396
Resources received free of charge		11,298	10,391
<b>Total income from Government</b>		<b>109,325</b>	<b>82,773</b>
<b>DEFICIT FOR THE PERIOD</b>		<b>(11,258)</b>	<b>(6,238)</b>

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

# Balance Sheet

For the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	17	16,226	47,165
Restricted cash and cash equivalents	18	-	3,958
Receivables	19	5,264	2,667
Amounts receivable for services	20	8,393	4,506
Other current assets	21	2,577	483
<b>Total Current Assets</b>		<b>32,460</b>	<b>58,779</b>
<b>Non-Current Assets</b>			
Restricted cash and cash equivalents	18	655	181
Amounts receivable for services	20	15,819	12,366
Property, plant and equipment	22	4,680	3,864
Intangible assets	23	71,890	12,495
<b>Total Non-Current Assets</b>		<b>93,044</b>	<b>28,906</b>
<b>TOTAL ASSETS</b>		<b>125,504</b>	<b>87,685</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	25	2,409	4,206
Provisions	26	18,096	14,260
Other Liabilities	27	6,096	1,406
<b>Total Current Liabilities</b>		<b>26,601</b>	<b>19,872</b>
<b>Non-Current Liabilities</b>			
Provisions	26	5,316	4,128
<b>Total Non-Current Liabilities</b>		<b>5,316</b>	<b>4,128</b>
<b>TOTAL LIABILITIES</b>		<b>31,917</b>	<b>23,999</b>
<b>NET ASSETS</b>		<b>93,587</b>	<b>63,686</b>
<b>EQUITY</b>	28		
Contributed equity		107,768	66,609
Accumulated deficit		(14,181)	(2,923)
<b>Total Equity</b>		<b>93,587</b>	<b>63,686</b>

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



# Statement of Changes in Equity

For the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
Balance of equity at start of period		66,609	25,818
<b>CONTRIBUTED EQUITY</b>			
Balance at start of period	28	66,609	21,315
Equity Contribution from Consolidated Fund		26,127	45,294
Cash paid to Consolidated Fund		(4,000)	-
Net Assets Transferred In - Office of Shared Services		51,298	-
Net Assets Transferred Out - Office of Native Title		(32,266)	-
<b>Balance at end of period</b>		<b>107,768</b>	<b>66,609</b>
<b>ACCUMULATED SURPLUS (RETAINED EARNINGS)</b>			
Balance at start of period		(2,923)	4,503
Correction of Prior Period Errors		-	(1,188)
(Deficit) for the period		(11,258)	(6,238)
<b>Balance at end of period</b>		<b>(14,181)</b>	<b>(2,923)</b>
<b>BALANCE OF EQUITY AT END OF PERIOD</b>		<b>93,587</b>	<b>63,686</b>
<b>TOTAL INCOME AND EXPENSE FOR THE PERIOD</b>		<b>(11,258)</b>	<b>(6,238)</b>

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

# Cash Flow Statement

For the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		90,808	68,136
Capital contributions		26,127	45,294
Holding account drawdowns		2,241	1,988
Amount paid to Consolidated Fund		(4,000)	-
Amount received from OSS		4,941	-
Amount Paid to ONT		(36,178)	-
<b>Net cash provided by State Government</b>		<b>83,939</b>	<b>115,418</b>
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(69,262)	(53,619)
Supplies and services		(32,822)	(15,983)
Capital user charge		(6,609)	(1,903)
Accommodation		(7,103)	(5,401)
GST payments on purchases		(2,298)	(2,510)
GST payments to taxation authority		(3,632)	(1,349)
Other payments		(1,699)	(939)
<b>Receipts</b>			
User fees, charges and other revenue		8,587	11,268
GST receipts on sales		56	679
GST receipts from taxation authority		5,451	2,556
<b>Net cash provided by/(used in) Operating Activities</b>	29(b)	<b>(109,331)</b>	<b>(67,201)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of non-current physical assets		(9,031)	(3,524)
<b>Net cash used in Investing Activities</b>		<b>(9,031)</b>	<b>(3,524)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(34,423)</b>	<b>44,693</b>
Cash and cash equivalents at the beginning of the period		51,304	6,611
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	29(a)	<b>16,881</b>	<b>51,304</b>

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

# Service Schedule of Expenses and Revenue

For the year ended 30 June 2007

	Financial Management		Reporting of Public Sector Finances		Development of Economic and Revenue Policies		Management of the State Budget's Expenditure Aspects		Revenue Assessment and Collection		Grants and Subsidies Administration		Facilitate the Development and Management of Agency Specific Contracts Service 7	
	Service 1		Service 2		Service 3		Service 4		Service 5		Service 6		Service 7	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>COST OF SERVICES</b>														
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>														
Employee benefits expense	3,497	2,656	1,425	2,292	4,520	4,327	6,657	5,680	20,166	17,481	1,259	1,690	15,663	14,322
Supplies and services	823	560	507	551	1,379	966	1,025	860	15,078	12,992	432	331	896	599
Depreciation and amortisation expense	101	86	64	102	150	210	183	360	1,511	1,612	36	110	4,120	314
Accommodation expenses	172	247	231	481	439	709	480	735	1,869	2,219	259	119	69	3
Grants and subsidies	-	49	-	-	-	-	-	-	-	-	-	-	-	-
Capital user charge	99	13	132	18	254	36	274	79	1,014	1,067	150	109	-	-
Loss on disposal of non-current assets	-	1	-	2	1	2	1	3	4	9	1	1	-	-
Other Expenses	78	29	41	31	105	34	70	39	1,025	326	36	12	338	6
<b>Total cost of services</b>	<b>4,770</b>	<b>3,641</b>	<b>2,400</b>	<b>3,477</b>	<b>6,848</b>	<b>6,284</b>	<b>8,690</b>	<b>7,756</b>	<b>40,666</b>	<b>35,706</b>	<b>2,173</b>	<b>2,372</b>	<b>21,086</b>	<b>15,245</b>
<b>REVENUES FROM ORDINARY ACTIVITIES</b>														
User charges and fees	283	394	5	7	14	20	17	23	846	1,177	174	242	3,855	4,662
Commonwealth Grants and Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	5
Interest Revenue	-	-	-	-	-	-	-	-	65	1	-	-	47	1
Other Revenue	6	4	-	-	-	-	-	-	24	17	33	23	447	314
<b>Other Revenue</b>	<b>289</b>	<b>398</b>	<b>5</b>	<b>7</b>	<b>14</b>	<b>20</b>	<b>17</b>	<b>23</b>	<b>935</b>	<b>1,195</b>	<b>207</b>	<b>265</b>	<b>4,349</b>	<b>4,981</b>
<b>NET COST OF SERVICES</b>	<b>4,481</b>	<b>3,243</b>	<b>2,395</b>	<b>3,470</b>	<b>6,833</b>	<b>6,264</b>	<b>8,674</b>	<b>7,733</b>	<b>39,731</b>	<b>34,511</b>	<b>1,966</b>	<b>2,107</b>	<b>16,737</b>	<b>10,264</b>
<b>Revenues from Government</b>														
Service Appropriation	3,301	2,818	4,358	3,720	6,563	5,603	8,969	7,657	35,863	30,619	2,171	1,853	16,625	13,753
Liabilities assumed by the Treasurer	55	20	50	19	81	31	118	44	339	128	34	13	271	102
Resources received free of charge	25	24	11	10	29	27	35	33	10,941	10,264	14	13	14	14
<b>Total revenues from Government</b>	<b>3,382</b>	<b>2,863</b>	<b>4,418</b>	<b>3,749</b>	<b>6,673</b>	<b>5,661</b>	<b>9,122</b>	<b>7,735</b>	<b>47,144</b>	<b>41,011</b>	<b>2,218</b>	<b>1,879</b>	<b>16,910</b>	<b>13,869</b>
<b>CHANGE IN NET ASSETS</b>	<b>(1,100)</b>	<b>(380)</b>	<b>2,023</b>	<b>279</b>	<b>(161)</b>	<b>(603)</b>	<b>448</b>	<b>2</b>	<b>7,413</b>	<b>6,500</b>	<b>252</b>	<b>(228)</b>	<b>173</b>	<b>3,606</b>

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

## Service Schedule of Expenses and Revenue

For the year ended 30 June 2007

	Development, Management and Promotion of WOG Common Use Contract Arrangements and Systems Service 8		Project Management, Coordination and Implementation of the WOG Shared Services Reform Service 9		Provision of Financial and Human Resources Services Service 10		Office of Native Title		Other		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>COST OF SERVICES</b>												
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>												
Employee benefits expense	7,991	5,939	255	-	6,717	-	-	453	260	320	68,409	55,160
Supplies and services	6,612	13,224	-	-	9,804	-	-	134	-	41	36,555	30,258
Depreciation and amortisation expense	2,056	1,066	-	-	2,171	-	-	13	-	-	10,392	3,873
Accommodation expenses	2,262	888	-	-	1,923	-	-	-	-	-	7,705	5,401
Grants and subsidies	-	379	-	-	-	-	-	512	-	-	-	940
Capital user charge	1,304	582	-	-	2,300	-	-	-	-	-	5,528	1,904
Loss on disposal of non-current assets	5	12	-	-	-	-	-	-	-	-	12	30
Other Expenses	22	323	-	-	303	-	-	208	-	2	2,017	1,010
<b>Total cost of services</b>	<b>20,253</b>	<b>22,412</b>	<b>255</b>	<b>-</b>	<b>23,217</b>	<b>-</b>	<b>-</b>	<b>1,320</b>	<b>260</b>	<b>363</b>	<b>130,618</b>	<b>98,576</b>
<b>REVENUES FROM ORDINARY ACTIVITIES</b>												
User charges and fees	1,499	2,187	-	-	847	-	-	-	260	295	7,800	9,007
Commonwealth Grants and Contributions	-	2	-	-	-	-	-	-	-	1	-	8
Interest Revenue	18	-	-	-	-	-	-	-	-	-	130	2
Other Revenue	174	122	-	-	1,422	-	-	-	-	68	2,105	548
<b>Other Revenue</b>	<b>1,691</b>	<b>2,312</b>	<b>-</b>	<b>-</b>	<b>2,269</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>260</b>	<b>364</b>	<b>10,035</b>	<b>9,565</b>
<b>NET COST OF SERVICES</b>	<b>18,562</b>	<b>20,100</b>	<b>255</b>	<b>-</b>	<b>20,948</b>	<b>-</b>	<b>-</b>	<b>1,320</b>	<b>-</b>	<b>(1)</b>	<b>120,583</b>	<b>89,011</b>
<b>Revenues from Government</b>												
Service Appropriation	6,465	5,348	-	-	16,851	-	-	613	-	-	96,966	71,986
Liabilities assumed by the Treasurer	106	40	-	-	7	-	-	-	-	-	1,061	396
Resources received free of charge	6	6	-	-	224	-	-	-	-	-	11,298	10,391
<b>Total revenues from Government</b>	<b>6,577</b>	<b>5,394</b>	<b>-</b>	<b>-</b>	<b>17,082</b>	<b>-</b>	<b>-</b>	<b>613</b>	<b>-</b>	<b>-</b>	<b>109,325</b>	<b>82,773</b>
<b>CHANGE IN NET ASSETS</b>	<b>(11,985)</b>	<b>(14,707)</b>	<b>(255)</b>	<b>-</b>	<b>(3,867)</b>	<b>-</b>	<b>-</b>	<b>(707)</b>	<b>-</b>	<b>1</b>	<b>(11,258)</b>	<b>(6,238)</b>

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

## Summary of Consolidated Account Appropriations and Revenue Estimates

For the year ended 30 June 2007

	2007 Estimate \$'000	2007 Actual \$'000	Variation \$'000	2006-07 Actual \$'000	2005-06 Actual \$'000	Variation \$'000
<b>SERVICE DELIVERY</b>						
Item 12 Net amount appropriated to deliver services	79,071	100,156	21,085	100,156	71,112	29,044
Amount Authorised by Other Statutes						
Salaries and Allowances Act 1975	900	1,010	110	1,010	874	136
<b>Total appropriations provided to deliver services</b>	<b>79,971</b>	<b>101,166</b>	<b>21,195</b>	<b>101,166</b>	<b>71,986</b>	<b>29,180</b>
<b>Capital</b>						
Capital Contribution	1,255	21,927	20,672	21,927	5,891	16,036
<b>Total capital appropriation to deliver services</b>	<b>1,255</b>	<b>21,927</b>	<b>20,672</b>	<b>21,927</b>	<b>5,891</b>	<b>16,036</b>
<b>ADMINISTERED TRANSACTIONS</b>						
<b>RECURRENT ADMINISTERED</b>						
<b>Community Service Obligations</b>						
Item 13 Electricity Retail Corporation (Synergy)	38,007	30,969	(7,038)	30,969	44,018	(13,049)
Item 14 Forest Products Commission	2,370	2,370	-	2,370	1,070	1,300
Item 15 Regional Power Corporation ( Horizon Power)	16,184	16,184	-	16,184	-	16,184
Item 16 Water Corporation of Western Australia	367,647	359,953	(7,694)	359,953	339,821	20,132
Item 17 Western Australian Land Authority	21,540	24,330	2,790	24,330	25,420	(1,090)
<b>Total Community Service Obligations</b>	<b>445,748</b>	<b>433,806</b>	<b>(11,942)</b>	<b>433,806</b>	<b>410,329</b>	<b>23,477</b>
<b>Grants Subsidies and Transfer Payments</b>						
Item 18 Aerial Shark Surveillance Program	170	162	(8)	162	127	35
Item 19 Armadale Redevelopment Authority	2,750	2,750	-	2,750	1,470	1,280
Item 20 Broome Port Authority	1,335	1,293	(42)	1,293	1,151	142
Item 21 City of Subiaco	6,100	6,100	-	6,100	-	6,100
Item 22 Consumer Utilities Program (WACOSS)	170	170	-	170	-	170
Item 23 First Home Owners' Assistance	129,100	87,389	(41,711)	87,389	123,009	(35,620)
Item 24 GST Administration Costs	63,000	61,760	(1,240)	61,760	60,105	1,655
Item 25 HIIH Insurance - Assistance to Local Government	300	200	(100)	200	3,700	(3,500)
Item 26 HIIH Insurance Rescue Package	600	16	(584)	16	16	-

## Summary of Consolidated Account Appropriations and Revenue Estimates

For the year ended 30 June 2007

	2007 Estimate \$'000	2007 Actual \$'000	Variation \$'000	2006-07 Actual \$'000	2005-06 Actual \$'000	Variation \$'000
Item 27 Life Support Equipment Electricity Subsidy Scheme	550	134	(416)	134	585	(451)
Item 28 Office of Health Review	1,254	1,430	176	1,430	1,390	40
Item 29 On Road Diesel Subsidies	8,200	8,700	500	8,700	7,800	900
Item 30 Pensioner Concessions - Emergency Services Levy	9,455	7,645	(1,810)	7,645	6,744	901
Item 31 Pensioner Concessions - Local Government and Water Rates	52,000	48,160	(3,840)	48,160	45,200	2,960
Item 32 Provision for Unfunded Liabilities in the Government Insurance Fund	4,761	2,031	(2,730)	2,031	4,055	(2,024)
Item 33 Refunds of Past Years Revenue Collections - Public Corporations	500	9,843	9,343	9,843	12,279	(2,436)
Item 34 Refunds of Past Years Revenue Collections - All Other	18,675	51,465	32,790	51,465	19,359	32,106
Item 35 Rottnest Island Authority	2,200	2,200	-	2,200	-	2,200
Item 36 Stamp Duty Rebate Scheme	1,000	2,966	1,966	2,966	1,336	1,630
Item 37 State Property - Emergency Services Levy	9,000	8,931	(69)	8,931	8,866	65
Item 38 Thermoregulatory Dysfunction Energy Subsidy Scheme	485	485	-	485	-	485
Item 39 Water Corporation of Western Australia - State Water Strategy Rebate Scheme	9,000	7,486	(1,514)	7,486	11,940	(4,454)
Item 40 Water Corporation of Western Australia - Part Reimbursement of Land Sales	716	48	(668)	48	1,061	(1,013)
Item 41 Western Australian Building Management Authority - Interest	4,700	4,700	-	4,700	5,633	(933)
Item 42 Wine Equalisation Tax Rebate	4,400	-	(4,400)	-	-	-
Item 43 All Other Grants, Subsidies and Transfer Payments	3,134	3,848	714	3,848	3,116	732
Albany Port Authority	-	-	-	-	151	(151)
State Housing Commission - Emergency Services Levy	-	-	-	-	2,100	(2,100)
State Housing Commission - General Housing Funding	-	-	-	-	5,000	(5,000)
State Housing Commission - Indigenous Housing	-	-	-	-	18,483	(18,483)
State Housing Commission - Subsidies for Housing	-	-	-	-	3,480	(3,480)
Find the HMAS Sydney Foundation	-	-	-	-	100	(100)
<b>Total Grants, Subsidies and Transfer Payments</b>	<b>333,555</b>	<b>319,912</b>	<b>(13,643)</b>	<b>319,912</b>	<b>348,256</b>	<b>(28,344)</b>



## Summary of Consolidated Account Appropriations and Revenue Estimates

For the year ended 30 June 2007

	2007 Estimate \$'000	2007 Actual \$'000	Variation \$'000	2006-07 Actual \$'000	2005-06 Actual \$'000	Variation \$'000
<b>Authorised by Other Statutes</b>						
Gold Corporation Act 1987	55	21	(34)	21	26	(5)
Judges' Salaries and Pensions Act 1950	7,280	6,316	(964)	6,316	5,384	932
Parliamentary Superannuation Act 1970	5,027	7,059	2,032	7,059	5,873	1,186
Salaries Provision - Special Division and Prescribed Office Holders	1,500	-	(1,500)	-	-	-
State Superannuation Act 2000	471,108	456,145	(14,963)	456,145	440,901	15,244
Tobacco Control Act 1990	18,153	18,179	26	18,179	17,753	426
Unclaimed Money Act 1990	500	956	456	956	470	486
Unclaimed Money (Superannuation and RSA Providers) Act 2003	50	176	126	176	190	(14)
Western Australian Treasury Corporation Act 1986 - Interest	3,018	1,046	(1,972)	1,046	13,483	(12,437)
<b>Total Amounts Authorised by Other Statutes</b>	<b>506,691</b>	<b>489,898</b>	<b>(16,793)</b>	<b>489,898</b>	<b>484,080</b>	<b>5,818</b>
<b>Total Recurrent Administered</b>	<b>1,285,994</b>	<b>1,243,616</b>	<b>(42,378)</b>	<b>1,243,616</b>	<b>1,242,665</b>	<b>951</b>
<b>ADMINISTERED CAPITAL</b>						
<b>Government Equity Contributions</b>						
Item 129 Armadale Redevelopment Authority	10,600	10,600	-	10,600	3,000	7,600
Item 130 Broome Port Authority	1,450	784	(666)	784	1,500	(716)
Item 131 Department of Health	178,509	63,885	(114,624)	63,885	52,102	11,783
Item 132 Electricity Networks Corporation (Western Power - Networks)	6,000	6,000	-	6,000	7,290	(1,290)
Item 133 Forest Products Commission	2,291	2,270	(21)	2,270	1,270	1,000
Item 134 Fremantle Port Authority	214	215	1	215	1,528	(1,313)
Item 135 Midland Redevelopment Authority	16,448	16,448	-	16,448	3,440	13,008
Item 136 Regional Power Corporation (Horizon Power)	10,950	10,950	-	10,950	-	10,950
Item 137 Rottnest Island Authority	6,456	6,839	383	6,839	-	6,839
Item 138 State Housing Commission	15,000	15,000	-	15,000	15,000	-
Item 139 Western Australian Building Management Authority	7,900	7,900	-	7,900	7,626	274
Item 140 Western Australian Meat Industry Authority	3,200	-	(3,200)	-	1,596	(1,596)
Item 141 Western Australian Land Authority	42,100	19,534	(22,566)	19,534	20,000	(466)
<b>Total Government Equity Contributions</b>	<b>301,118</b>	<b>160,425</b>	<b>(140,693)</b>	<b>160,425</b>	<b>114,352</b>	<b>46,073</b>

## Summary of Consolidated Account Appropriations and Revenue Estimates

For the year ended 30 June 2007

	2007 Estimate \$'000	2007 Actual \$'000	Variation \$'000	2006-07 Actual \$'000	2005-06 Actual \$'000	Variation \$'000
<b>Other</b>						
Item 142 Perry Lakes Trust Account	25,216	3,307	(21,909)	3,307	-	3,307
<b>Total Other Capital Contributions</b>	<b>25,216</b>	<b>3,307</b>	<b>(21,909)</b>	<b>3,307</b>	<b>-</b>	<b>3,307</b>
<b>Authorised by Other Statutes</b>						
Western Australian Treasury Corporation Act 1986						
- Capital	-	49,318	49,318	49,318	244,000	(194,682)
<b>Total Capital Contributions Authorised by Other Statutes</b>	<b>-</b>	<b>49,318</b>	<b>49,318</b>	<b>49,318</b>	<b>244,000</b>	<b>(194,682)</b>
<b>Total Administered Capital Contributions</b>	<b>326,334</b>	<b>213,050</b>	<b>(113,284)</b>	<b>213,050</b>	<b>358,352</b>	<b>(145,302)</b>
<b>TOTAL ADMINISTERED APPROPRIATIONS</b>	<b>1,612,328</b>	<b>1,456,666</b>	<b>(155,662)</b>	<b>1,456,666</b>	<b>1,601,017</b>	<b>(144,351)</b>
<b>DETAILS OF SERVICE EXPENDITURE</b>						
<b>Details of expenditure by services</b>						
Financial Management	5,385	4,770	(615)	4,770	3,641	1,129
Reporting of public sector finances	1,905	2,400	495	2,400	3,477	(1,077)
Development of economic and revenue policies	6,820	6,848	28	6,848	6,284	564
Management of the State Budget's expenditure aspects	8,506	8,690	184	8,690	7,756	934
Revenue assessment and collection	39,421	40,666	1,245	40,666	35,706	4,960
Grants and subsidies administration	3,064	2,173	(891)	2,173	2,372	(199)
Facilitate the Development and Management of agency specific contracts	13,191	21,086	7,895	21,086	15,245	5,841
Development, management and promotion of WOG common use contracts	24,025	20,253	(3,772)	20,253	22,412	(2,159)
Project management, coordination and implementation of the WOG SSR	-	255	255	255	-	255
Provision of financial and human resource services	-	23,217	23,217	23,217	-	23,217
Office of Native Title	-	-	-	-	1,320	(1,320)
Other	-	260	260	260	363	(103)
<b>Total Cost of Services</b>	<b>102,317</b>	<b>130,618</b>	<b>28,041</b>	<b>130,618</b>	<b>98,576</b>	<b>33,465</b>
Less total income	7,200	10,035	2,835	8,073	9,565	1,492
<b>Net Cost of Services</b>	<b>95,117</b>	<b>120,583</b>	<b>30,876</b>	<b>122,545</b>	<b>89,011</b>	<b>31,973</b>
Adjustments	(15,146)	(19,417)	(52,071)	(38,230)	(17,025)	(44,302)
<b>Total appropriations provided to deliver services</b>	<b>79,971</b>	<b>101,166</b>	<b>21,195</b>	<b>84,315</b>	<b>71,986</b>	<b>12,329</b>

## Summary of Consolidated Account Appropriations and Revenue Estimates

For the year ended 30 June 2007

	2007 Estimate \$'000	2007 Actual \$'000	Variation \$'000	2006-07 Actual \$'000	2005-06 Actual \$'000	Variation \$'000
<b>DETAILS OF INCOME ESTIMATES</b>						
<b>Sale of Goods and Services</b>						
Sale of Goods and Services	33,587	34,437	850	34,437	32,097	2,340
	<b>33,587</b>	<b>34,437</b>	<b>850</b>	<b>34,437</b>	<b>32,097</b>	<b>2,340</b>
<b>Taxation</b>						
Stamp duty - insurance	317,000	308,838	(8,162)	308,838	299,108	9,730
Stamp duty - mortgages	101,600	120,635	19,035	120,635	173,624	(52,989)
Stamp duty - motor vehicles	368,500	392,613	24,113	392,613	342,244	50,369
Stamp duty - conveyancing and transfers	1,745,700	2,078,394	332,694	2,078,394	1,916,434	161,960
Stamp duty - share and marketable securities	-	-	-	-	63	(63)
Stamp duty - other financial and capital transactions	-	-	-	-	2	(2)
Stamp duty - rental business	21,000	23,722	2,722	23,722	31,966	(8,244)
Stamp duty - other	3,500	2,781	(719)	2,781	1,374	1,407
Payroll tax	1,431,600	1,607,590	175,990	1,607,590	1,358,958	248,632
Debits tax	-	-	-	-	8,435	(8,435)
Betting tax	64,327	69,782	5,455	69,782	63,198	6,584
Land tax	345,700	393,427	47,727	393,427	314,544	78,883
Metropolitan Region Improvement Tax	57,500	64,995	7,495	64,995	53,403	11,592
	<b>4,456,427</b>	<b>5,062,777</b>	<b>606,350</b>	<b>5,062,777</b>	<b>4,563,353</b>	<b>499,424</b>
<b>Commonwealth grants</b>						
Goods and services	3,929,200	3,968,065	38,865	3,968,065	3,816,108	151,957
Compensation (companies regulation)	17,043	17,148	105	17,148	16,489	659
Competition Reform Payment	-	-	-	-	66,948	(66,948)
Debt Redemption Assistance	-	-	-	-	23,601	(23,601)
Local Government (Financial Assistance Grants)	115,580	115,706	126	115,706	111,072	4,634
Local Government (Road Funding)	79,019	79,230	211	79,230	76,334	2,896
Mirror taxes	20,800	20,982	182	20,982	17,381	3,601
Non-Government Schools	545,371	584,311	38,940	584,311	543,804	40,507
Pensioner Concession Assistance	17,700	17,644	(56)	17,644	17,268	376
Other	1,107	8,179	7,072	8,179	375	7,804
	<b>4,725,820</b>	<b>4,811,265</b>	<b>85,445</b>	<b>4,811,265</b>	<b>4,689,380</b>	<b>121,885</b>

## Summary of Consolidated Account Appropriations and Revenue Estimates

For the year ended 30 June 2007

	2007 Estimate \$'000	2007 Actual \$'000	Variation \$'000	2006-07 Actual \$'000	2005-06 Actual \$'000	Variation \$'000
<b>Dividends and Taxes</b>						
Government Enterprises - Dividends	456,404	420,908	(35,496)	420,908	539,013	(118,105)
Income Tax - Tax Equivalent Regime	284,927	327,499	42,572	327,499	302,122	25,377
Local Government Rates - Tax Equivalent Regime	8,588	6,104	(2,484)	6,104	7,617	(1,513)
	<b>749,919</b>	<b>754,511</b>	<b>4,592</b>	<b>754,511</b>	<b>848,752</b>	<b>(94,241)</b>
<b>Other Revenue</b>						
Consolidated Account revenue received from agencies	3,989,218	3,828,641	(160,577)	3,828,641	3,383,477	445,164
Capital User Charge	1,145,743	1,151,984	6,241	1,151,984	854,153	297,831
Interest	92,584	177,295	84,711	177,295	112,950	64,345
Loan Guarantee Fees	18,139	16,999	(1,140)	16,999	16,027	972
Pension Recoups	13,606	14,827	1,221	14,827	14,265	562
Consolidated Account (superannuation reimbursement)	113,921	123,640	9,719	123,640	124,826	(1,186)
Other	17,420	37,978	20,558	37,978	20,441	17,537
	<b>5,390,631</b>	<b>5,351,364</b>	<b>(39,267)</b>	<b>5,351,364</b>	<b>4,526,139</b>	<b>825,225</b>
<b>Net Assets Transferred In</b>						
Net Assets Transferred In - Subiaco Redevelopment Authority Wind-up	6,100	6,100	-	6,100	-	6,100
	<b>6,100</b>	<b>6,100</b>	<b>-</b>	<b>6,100</b>	<b>-</b>	<b>6,100</b>
<b>TOTAL INCOME ESTIMATES</b>	<b>15,362,484</b>	<b>16,020,454</b>	<b>657,970</b>	<b>16,020,454</b>	<b>14,659,721</b>	<b>1,360,733</b>

# Notes to the Financial Statements

For the year ended 30 June 2007

## 1 Department of Treasury and Finance mission and funding

The Department's mission is to provide quality economic and financial advice, financial management, fair and equitable revenue laws administration, effective government procurement and quality value for money corporate services within a Whole of Government shared framework.

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 2005. 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 Australian equivalents to International Financial Reporting Standards

The Department's financial statements for the year ended 30 June 2007 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

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

The Australian Accounting Interpretations are adopted through AASB 1048 'Interpretation and Application of Standards' and are classified into those corresponding to IASB Interpretations and those only applicable in Australia.

The AASB has decided to maintain statements of accounting concepts (SAC 1 and SAC 2) and has continued to revise and maintain accounting standards and the interpretations that are of particular relevance to the Australian environment, especially those that deal more specifically with not-for-profit entity issues and/or do not have an equivalent IASB Standard or Interpretation.

The Department cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 "Application of Australian Accounting Standards and Other Pronouncements". No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Department for the annual reporting period ended 30 June 2007.

## Notes to the Financial Statements

For the year ended 30 June 2007

### 3 Summary of significant accounting policies

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

#### a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards as applied by the Treasurer's instructions which may modify or clarify their application, disclosure, format and wording to provide certainty and to ensure consistency and appropriate reporting across the public sector.

The *Financial Management Act 2006* and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

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

#### b) Basis of preparation

The financial statements have been prepared in accordance with Accounting Standards AAS29 'Financial Reporting by Government Departments'.

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

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

The statements have been prepared on the accrual basis of accounting using the historical cost convention except for certain assets and liabilities which, as noted, are measured at fair value.

The judgements that have been made in the process of applying the Department's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 4 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at note 5 'Key sources of estimation uncertainty'.



## Notes to the Financial Statements

For the year ended 30 June 2007

### c) Reporting Entity

The reporting entity is the Department of Treasury and Finance.

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

Administered assets, liabilities, expenses and revenues are not integral to the Department in carrying out its functions and are disclosed in schedules in the notes 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 is described above for the financial statements of the department.

The administered assets, liabilities, expenses and revenues are those which government requires the Department to administer on its behalf. The assets do not render any service potential or future 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 the Department. Details of the transactions of the RiskCover Managed Fund are disclosed in the financial statements of the Commission.

### d) Contributed Equity

UIG Interpretation 1038 "Contributions by Owners Made to Wholly-Owned Public Sector Entities" requires transfers in the nature of equity contributions to be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) have been designated as contributions by owners by Treasurer's instruction (TI) 955 'Contributions by Owners made to Wholly owned Public Sector Entities' and have been credited directly to Contributed Equity.

### e) Income

#### Service Appropriations

Service appropriations 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 bank account or credited to the holding account held at Treasury.

#### Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained by the Department. Receipts in respect of all revenues recognised in the Statement of Financial Performance are the subject of a net appropriation determination by the Treasurer.

The net appropriation determination allows all prescribed revenues to be retained by the department:

- Proceeds from fees and charges; and
- Other departmental revenues.

## Notes to the Financial Statements

For the year ended 30 June 2007

In accordance with the determination specified in the 2007 Budget Statements, the Department retained \$10.035 million in 2007 (\$10.528 million in 2006).

Retained revenues may only be applied to the services specified in the 2007 Budget Statements.

### ***Revenue Recognition – Controlled***

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

### ***Revenue Recognition – Administered***

Revenues resulting from taxation, territorial revenue, regulatory fees and fines, sale of goods and services, rent and interest, are, where possible, recognised when the transaction or event giving rise to the revenue occurs. In some instances, however, the revenue is not measurable until the cash is received.

The policies adopted for the recognition of the major types of revenue are as follows:

Type	Item	Recognition policy
Taxation	Land Tax	On issue of assessment
	Pay-roll and Betting Taxes	On receipt of cash (self assessment method), plus on the issue of an assessment to amend a self assessed liability
	Stamp Duty	On issue of assessment or on receipt of cash (self assessment method)
Other	Commonwealth Grants	On receipt of cash.
	Dividends	When they are declared by the paying entity
	Tax Equivalent Regime	As they accrue
	Capital User Charge	On receipt of cash (self assessment method) plus on the issue of an assessment

## Notes to the Financial Statements

For the year ended 30 June 2007

### f) Property, Plant and Equipment

#### *Initial recognition and measurement*

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

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

All items of plant and equipment are carried at historical cost less accumulate depreciation and accumulated impairment loss. The Department does not hold any land and buildings as part of its asset holdings.

#### *Depreciation of Non-Current Assets*

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

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

Computer Equipment	3 to 5 years
Plant and equipment	5 years
Furniture and fittings	10 years
Leasehold improvements	10 years

### g) Intangible Assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Income Statement.

All acquired and internally developed intangible assets are initially recognised at cost. The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

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

Licences	up to 10 years
Research and Development Costs	3-5 years
Software <sup>(a)</sup>	3-5 years
Website costs	3-5 years

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

Note that intangible assets that have an indefinite useful life are not subject to amortisation but must be tested annually for impairment.

## Notes to the Financial Statements

For the year ended 30 June 2007

### Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

### Web site costs

OnlineWA is the Internet single doorway to Western Australian information and services. The cost of developing the features and content of OnlineWA has been capitalised as an intangible asset. This asset will be amortised on a straight line basis over its estimated useful life (10 years).

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

### Computer Software

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

### Amortisation

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

Software	3-13 years
Web site costs	3-10 years

## h) Impairment of assets

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

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

## Notes to the Financial Statements

For the year ended 30 June 2007

For assets identified as surplus assets, the recoverable amount is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset.

For surplus assets carried at fair value, there is no risk of material impairment. Surplus assets at cost are tested for indications of impairment at each balance sheet date.

### i) Leases

The department has no finance leases. The department has entered into a number of operating lease arrangements for the rent of office accommodation and for leased 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 Income Statement over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

### j) Financial Instruments

The Department has only one category of financial instrument, being loans and receivables.

Initial recognition and measurement is at fair value. Usually the transaction cost or face value is equivalent to the fair value.

Receivables and payables with no interest rate are measured at transaction cost where the effect of discounting is immaterial.

### k) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash includes cash assets and restricted cash assets.

### l) 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.

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

### k) Receivables

Receivables are recognised and carried at original invoice amount less any provision for uncollectible amounts. The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off. The provision for uncollectible amounts is raised when collectability is no longer probable. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

## Notes to the Financial Statements

For the year ended 30 June 2007

### m) Amounts Receivable for services (Holding Account)

The Department receives appropriation funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid in the form of cash and partly as an asset (Holding Account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

### n) Payables

Payables, 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. Payables are generally settled within 30 days.

### o) Provisions

#### (i) Provisions – Employee Benefits

##### ***Annual leave and long service leave***

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

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

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

##### ***Superannuation***

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or the Gold State Superannuation Scheme, a defined benefit and lump sum benefit 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. The department contributes to this accumulation fund in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The superannuation expense comprises the following elements:

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



## Notes to the Financial Statements

For the year ended 30 June 2007

A revenue, “Liabilities assumed by the Treasurer” equivalent to 1) is recognised under Revenues from Government in the Statement of Financial Performance as the unfunded liability is assumed by the Treasurer. The GESB makes the benefit payments and is recouped by the Treasurer.

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

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by payment of employer contributions to the GESB.

### Employment On-Costs

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

### (p) Resources Received Free of Charge or For Nominal Value

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

### (q) Comparative Figures

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

### (r) Superannuation expense

The following elements are included in calculating the superannuation expense:

- 1) Defined benefit plans- Change in the unfunded employer’s liability assumed by the Treasurer in respect of current employees who are members of the Pension Scheme and current employees who are accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme; and
- 2) Defined contribution plans – Employer contributions paid to the West State Superannuation Scheme (WSS), and the equivalent of employer contributions to the Gold State Superannuation Scheme (GSS).

Defined benefit plans- in order to reflect the true cost of services, the movements (i.e. current service cost and, actuarial gains and losses) in the liabilities in respect of the Pension Scheme and the GSS Scheme transfer benefits are recognised as expenses directly in the Income Statement. As these liabilities are assumed by the Treasurer, a revenue titled ‘Liabilities assumed by the Treasurer’ equivalent to the expense is recognised under Income from State Government in the Income Statement.

Defined contribution plans – in order to reflect the true cost of services of the Department, the Department is funded for the equivalent of employer contributions in respect of the GSS Scheme (excluding transfer benefits). These contributions were paid to the GESB during the year and placed in a trust account administered by the GESB on behalf of the Treasurer. The GESB subsequently paid these employer contributions in respect of the GSS Scheme to the Consolidated Account.

## Notes to the Financial Statements

For the year ended 30 June 2007

Information about the Department's services and the expenses and revenues that are reliably attributable to those services is set out in the Services 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.

The Key services of the Department for the year 2006-07 are:

### Service 1: Financial Management

To provide advice on the Government's fiscal strategy, advice on the legislative framework underpinning financial management and accountability in the Western Australian public sector, advice on interpretation and implementation of Accounting Standards, and management of the State Fleet operation.

### Service 2: Reporting of Public Sector Finances

This Service entails the preparation and publication of regular reports on the State's finances and maintenance of the Public Ledger.

### Service 3: Development of Economic and Revenue Policies

To analyse and advise on economic and revenue policy issues, including in relation to the State's major revenue sources, utilities regulation and reform, competition policy and economic, social and environmental developments generally, estimates and monitoring of Western Australia's economic performance, major revenue streams and utilities finances, particularly as part of the budget process and reviews of the State's credit rating.

### Service 4: Management of the State Budget's Expenditure Aspects

To advise and manage the allocation of taxpayer's resources to achieve Government's desired outcomes.

### Service 5: Revenue Assessment and Collection

Involves the assessment and collection of a range of statutory based revenues including those that the Commissioner of State Revenue has direct responsibility for, including stamp duties, land tax and payroll tax, and those that are collected on behalf of other agencies or other jurisdictions.

### Service 6: Grants and Subsidies Administration

The service involves the assessment and payment of a range of grants and subsidies under both statutory and administrative schemes. The major payments relate to the First Home Owner Grant (FHOG) scheme and concessions on water and local authority rates for pensioners and seniors.

### Service 7: Facilitate the Development and Management of Agency Specific Contracts

Helps Government agencies effectively manage procurement risks, and establish contracts that deliver value for money and efficiently meet their operational needs.

## Notes to the Financial Statements

For the year ended 30 June 2007

### Service 8: Development, Management and Promotion of Whole-of-Government Common Use Contract Arrangements and Systems

Lends a whole-of-government approach to procurement that efficiently meets agency needs, manages risk and delivers savings to Government.

### Service 9: Project Management, Coordination and Implementation of the Whole-of-Government Shared Corporate Services Reform

The Office of Shared Services (OSS) is responsible for building the Business System which will support the provision of shared services to client agencies and rolling-in (or transitioning), general government agencies into the shared service environment operated by the OSS.

### Service 10: Provision of Financial and Human Resources Services

The OSS is responsible for providing shared corporate services to general agencies across the sector. This commenced in 2006-07 with finance and procurement services being delivered to agencies.

## 4 Judgements made by management in applying accounting policies

There are no judgements used that had a significant impact on the capitalisation of development expenditure and the adoption of fair value versus cost basis for plant and equipment.

## 5 Key sources of estimation uncertainty

There are no estimation uncertainties which would have a significant risk of material impact.

## 6 Disclosure of changes in accounting policy and estimates

### Initial application of an Australian Accounting Standard

The Department has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2006:

1. AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts). The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 'Insurance Contracts' or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'. The Department does not currently undertake these types of transactions, resulting in no financial impact in applying the Standard.
2. UIG interpretation 4 'Determination whether an Arrangement Contains a Lease' as issued in June 2005. This interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'. At balance sheet date, the Department has not entered into any arrangements as specified in the Interpretation resulting in no impact in applying the Interpretation.

## Notes to the Financial Statements

For the year ended 30 June 2007

The following Australian Accounting Standards and Interpretations are not applicable to the Department as they have no impact or do not apply to not-for-profit entities:

### AASB Standards and Interpretations

2005-1	Amendments to Australian Accounting Standard' (AASB 139- Cash flow hedge accounting of forecast intragroup transactions)
2005-5	Amendments to Australian Accounting Standards [AASB 1& AASB 139]'
2006-1	Amendments to Australian Accounting Standards [AASB 121]'
2006-3	Amendments to Australian Accounting Standards [AASB 1045]'
2006-4	Amendments to Australian Accounting Standards 9AASB 134]'
2007-2	Amendments to Australian Accounting Standards arising from AASB interpretation 12 [AASB 1, AASB 117, AASB118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' - paragraph 9
UIG 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'.
UIG 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment'
UIG 7	Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'
UIG 8	Scope of AASB 2'

### Voluntary changes in Accounting Policy

#### Future impact of Australian Accounting Standards not yet operative

The Department cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Procurements'. Consequently, the Department has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. These will be applied from their application date:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB4, AASB1023 and AASB 1038]') This standard requires new disclosures in relation to financial instruments. The standard is considered to result in increased disclosures, both quantitative and qualitative of the Department's exposure to risks, enhanced disclosure regarding components of the Department's financial position and performance, and possible changes to the way of presenting certain items in the financial statements. The Department does not expect any financial impact when the standard is first applied. The standard is required to be applied to annual reporting periods beginning on or after 1 Jan. 2007.
2. AASB 2205-10 'Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038)'. The amendments are as a result of the issue of AASB 7 'Financial Instruments: Disclosures', which amends the financial instrument disclosure requirements in these standards. The Department does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
3. AASB 101 'Presentation of Financial Statements'. This Standard was revised and issued in October 2006 so that AASB 101 has the same requirements as IAS 1 'Presentation of Financial Statements' (as issued by the IASB) in respect of for-profit entities. The Department is a not-for-profit entity and consequently does not expect any financial impact when the standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

## Notes to the Financial Statements

For the year ended 30 June 2007

4. AASB Interpretation 4 'Determining whether an Arrangement Contains a Lease [revised]'. This Interpretation was revised and issued in February 2007 to specify that if a public-to-private service concession arrangement meets the scope requirements of AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007, it would not be within the scope of Interpretation 4. At balance sheet date, the Department has not entered into any arrangement as specified in the Interpretation or within the scope of Interpretation 12, resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.
5. AASB Interpretation 12 'Service Concession Arrangements'. This Interpretation was issued in February 2007 and gives guidance on the accounting by operators (usually a private sector entity) for public-to-private service concession arrangements. It does not address the accounting by grantors (usually a public sector entity). It is currently unclear as to the application of the Interpretation to the Department if and when public-to-private service concession arrangements are entered into in the future. At balance sheet date, the Department has not entered into any public-to-private service concession arrangements resulting in no impact when the interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.
6. AASB Interpretation 129 'Service Concession Arrangements: Disclosures [revised]'. This Interpretation was revised and issued in February 2007 to be consistent with the requirements in AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007. Specific disclosures about service concession arrangements entered into are required in the notes accompanying the financial statements, whether as a grantor or an operator. At balance sheet date, the Department has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

The following Australian Accounting Standards and Interpretations are not applicable to the Department as they will have no impact or do not apply to not-for-profit entities:

### AASB Standards and Interpretations

AASB 8	Operating Segments'
AASB 1049	Financial Reporting of General Government Sectors by Governments'
AASB 2007-1	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]
AASB 2007-2	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraphs 1 to 8
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 13, AASB 136, AASB 1023 & AASB 1038]'
Interpretation 10	Interim Financial Reporting and Impairment'
Interpretation 11	AASB 2 – Group and Treasury Share Transactions'

### Changes in Accounting Estimates

Effective 1 July 2007, items of property, plant and equipment and infrastructure costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed over useful lives. Up to 30 June 2007, items costing \$1,000 or more were recognised as assets.

### Merger with the Office of Shared Services

Effective 1 January 2007, the Department merged with the OSS. The operations of OSS form a part of these financial statements and OSS is now a business unit of the Department.

## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>7 Employee benefits expense</b>		
Wages and salaries	51,271	43,992
Superannuation	7,026	5,088
Annual Leave	5,284	3,760
Long Service Leave	3,582	1,324
Other related expenses	1,246	996
	<b>68,409</b>	<b>55,160</b>
<b>8 Supplies and services</b>		
Communications	2,055	1,805
Consultants and contractors	19,424	22,513
Consumables	693	332
Repairs and maintenance	8,399	518
Travel	814	542
Legal costs	2,020	1,379
Payment of Administered items	110	
Other	3,040	3,169
	<b>36,555</b>	<b>30,258</b>
Supplies and services include amounts supplied free of charge as set out in Note 11.		
<b>9 Depreciation and amortisation expense</b>		
<b>Depreciation</b>		
Furniture and Equipment	101	135
Computer Equipment	1,404	1,557
Office fit out	374	303
Total Depreciation	<b>1,879</b>	<b>1,995</b>
<b>Amortisation</b>		
Computing software	3,348	1,004
Intangibles – computer systems development	5,165	874
Total Amortisation	8,513	1,878
<b>Total Depreciation and Amortisation</b>	<b>10,392</b>	<b>3,873</b>

## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>10 Accommodation expenses</b>		
Lease rentals	7,222	4,870
Repairs and maintenance buildings	297	337
Cleaning and security	186	194
	<b>7,705</b>	<b>5,401</b>
<b>11 Grants and subsidies</b>		
Ex Gratia Payments	-	11
Grants	-	929
	<b>-</b>	<b>940</b>
<b>12 Capital user charge</b>		
Capital user charge	<b>5,528</b>	<b>1,903</b>
<b>13 Other expenses</b>		
Minor Purchases	631	-
Employment on-costs	801	523
Audit costs	585	488
	<b>2,017</b>	<b>1,011</b>
<b>14 Revenues from Operating Activities</b>		
<b>User charges and fees</b>		
Finance and Human Resource Services	636	-
Land Tax Enquiry Fees	2,738	3,391
Management Fees	318	1,621
Government Procurement Services	2,958	3,995
Other	1,150	-
	<b>7,800</b>	<b>9,007</b>
<b>Commonwealth Grants and Contributions</b>		
Commonwealth Grants and Contributions	-	8
	<b>-</b>	<b>8</b>
<b>Interest Revenue</b>		
Interest Revenue	130	2
	<b>130</b>	<b>2</b>
<b>Other Revenue</b>		
Other Revenue	2,105	548
	<b>2,105</b>	<b>548</b>
	<b>10,035</b>	<b>9,565</b>



## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>15 Net gain/(loss) on disposal of non-current assets</b>		
Loss on Disposal of Non-Current Assets		
Computer equipment	(5)	(20)
Furniture and equipment	(7)	(10)
Net Gain/(Loss)	<b>(12)</b>	<b>(30)</b>
<b>16 Income from State Government</b>		
a) Appropriation revenue received during the year		
Service appropriations	96,966	71,986
	<b>96,966</b>	<b>71,986</b>
Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.		
b) The following liabilities have been assumed by the Treasurer		
Superannuation	1,061	396
	<b>1,061</b>	<b>396</b>
The assumption of the superannuation liability by the Treasurer is a notional revenue to offset the notional superannuation expense reported in respect of current employees who are members of the pension scheme and current employees who have a transfer benefit under the Gold State Superannuation scheme.		
c) Resources received free of charge		
Determined on the basis of the following information provided by agencies:	<b>11,298</b>	<b>10,391</b>
Department of Education and Training	224	-
State Solicitor's Office	1,273	1,338
Department of Land Administration	9,801	9,053
	<b>11,298</b>	<b>10,391</b>
Resources received free of charge or for a nominal value, which can be reliably measured, are recognised as revenues and as assets or expenses as appropriate at fair value		
Total	<b>109,325</b>	<b>82,773</b>

## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>17 Cash and Cash Equivalents</b>		
Cash at bank	16,219	47,160
Cash on hand	7	5
	<u>16,226</u>	<u>47,165</u>
<b>18 Restricted Cash and Cash Equivalents</b>		
Current		
Cash at bank – Burrup Maitland Trust Account	-	3,958
	<u>-</u>	<u>3,958</u>
Non Current		
Accrued Salaries Suspense Account	655	181
	<u>655</u>	<u>181</u>
<b>19 Receivables</b>		
Current		
Accounts receivable for services supplied	3,724	1,929
GST receivable	1,540	738
	<u>5,264</u>	<u>2,667</u>
<b>20 Amounts receivable for services</b>		
Current	8,393	4,506
Non-current	15,819	12,366
Total amounts receivable for services	<u>24,212</u>	<u>16,872</u>
<b>21 Other current assets</b>		
Prepayments	2,577	483
	<u>2,577</u>	<u>483</u>
<b>22 Property, plant and equipment</b>		
Furniture and equipment		
At cost	1,475	1,179
Accumulated depreciation	(1,016)	(790)
	<u>459</u>	<u>389</u>

## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
Computer equipment		
At cost	8,251	7,449
Accumulated depreciation	(6,017)	(5,305)
	<u>2,234</u>	<u>2,144</u>
Office fitout		
At cost	4,530	3,442
Accumulated amortisation	(2,662)	(2,286)
	<u>1,868</u>	<u>1,156</u>
Work in progress	<u>119</u>	<u>175</u>
<b>Total</b>		
At cost	14,375	12,245
Accumulated depreciation	(9,695)	(8,381)
	<u>4,680</u>	<u>3,864</u>

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

### Furniture and equipment

At Cost		
Carrying amount at the start of the year	389	399
Additions	219	138
Disposals	(97)	(13)
Depreciation expense	(52)	(135)
Carrying amount at the end of the year	<u>459</u>	<u>389</u>

### Computer equipment

At Cost		
Carrying amount at the start of the year	2,144	2,222
Additions	1,530	1,501
Disposals	(761)	(22)
Depreciation expense	(679)	(1,557)
Carrying amount at the end of the year	<u>2,234</u>	<u>2,144</u>

## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>Office Fitout</b>		
At Cost		
Carrying amount at the start of the year	1,156	498
Additions	1,273	961
Disposals	(193)	-
Depreciation expense	(368)	(303)
Carrying amount at the end of the year	1,868	1,156
<b>Work in progress</b>		
At Cost		
Carrying amount at the start of the year	175	559
Additions	513	399
Transfers to assets	(569)	(783)
Carrying amount at the end of the year	119	175
<b>Total carrying amount at the start of the year</b>	3,864	3,678
Additions	3,535	2,999
Disposals	(1,051)	(35)
Transfer to assets	(569)	(783)
Depreciation expense	(1,099)	(1,995)
Carrying amount at the end of the year	4,680	3,864
<b>23 Intangibles</b>		
<b>Computer systems development</b>		
At cost	15,903	365
Accumulated amortisation	(1,424)	(176)
	14,479	189
<b>Computer software</b>		
At cost	70,835	25,165
Accumulated amortisation	(13,979)	(13,166)
	56,856	11,999
<b>Work in progress</b>	555	307

## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>Total</b>		
At cost	87,293	25,837
Accumulated depreciation	(15,403)	(13,342)
	<b>71,890</b>	<b>12,495</b>
Reconciliations of the carrying amount of intangible assets is set out below.		
<b>Computer systems development</b>		
Carrying amount at the start of the year	1,580	225
Additions	14,142	1,391
Amortisation	(1,243)	(36)
Carrying amount at the end of the year	<b>14,479</b>	<b>1,580</b>
<b>Computer Software</b>		
Carrying amount at the start of the year	11,999	12,448
Additions	51,874	1,391
Amortisation	(7,017)	(1,840)
Carrying amount at the end of the year	<b>56,856</b>	<b>11,999</b>
<b>Work in progress</b>		
Carrying amount at the start of the year	307	115
Additions	646	1,583
Transfers to computer software	(398)	(1,391)
Carrying amount at the end of the year	<b>555</b>	<b>307</b>
<b>Total intangibles</b>		
Carrying amount at the start of the year	12,495	12,788
Additions	68,053	2,974
Amortisation	(8,260)	(1,876)
Transfer to computer software	(398)	(1,391)
Carrying amount at the end of the year	<b>71,890</b>	<b>12,495</b>

## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>24 Impairment of assets</b>		
There were no indications of impairment of plant and equipment on intangible assets at 30 June 2007.		
The Department held no intangible assets with an indefinite useful life during the reporting period.		
<b>25 Payables</b>		
Current		
Trade payables	2,331	160
Sundry Creditors	-	3,958
GST payable	78	88
<b>Total Current</b>	<b>2,409</b>	<b>4,206</b>
<b>26 Provisions</b>		
<b>Current:</b>		
<b>Employee benefits provision</b>		
Annual leave	6,118	4,437
Long service leave	8,221	6,562
Employment on-costs	1,898	1,511
	<b>16,237</b>	<b>12,510</b>
<b>Other</b>		
Microsoft Service Provision	1,859	1,750
	<b>1,859</b>	<b>1,750</b>
	<b>18,096</b>	<b>14,260</b>
<b>Non-Current:</b>		
Employee benefits provision		
Long service leave	4,900	3,822
Employment on-costs	416	306
	<b>5,316</b>	<b>4,128</b>
	<b>23,412</b>	<b>16,638</b>

## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
Annual leave liabilities, Long service leave and Employment on-costs have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessment indicate that actual settlement of the liabilities will occur as follows:		
Annual leave		
Within 12 months of balance sheet date	3,500	2,529
More than 12 months after balance sheet date	2,618	1,908
	<u>6,118</u>	<u>4,437</u>
Long Service Leave		
Within 12 months of balance sheet date	5,490	4,801
More than 12 months after balance sheet date	7,631	5,584
	<u>13,121</u>	<u>10,385</u>
Employment on-costs		
Within 12 months of balance sheet date	1,278	876
More than 12 months after balance sheet date	1,036	940
	<u>2,314</u>	<u>1,816</u>

The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and workers compensation premiums. The liability for such on-costs is included here. The associated expense is included under Other related expenses.

### 27 Other Liabilities

Current		
Accrued salaries	260	925
Accrued Expenses	5,836	481
Non Current	<u>6,096</u>	<u>1,406</u>



## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>28 Equity</b>		
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.		
<b>Contributed equity</b>		
Balance at the start of the year	66,609	21,315
Capital contribution	26,127	45,294
Transfer of net assets from Office of Shared Services	51,298	-
Transfer of net assets to Office of Native Title	(32,266)	-
Amount transferred to the Consolidated Fund	(4,000)	-
<b>Balance at the end of the year</b>	<b>107,768</b>	<b>66,609</b>
<b>Accumulated surplus/(deficit)</b>		
Balance at the start of the year	(2,923)	4,503
Correction of prior period errors (1)	-	(1,188)
Restated balance at start of period	(2,923)	3,315
Result for the period	(11,258)	(6,238)
<b>Balance at the end of the year</b>	<b>(14,181)</b>	<b>(2,923)</b>
	<b>93,587</b>	<b>63,686</b>

(1) The correction of prior period errors represents management's decision to recognise the Microsoft Service Provision Fund liability.

## Notes to the Financial Statements

For the year ended 30 June 2007

2007  
\$'000

2006  
\$'000

### 29 Notes to the Cash Flow Statement

Reconciliation of cash

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

#### a. Cash and Cash equivalents

Cash assets

16,226

47,165

#### Restricted Cash

Restricted cash assets - 27th Pay

655

181

Restricted cash assets - Burrup Maitland Trust

-

3,958

655

4,139

#### Cash and cash equivalents

16,881

51,304

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

##### Net cost of services

(120,583)

(88,450)

##### Non-cash items

Depreciation and amortisation expense

10,387

3,873

Superannuation liability assumed by the Treasurer

1,061

396

Resources received free of charge

10,761

10,391

Non operating accruals

26,265

-

Revenue received in advance

(375)

-

Net (Gain)/loss on disposal of non-current assets

-

30

##### (Increase)/decrease in assets:

##### Current

Accounts receivable

(4,995)

(2,576)

Other current assets

(2,468)

475

##### Non-current

Non-current receivables

-

(530)

## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>Increase/(decrease) in liabilities:</b>		
<b>Current</b>		
Employee benefits	-	1,033
Accounts payable	(28,006)	(2,738)
Accrued salaries	2,289	4,946
Employee benefits	-	466
Other current liabilities	(4,519)	-
Change in GST in receipts/(payments)	2,674	3,233
Net GST receipts/(payments)	(1,883)	2,250
<b>Non-current</b>		
Employee benefits	61	-
<b>Net cash (used in)/from operating activities</b>	<b>(109,331)</b>	<b>(67,201)</b>
<b>30 Resources provided free of charge</b>		
The following resources were provided to other agencies free of charge:		
Department of Education and Training	1,711	1,661
Department of Health	1,566	-
Western Australian Police Force	606	590
Department of Conservation and Land Management	91	87
Department of Industry and Tourism	103	101
Department of Fisheries	68	66
Department of Environment	150	142
Department of Agriculture and Forestry	142	139
Department of Justice	463	448
Department for Community Development	231	227
Disability Services Commission	231	227
Department of Culture and the Arts	88	84
Department of Planning and Infrastructure	288	280
Department of Land Information	149	285
Landgate	149	-
Department of Premier and Cabinet	67	66
Department of Consumer and Employment Protection	91	87
Department of Industry and Resources	336	323
	<b>6,530</b>	<b>4,813</b>

## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>31 Commitments for expenditure</b>		
<b>a) Lease Commitments</b>		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities are payable:		
Within one year	6,568	2,484
Later than one year and not later than five years	27,926	484
Payable later than five years	25,793	-
	<u>60,287</u>	<u>2,968</u>
Representing:		
Cancellable operating leases	-	255
Non-cancellable operating leases (b)	60,287	2,713
	<u>60,287</u>	<u>2,968</u>
<b>b) Non-cancellable operating lease commitments</b>		
Commitments for minimum lease payments are payable as follows:		
Within one year	-	2,310
Later than one year and not later than five years	-	403
Payable later than five years	-	-
	<u>-</u>	<u>2,713</u>
<b>32 Contingent liabilities and contingent assets</b>		
<b>Contingent liabilities</b>		
The Department has no contingent liabilities as at 30 June 2007.		
<b>Contingent assets</b>		
The department has a contingent asset of \$89,000 as at 30 June 2007 for recovery of trust funds.		
<b>33 Affiliated bodies</b>		
The Department has no affiliated bodies.		
<b>34 Events occurring after reporting date</b>		
The Department is unaware of any event occurring after reporting date that would materially affect the financial statements.		

## Notes to the Financial Statements

For the year ended 30 June 2007

2007  
\$'000

2006  
\$'000

### 35 Remuneration of Auditor

The remuneration of the auditors includes fees paid for auditing the accounts, financial statements and performance indicators as set out below

Department of Treasury and Finance  
Annual Report on State Finances

366	314
200	175
<u>566</u>	<u>489</u>

### 36 Remuneration of senior officers

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:

#### Number of Senior Officers

60,001- 70,000  
120,001-130,000  
130,001-140,000  
140,001-150,000  
150,001-160,000  
160,001-170,000  
170,001-180,000  
190,001-200,000  
210,001-220,000  
340,001-350,000  
400,001-410,000

2007	2006
1	-
-	1
-	1
1	-
1	-
-	1
-	-
1	3
3	-
1	-
1	1
<u>1,955</u>	<u>1,424</u>

Total remuneration of senior officers is (\$000's):

The superannuation included here represents the superannuation expense incurred by the Department in respect of senior officers. No senior officers are members of the Pension Scheme.

## Notes to the Financial Statements

For the year ended 30 June 2007

### 37 Financial instruments

#### (a) Financial Risk Management Objectives and Policies

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

##### *Credit risk*

The Department trades only with recognised, creditworthy third parties. The Department has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Department's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

##### *Liquidity risk*

The Department has appropriate procedures to manage cash flow including drawdowns of appropriations by monitoring forecast cashflows to ensure that sufficient funds are available to meet its commitments.

##### *Cash flow interest rate risk*

The Department is not exposed to interest rate risk because cash and cash equivalents and restricted cash are non-interest bearing and have no borrowing, Treasurer's advance and finance leases.

## Notes to the Financial Statements

For the year ended 30 June 2007

### (b) Financial Instrument Disclosures

#### *Interest rate risk exposure*

The following table details the Department's exposure to interest rate risk as at the balance sheet date:

	Weighted average interest rate Total	Variable Interest rate	Non Interest bearing  \$'000	Total  \$'000
<b>2007</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	-	-	16,226	16,226
Restricted cash and cash equivalents	-	-	655	655
Accounts Receivable for services	-	-	24,212	24,212
	-	-	41,093	41,093
<b>Financial liabilities</b>				
Payables	-	-	3,273	3,273
	-	-	3,273	3,273
<b>2006</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	-	-	47,165	47,165
Restricted cash and cash equivalents	-	-	4,139	4,139
Accounts Receivable for services	-	-	19,539	19,539
	-	-	70,843	70,843
<b>Financial liabilities</b>				
Payables	-	-	1,173	1,173
	-	-	1,173	1,173



## Notes to the Financial Statements

For the year ended 30 June 2007

### 38 Explanatory Statements

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 Account and operating account, all on an accrual basis. The following are explanations of significant variations. A significant variation is one that is in excess of 10% of the principal amount. In respect of any item for which there is not a significant variation, no explanation is given.

#### Significant variances between estimates and actual

	2007 Estimate \$'000	2007 Actual \$'000	Variation \$'000
<b>Total appropriations provided to deliver services</b>			
(1) Appropriations provided	79,971	96,966	16,995
(2) Capital contribution	1,255	21,927	20,672
(1) During 2006-07 the department received additional recurrent funding in the form of section 25 transfers from the Office of Shared Services as a result of the transfer of the function of driving the implementation of efficient shared human resources and financial services for the public sector and from the Health Department of Western Australia for procurement reform project.			
(2) During 2006-07 the department received capital contribution funding in the form of a section 25 transfer from the Office of Shared Services as a result of the transfer of the function of driving the implementation of efficient shared human resources and financial services for the public sector.			
(1) Financial Management	5,385	4,770	(615)
(2) Reporting of Public sector finances	1,905	2,400	495
(1) and (2) above services were created during 2006-07 budget process, as a result of a combination of certain operational areas of the Department. When preparing 2006-07 budget papers, the cost components of the services were not readily available. The true cost of the services were ascertained during the financial year. The main reason for the variance is the shifting of cost components between the two services.			

## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 Estimate \$'000	2007 Actual \$'000	Variation \$'000
(3) Grants and Subsidies Administration The main reason for the above variance is the over allocation of corporate overheads in the printed estimates. The off setting amount has been included in the Revenue Assessment and Collection service.	3,064	2,173	(891)
(4) Facilitate the Development and Management of Agency Specific contracts	13,191	21,086	7,895
(5) Development, Management and Promotion of WOG common use contracts The values have been restated to ensure fairer distribution of costs between services for systems and procurement reform and therefore resulted in changes to previously published results.	24,025	20,253	(3,772)
(6) Project Management, Co-ordination and Implementation of Whole of Government shared corporate services	-	255	255
(7) Provision of financial and human resources services	-	23,217	23,217
Effective 1 January 2007, the above two services were transferred to the department and the actual expenditure represents the amounts incurred during the six month period ended 30 June 2007. There were no estimates for these two services.			
<b>Total appropriations provided to deliver services</b>			
(1) Appropriations provided	96,966	71,986	(24,980)
(2) Capital contribution	21,927	1,255	(20,672)
(1) During 2006-07 the department received additional recurrent funding in the form of section 25 transfers from the Office of Shared Services as a result of the transfer of the function of driving the implementation of efficient shared human resources and financial services for the public sector and from the Health Department of Western Australia for procurement reform project.			
(2) During 2006-07 the department received capital contribution funding in the form of a section 25 transfer from the Office of Shared Services as a result of the transfer of the function of driving the implementation of efficient shared human resources and financial services for the public sector.			

## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 Estimate \$'000	2007 Actual \$'000	Variation \$'000
(3) Management of the State Budget's expenditure aspects	8,690	7,756	(934)
During 2006-07, certain functions in relation to the management of the Treasury Information Management System were transferred to the newly created service, Management of the State Budget's Expenditure aspects and therefore, the actual for 2006-07 is high in comparison to 2005-06.			
(4) Revenue Assessment and Collection	40,666	35,706	(4,960)
Increase in services received free of charge for services associated with the Department of Land Information and the State Solicitor's office. Further increases in costs were incurred on the enhanced land data management project and clearance of backlog workloads.			
(5) Facilitate the Development and Management of Agency Specific contracts	21,086	15,245	(5,841)
(6) Development, Management and Promotion of WOG common use contracts	20,253	22,412	2,159
For Services 5 and 6 the variance between the 05-06 and 06-07 actuals is mainly due to the restatement of the actual amounts to ensure fairer distribution of cost between services for systems and procurement reform.			
(7) Project Management, Co-ordination and Implementation of Whole of Government shared corporate services	255	-	(255)
(8) Provision of financial and human resources services	23,217	-	(23,217)
Effective 1 January 2007, the above two services (7 and 8) were transferred to the department and the actual expenditure represents the amounts incurred during the six month period ended 30 June 2007. During 2005-06, these two services were not part of the Department.			

## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>39 Supplementary Financial Information</b>		
a) Write offs by Category		
Public Assets	1	1
Debts due to the State	1,414	12,298
	<u>1,415</u>	<u>12,299</u>
b) Write off by Authority		
Accountable Officer	1,415	499
Minister	-	3,105
Executive Council	-	8,695
	<u>1,415</u>	<u>12,299</u>
<b>40 Service Delivery Arrangements Indian Oceans Territories</b>		
Revenue		
Commonwealth Receipts		86
Expenditure		
Administration	18	8
Payroll and Business franchise	21	26
Stamp duties, land taxes and financial taxes	3	4
Compliance	4	3
	<u>46</u>	<u>41</u>
Surplus deficit for the period	(46)	45
Balance Bought forward	72	27
Balance Carried Forward	<u>26</u>	<u>72</u>

## Notes to the Financial Statements

For the year ended 30 June 2007

2007  
\$'000

2006  
\$'000

### 41 Special Purpose Accounts

#### Special Purpose Account section 16(1) of Financial Management Act, 2006

##### Special Purpose Accounts

##### Accrued Salaries

The purpose of the special purpose account is to hold funds in accordance with section 26(2) of the Financial Management Act.

Balances at the start of the year	12,388	-
Receipts	15,595	12,388
Payments	-	-
Balance at the end of the year	27,983	12,388

##### BankWest Pension Trust

The purpose of the special purpose account is to hold funds received from BankWest in satisfaction of its liabilities under the Superannuation and Family Benefits Act and other receipts.

Balances at the start of the year	12,854	13,708
Receipts	2,220	2,219
Payments	(3,067)	(3,073)
Balance at the end of the year	12,007	12,854

##### Departmental Receipts in Suspense

The purpose of the special purpose account is to hold funds pending identification of the purpose for which these monies were received pursuant to section 10(f) of the Financial Management Act.

Balances at the start of the year	11	2
Receipts	80,635	22,084
Payments	(80,606)	(22,075)
Balance at the end of the year	40	11

## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>Independent Schools – General Building Grants</b>		
The purpose of the special purpose account is to hold funds received from the Commonwealth Department of Employment, Education, Training and Youth Affairs for recurrent capital grants to independent schools in accordance with the provisions of the State Grants (Schools Assistance) Act pending payment to independent schools.		
Balances at the start of the year	-	-
Receipts	18,532	17,635
Payments	(18,532)	(17,635)
Balance at the end of the year	-	-
<b>Independent Schools – Recurrent Grants Schools Assistance Acts</b>		
The purpose of the special purpose account is to hold funds received from the Commonwealth Department of Employment, Education, Training and Youth Affairs for recurrent capital grants to independent schools in accordance with the provisions of the State Grants (Schools Assistance) Act pending payment to independent schools.		
Balances at the start of the year	-	-
Receipts	542,290	502,063
Payments	(542,290)	(502,063)
Balance at the end of the year	-	-
<b>Jervoise Bay Infrastructure Development Trust Account</b>		
The purpose of the special purpose account is to hold funds received from the Commonwealth being a grant for the development of facilities at Jervoise Bay.		
Balances at the start of the year	8,436	8,061
Receipts	506	375
Payments	-	-
Balance at the end of the year	8,942	8,436

## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>Local Authorities Tax Sharing Entitlements Account</b>		
The purpose of the special purpose account is to hold funds received from the Commonwealth pursuant to the Local Government (Financial Assistance) Grants Act pending payment to local authorities.		
Balances at the start of the year	-	-
Receipts	194,937	187,406
Payments	(194,937)	(187,406)
Balance at the end of the year	-	-
<b>Local Authorities – Shire Council Loans Sinking Fund</b>		
The purpose of the special purpose account is to hold sinking fund contributions by local authorities, 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 local authorities for which a sinking fund is required to be established.		
Balances at the start of the year	152	431
Receipts	5	27
Payments	(157)	(306)
Balance at the end of the year	-	152
<b>Mortgage Moneys Under Transfer of Land Act</b>		
The purpose of the special purpose account is to hold funds paid to the Treasurer in accordance with section 126 of the Transfer of Land Act.		
Balances at the start of the year	41	39
Receipts	2	2
Payments	-	-
Balance at the end of the year	43	41



## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>Non-Government Schools – Other Recurrent Grants</b>		
The purpose of the special purpose account is 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.		
Balances at the start of the year	-	-
Receipts	23,490	24,106
Payments	(23,490)	(24,106)
Balance at the end of the year	-	-
<b>Petroleum Subsidy Scheme Account</b>		
The purpose of the special purpose account is 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.		
Balances at the start of the year	40	48
Receipts	-	-
Payments	-	(8)
Balance at the end of the year	40	40
<b>Public Bank Account Interest Earned Account</b>		
The purpose of the special purpose account is to hold funds in accordance with section 10(d) of the Financial Management Act.		
Balances at the start of the year	12,628	3,287
Receipts	165,829	97,425
Payments	(160,788)	(88,084)
Balance at the end of the year	17,669	12,628

## Notes to the Financial Statements

For the year ended 30 June 2007

2007  
\$'000

2006  
\$'000

### Statutory Authorities Investment Account

The purpose of the special purpose account is to hold funds received from statutory authorities for investment purposes as provided by section 39(2) of the Financial Management Act.

Balances at the start of the year	104,977	97,305
Receipts	18,371	12,822
Payments	(500)	(5,150)
Balance at the end of the year	122,848	104,977

### Departmental Receipts in Suspense – Office of State Revenue

The purpose of the special purpose account is to hold funds pending identification of the purpose for which those monies were received or identification of where those monies are to be credited or paid.

Balances at the start of the year	1	656
Receipts	27,887	4,162
Payments	(27,887)	(4,817)
Balance at the end of the year	1	1

\* Note; The 2005-06 Annual Report disclosed the following 2006 amounts - Receipts 0, Payments 0, Balance at the end of the year 656. Due to an oversight, the correct 2006 figures, which agree to the general ledger, should have been reported as above.

### Indian Ocean Territories

The purpose of the special purpose account is to hold taxation collections pending transfer to the Commonwealth of Australia in accordance with the Service Level Agreement entered into with the Commonwealth.

Balances at the start of the year	536	126
Receipts	1,750	1,398
Payments	(1,704)	(988)
Balance at the end of the year	582	536

## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>42 Administered Expenses and Income</b>		
<b>Expenses</b>		
Superannuation	508,099	76,623
Borrowing Costs	70,909	47,668
Appropriations	12,426,556	11,187,838
Capital contributions	2,289,491	1,193,646
Grants, subsidies and transfers	1,108,170	1,050,410
Transfer payments (note 2)	69,700	-
Other expenses	27,631	18,654
Collections transferred to other agencies	43,738	40,723
<b>Total administered expenses</b>	<b>16,544,294</b>	<b>13,615,562</b>
<b>Revenues</b>		
Taxation	5,062,777	4,563,353
Commonwealth grants	4,811,265	4,689,380
Government enterprises		
- Dividends	420,908	539,013
- Tax equivalent receipts	333,603	309,739
Capital user charge	1,151,984	854,153
Interest	177,295	112,950
Pension recoups	14,827	14,265
Loan guarantee fees	16,999	16,027
Consolidated Fund (Superannuation Reimbursement)	123,640	124,826
Revenue for transfers (note 2)	69,700	-
Other revenue	28,677	11,815
Collections raised on behalf of other agencies	43,738	40,723
Community funding	112,109	102,291
<b>Total administered revenues</b>	<b>12,367,522</b>	<b>11,378,535</b>

## Notes to the Financial Statements

For the year ended 30 June 2007

2007  
\$'000

2006  
\$'000

### Note 1

The item "Consolidated Account Revenue received from Agencies" (2006-07 \$3.989bn budget, 2005-06 \$3.162bn budget) identified in the Budget Papers as Treasury Administered has not been included in this schedule as the collection of those revenues is administered by other agencies and disclosed as administered revenues in the financial statements of the relevant agencies.

### Note 2

A Tariff Equalisation Fund (TEF) was established on 19 September 2006 (under the Electricity Industry Act 2004) to allow the transparent transfer of appropriate funds from the Electricity Networks Corporation (Western Power) to the Regional Power Corporation (Horizon Power) to enable it to maintain uniform tariff protection in its areas of operation.

Prior to the split of the former Western Power Corporation (WPC), electricity supply to the North West Interconnected System and 26 other small non-interconnected regional systems was cross-subsidised within WPC at the consolidated level. However, these arrangements are no longer possible, and as such, the TEF was established to subsidise Horizon Power (which now provide these services) to ensure its financial viability.

Installment receipts and payments are made on a monthly basis and as at 30 June 2007, all amounts received from Western Power were paid to Horizon Power.

## 43 Administered Assets and Liabilities

### Current Assets

Cash resources	3,007,341	2,973,972
Investments	82,419	29,495
Treasurer's advances	6,307	16,362
Taxation receivable	255,774	192,410
Government enterprises		
- Dividends receivable	1,505	6,270
- Tax equivalents receivable	103,937	81,786
Recoverable advances	12,759	12,668
Other receivables	59,923	46,348
<b>Total administered current assets</b>	<b>3,529,965</b>	<b>3,359,311</b>

## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>Non-current Assets</b>		
Investments	201,334	281,905
Recoverable advances	91,380	104,417
<b>Total administered non-current assets</b>	<b>292,714</b>	<b>386,322</b>
<b>Total administered assets</b>	<b>3,822,679</b>	<b>3,745,633</b>
<b>Current liabilities</b>		
Borrowings	-	49,318
Superannuation	33,417	32,834
Interest payable	16,760	9,642
Appropriations payable	162,026	182,842
Trust account liabilities	190,883	1,886,743
Other payables	4,995	14,442
<b>Total administered current liabilities</b>	<b>408,081</b>	<b>2,175,821</b>
<b>Non-current liabilities</b>		
Borrowings	-	-
Superannuation	5,457,844	5,419,847
Appropriations payable	2,503,809	1,996,360
Other payables	33,868	42,532
<b>Total administered non-current liabilities</b>	<b>7,995,521</b>	<b>7,458,739</b>
<b>Total administered liabilities</b>	<b>8,403,602</b>	<b>9,634,560</b>

### 44 Supplementary funding approved and expended during 2006-07 was as follows:

#### Item 17 - Western Australian Land Authority

Additional spending of \$3.8 million on the Marine Industry Technology Precinct (reflecting spending delayed from 2005-06) and \$2.7 million for the acquisition of properties as part of the Kemerton Industrial Park Buffer (reflecting higher property prices and delays from 2005-06) were funded by a \$3 million supplementation of Consolidated Account appropriations and the impact of lower appropriation funding requirements due to schedule changes across a range of other projects.

3,000	2,790
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## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>Item 28 - Office of Health Review</b>	176	176
Additional funding was approved to cover Civil Service Association wage increases, and expansion of services recommended in the 2003 <i>Review of the OHR</i> , including a restructure of the Office and streamlining its processes (including the additional services to manage complaints relating to the disability services sector).		
<b>Item 29 - On-Road Diesel Subsidies</b>	500	500
An additional \$0.5 million was approved to meet higher than expected numbers of eligible claims during 2006-07.		
<b>Item 33 - Refund of Past Years Revenue Collections - Public Corporations</b>	9,343	9,343
Under National Taxation Equivalent Regime (NTER) agreement, agencies are entitled to receive reimbursements for overpayments of NTER instalments. Instalments are paid quarterly during the year based on projected annual earnings. Overpaid NTER liabilities refunded to agencies totalled \$9.8 million in 2006-07. Agencies reimbursed included Verve Energy (\$7.3 million), Horizon Power (\$1.1 million) and the Insurance Commission of Western Australia (\$0.9 million).		
<b>Item 34 - Refund of Past Years Revenue Collections - All Other</b>	33,825	32,790
Strong growth in tax revenue collections in recent years has led to an increase in the magnitude of eligible State tax refunds. An additional \$33.8 million was approved for a higher than expected number of eligible claims, and a number of large one-off refunds. These refunds were for claims relating to assessed liabilities for payroll tax, land tax and stamp duty on conveyancing. Of the approved increase, \$32.8 million (97%) was drawn by 30 June 2007.		
<b>Item 36 - Stamp Duty Rebate Scheme</b>	1,966	1,966
In August 2005, the Government announced a \$7 million scheme to provide for a rebate of stamp duty paid by a land-owner when changing a private home from company or trust structures to 'natural person' ownership. Since legislative amendments in 2001, land-owners planning to take advantage of the land tax exemption were unable to unwind family homes from a company or trust account arrangements without also having to pay stamp duty on the property transfer. The scheme came into effect in November 2005 and ceased on 1 November 2006. In total, \$4.3 million was paid out, with timing differences from original expectations resulting in a \$2 million supplementary funding requirement in 2006-07 (following underspending against this item in 2005-06).		
<b>Item 43 - All Other Grants, Subsidies and Transfer Payments</b>	1,000	714
Under section 38 of the <i>Financial Management Act 2006</i> , a number of agency Special Purpose Accounts held at the Department of Treasury and Finance attract interest income. Higher returns from investment on these funds was reflected in an increase in the interest payments to these accounts, requiring an increase of \$0.7 million for payments funded by this item.		

## Notes to the Financial Statements

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>Item 134 - Fremantle Port Authority</b>	1	1
Marginally higher funding was required to support borrowing costs for a new bulk unloader at the Kwinana Bulk Jetty.		
<b>Item 137 - Rottnest Island Authority</b>	383	383
\$0.4 million was provided to address compliance issues for the Authority's gas reticulation network, with the introduction of bottled LPG to accommodation units to ensure the continued amenity of these facilities and to eliminate existing safety risks.		

### 45 Explanatory Statements for Administered Items

The Summary of Administered Items discloses appropriations and other statutes expenditure, the actual expenditures made and the revenue estimates and revenues earned. The following table compares budget estimates and actual results for 2007 of items having significant variations, and explanations for the variations are given below. A significant variation is one that is excess of 10% of the principal figure or \$5 million whichever is the greater. Community Service Obligation Payments.

	Estimate \$'000	2007 Actual \$'000	Variance \$'000	2007 Actual \$'000	2006 Actual \$'000	Variance \$'000
<b>ADMINISTERED EXPENDITURE</b>						
<b>Community Service Obligations</b>						
Item 13 Electricity Retail Corporation (Synergy)	38,007	30,969	(7,038)	30,969	44,018	(13,049)
Item 15 Regional Power Corporation (Horizon Power)	16,184	16,184	-	16,184	-	16,184
<b>Grants Subsidies and Transfer Payments</b>						
Item 23 First Home Owners' Assistance	129,100	87,389	(41,711)	87,389	123,009	(35,620)
Item 34 Refunds of Past Years Revenue Collections - All Other	18,675	51,465	32,790	51,465	19,359	32,106
State Housing Commission - Indigenous Housing	-	-	-	-	18,483	(18,483)
<b>Authorised by Other Statutes</b>						
Western Australian Treasury Corporation Act 1986 - Interest	3,018	1,046	(1,972)	1,046	13,483	(12,437)
<b>Government Equity Contributions</b>						
Item 131 Department of Health	178,509	63,885	(114,624)	63,885	52,102	11,783
Item 135 Midland Redevelopment Authority	16,448	16,448	-	16,448	3,440	13,008
Item 136 Regional Power Corporation (Horizon Power)	10,950	10,950	-	10,950	-	10,950

## Notes to the Financial Statements

For the year ended 30 June 2007

	Estimate \$'000	Actual \$'000	2007 Variance \$'000	Actual \$'000	2007 Actual \$'000	2006 Variance \$'000
Item 141 Western Australian Land Authority	42,100	19,534	(22,566)	19,534	20,000	(466)
<b>Other</b>						
Item 142 Perry Lakes Trust Account	25,216	3,307	(21,909)	3,307	-	3,307
<b>Authorised by Other Statutes</b>						
Western Australian Treasury Corporation Act 1986						
- Capital	-	49,318	49,318	49,318	244,000	(194,682)
<b>ADMINISTERED REVENUE</b>						
<b>Taxation</b>						
Stamp duty - mortgages	101,600	120,635	19,035	120,635	173,624	(52,989)
Stamp duty - motor vehicles	368,500	392,613	24,113	392,613	342,244	50,369
Stamp duty - conveyancing and transfers	1,745,700	2,078,394	332,694	2,078,394	1,916,434	161,960
Payroll tax	1,431,600	1,607,590	175,990	1,607,590	1,358,958	248,632
Land tax	345,700	393,427	47,727	393,427	314,544	78,883
Metropolitan Region Improvement Tax	57,500	64,995	7,495	64,995	53,403	11,592
<b>Commonwealth grants</b>						
Competition Reform Payment	-	-	-	-	66,948	(66,948)
Debt Redemption Assistance	-	-	-	-	23,601	(23,601)
<b>Dividends and Taxes</b>						
Government Enterprises - Dividends	456,404	420,908	(35,496)	420,908	539,013	(118,105)
Income Tax - Tax Equivalent Regime	284,927	327,499	42,572	327,499	302,122	25,377



## Notes to the Financial Statements

For the year ended 30 June 2007

	Estimate \$'000	Actual \$'000	2007 Variance \$'000	Actual \$'000	2007 Actual \$'000	2006 Variance \$'000
<b>Other Revenue</b>						
Consolidated Account revenue received from agencies	3,989,218	3,828,641	(160,577)	3,828,641	3,383,477	445,164
Capital User Charge	1,145,743	1,151,984	6,241	1,151,984	854,153	297,831
Interest	92,584	177,295	84,711	177,295	112,950	64,345
Other	17,420	37,978	20,558	37,978	20,441	17,537

### Community Service Obligation Payments

#### Item 13 – Electricity Retail Corporation (Synergy)

Prior to 30 March 2006, electricity services in Western Australia were provided by the Electricity Corporation (Western Power). On 1 April 2006, Western Power was disaggregated into four independent entities covering electricity generation, networks, retail and regional areas. Accordingly, the significant variance between years reflects the first full year of operations in 2006-07.

#### Item 15 – Regional Power Corporation (Horizon Power)

As noted above, the first full year of operations for Horizon Power and other successor entities to Western Power is reflected in 2006-07.

### Grants, Subsidies and Transfer Payments

#### Item 23 - First Home Owner's Assistance

This appropriation item provides for \$7,000 grants to First Home Owners. At \$87.4 million, the 2006-07 actual was \$35.6 million and \$41.7 million lower than the assistance provided in 2005-06 and budgeted for 2006-07 respectively.

Relative to 2005-06, the outturn for 2006-07 largely reflects the impact of reduced affordability for first home buyers on applications for the grant. The \$41.7 million variance between the 2006-07 Budget estimate and actual outturn reflects similar market impacts, as well as any possible impact of pre-budget speculation about the provision of further stamp duty relief in the 2007-08 Budget, on the back of the State Tax Review.

#### Item 34 – Refunds of Past Years Revenue Collections – All Other

The \$51.5 million outturn for 2006-07 represents an increase of \$32.8 million and \$32.1 million from the 2006-07 Budget estimate and the 2005-06 outturn respectively. This reflects an increase in the magnitude of eligible State tax refunds at a time of strong growth in tax revenue collections observed in recent years. For 2006-07, a higher than expected number of refund claims, growth in the size of eligible claims made, and several large one off refunds are the factors responsible for the variances above.

## Notes to the Financial Statements

For the year ended 30 June 2007

### State Housing Commission – Various

Administered items previously provided from the Department of Treasury and Finance to the Housing Authority (formerly known as the State Housing Commission) are now shown in the Administered Statements of the Department of Housing and Works.

### Authorised by Other Statutes

#### Western Australian Treasury Corporation Act 1986 – Interest

Surplus Consolidated Account cash was used for the early repayment of the final \$49.3 million borrowings held by the Account. This payment occurred in September 2006. Lower interest costs for the year reflect this repayment, which left the Consolidated Account debt free for the first time.

## ADMINISTERED CAPITAL EXPENDITURE

### Government Equity Contributions

#### Item 131 – Department of Health

This item centrally provisions budget allocations for capital works approved as part of the Government's Health Reform agenda. Funds are drawn by the Department of Health following decisions by the Expenditure Review Committee through the year. At \$63.9 million, funds released in 2006-07 were \$11.7 million higher than in 2005-06, with the following approvals during the year: Kaleeya Hospital (\$26.4 million); equipment replacement (\$24.0 million); Fiona Stanley Hospital (\$3.8 million); and a range of smaller projects across the Western Australian health system (worth an aggregate \$9.7 million).

The \$114.6 million variance between the 2006-07 Budget estimate and 2006-07 outturn includes:

- \$25 million lower spending for a number of projects with business cases approved during the year but which were subsequently funded through the Department of Health Capital Contribution appropriation (business cases were approved for capital works in the following areas: the South West Health Project (\$10.7 million); Graylands and Mental Health (\$8.0 million); Sir Charles Gairdner Hospital neurosciences (\$5.5 million); and the Peel Health Service (\$0.6 million)); and
- a further \$90 million of the general provision, deferred beyond 2006-07, reflecting the expected timing of business cases yet to be presented for approval.

#### Item 135 – Midland Redevelopment Authority

Funding provided to the Midland Redevelopment Authority in 2006-07 exceeded the 2005-06 actual by \$13 million following a once off \$7 million payment to assist with the removal of contaminated soils from the former Midland Railway Workshop site, and an increase of \$6 million for costs associated with the Heritage Conservation Project at the same site. This project includes major works on the preservation of heritage buildings, their machinery and equipment, and conservation works to provide for their interpretation and display.

#### Item 136 – Regional Power Corporation (Horizon Power)

As noted for Items 13 and 15 above, the first full year of operations for Horizon Power and other successor entities to Western Power is reflected in 2006-07.

## Notes to the Financial Statements

For the year ended 30 June 2007

### Item 141 – Western Australian Land Authority

An equity injection of \$42.1 million was approved for 2006-07 to meet on-going costs associated with the provision of additional infrastructure at the Australian Marine Complex – Common User Facility in Henderson, including a floating dock, a rail transfer system and an extension and upgrade of the existing wharves. However, following re-tendering for the floating dock component of the project, \$22.6 million has been deferred to 2007-08 and 2008-09 to reflect the revised project schedule.

### Other

### Item 142 – Perry Lakes Trust Account

The Perry Lakes Trust Account was established in 2005-06 to facilitate redevelopment of the Perry Lakes stadium and AK Reserve sites, in partnership with the Town of Cambridge. The \$21.9 million decrease in the 2006-07 actual from budget reflects changes in construction schedules, with funding deferred beyond 30 June 2007.

### Western Australia Treasury Corporation Act 1986 – Capital

The early repayment of the final \$49.3 million of Consolidated Account borrowings in September 2006 (noted above) is reflected in the 2006-07 outturn. This follows the repayment of \$244 million in Consolidated Account borrowings in September 2005 using surplus cash held by the Account as a result of the impact on revenue of the State's strong economic performance.

## ADMINISTERED REVENUE

### Taxation

#### Stamp duty on mortgages

A 50% reduction on stamp duty on mortgages from 1 July 2006 was announced in the 2006-07 Budget. This reduction is reflected in the \$53.0 million lower outcome in 2006-07 relative to 2005-06. Mortgage duty was \$19.0 million higher in 2006-07 than estimated at the time of the 2006-07 Budget as a result of stronger than expected growth in residential property prices.

#### Stamp duty on motor vehicles

Stamp duty on motor vehicles in 2006-07 were \$50.4 million higher than in 2005-06 reflecting strong growth in motor vehicle sales underpinned by strong economic conditions generally, strong wages and employment, and high levels of consumer confidence.

#### Stamp duty – conveyancing and transfers

Stamp duty on conveyances and transfers was \$162.0 million higher in 2006-07 than in 2005-06. The increase in duty was driven by continued strong growth in residential property prices and commercial property transfer activity in 2006-07. These trends more than offset the impact of a moderation in residential property transfers. These factors also resulted in stamp duty conveyances in 2006-07 being \$332.7 million higher than forecast in the 2006-07 Budget. The forecast assumed a more modest increase in house prices in 2006-07 than actually occurred.

## Notes to the Financial Statements

For the year ended 30 June 2007

### Payroll tax

The 2006-07 outturn for payroll tax was \$248.6 million higher than the 2005-06 outturn and \$176.0 million higher than estimated in the 2006-07 Budget. This largely reflects strong growth in employment and wages, particularly in the mining sector.

### Land tax

Land tax revenue in 2006-07 was \$78.9 million higher than in 2005-06 due to very strong growth in land values. Final land value information, which only became available after the 2006-07 Budget, indicated significantly stronger growth in taxable land values than assumed when the budget estimates were compiled. Reflecting this, the 2006-07 outcome for land tax was \$47.7 million higher than the 2006-07 Budget estimate.

### Metropolitan Region Improvement Tax (MRIT)

MRIT revenue in 2006-07 was \$11.6 million higher than in 2005-06 as a result of strong growth in land values, discussed above under Land Tax.

### Commonwealth Grants

#### Competition reform payments

Competition payments were \$66.9 million lower in 2006-07 than in 2005-06, reflecting the Commonwealth's decision to cease National Competition Payments to all States from 2006-07 onwards.

#### Debt redemption assistance

Debt redemption assistance from the Commonwealth was \$23.6 million lower than in 2005-06 following the July 2005 extinguishment of Western Australia's last such liability to the Commonwealth under the *Financial Agreement Act 1995*.

### Dividends and Taxes

#### Government Enterprises - Dividends

Significant variations in 2006-07 compared with 2005-06 largely reflect the April 2006 electricity reforms which saw Western Power Corporation replaced by four individual utilities.

A higher dividend payment for Western Power (Networks) (up \$25.7 million) in 2006-07 compared to 2005-06 reflect the full year effect of operations of this organisation. The Western Power Corporation (dividends down \$116.4 million relative to 2005-06) ceased operations on 31 March 2006. The early payment of dividends for Western Power Corporation in 2005-06, linked to the timing of commencement of the new successor entities, together with the final 2006-07 dividends to be paid by these agencies in 2007-08, results in an overall lower dividend from electricity agencies in 2006-07 relative to 2005-06.

In addition, dividends from the Western Australian Land Authority were \$16.7 million lower than in 2005-06, mainly due to a special dividend paid in 2005-06 for the Joondalup Freeway and a higher normal dividend payment for 2005-06, reflecting higher land sales.

## Notes to the Financial Statements

For the year ended 30 June 2007

### Income Tax - Tax Equivalent Regime

The 2006-07 outturn was \$25.4 million higher than 2005-06 and \$42.6 million higher than budgeted, mainly due to increased taxation payable on higher revenue from developer's contributions received in 2006-07 for the Water Corporation, taxation payable on a full year of operations in 2006-07 for the Insurance Commission (the lower payment in 2005-06 reflects a partial offset against accumulated tax losses from prior years) and higher than anticipated land sales profits for the Western Australian Land Authority.

### Other Revenue

#### Consolidated Account Revenue received from agencies

The 2006-07 outturn increased by \$445.2 million relative to 2005-06. This was largely attributable to increases in mining royalty revenue collected by the Department of Industry and Resources.

Mining revenue growth in 2006-07 was driven by significant price increases across a range of commodities. In particular, iron ore royalty receipts were \$163.1 million (or 24 per cent) higher than in 2005-06 due to a 19.0 per cent increase in the iron ore contract price, and higher production volumes by the major iron ore producers. Nickel royalty collections increased by \$95.1 million (or 115 per cent) on the 2005-06 outturn, largely due to a substantial increase in the average nickel price during 2006-07. Royalty receipts for petroleum (both for on shore production and those received from the Commonwealth for the State's off shore North West Shelf production) were a net \$35.3 million higher, with higher off shore collections reflecting a combination of higher average prices received in 2006-07 and higher volumes for most petroleum products offsetting lower on shore collections as a result of declining volumes associated with maturing oil fields more than offsetting higher prices. Gold royalty receipts increased by \$23.3 million, with a higher gold price in 2006-07 more than offsetting a modest decline in volumes.

Increases in Commonwealth tied grants for Hospital Services (\$51.8 million) also contributed to the higher 2006-07 outturn, reflecting the impact of indexation to account for the growth, and aging, of the State's population, cost increases, and the growth in demand for hospital services in excess of population growth.

### Capital User Charge

The 2006-07 outturn was \$297.8 million higher than 2005-06, largely attributable to the flow on effect of annual revaluations of assets by a number of agencies, notably land and other fixed assets holdings of the Department of Education and Training and the Department of Health, as well as progress of construction projects as part of the State's record Capital Works Program. An increase in capital user charge revenue from the Public Transport Authority followed the repayment of borrowings for the New MetroRail using surplus Consolidated Account cash from 2005-06.

### Interest

Reflecting the impact on Consolidated Account revenue collections from continued strength in the State's economy, higher than anticipated Public Bank Account cash balances were maintained during 2006-07, resulting in higher investment income. As a result, the 2006-07 outturn exceeded both the budget estimate and the 2005-06 outturn.

## Notes to the Financial Statements

For the year ended 30 June 2007

### Tariff Equalisation Fund

A Tariff Equalisation Fund (TEF) was established on 19 September 2006 (under the *Electricity Industry Act 2004*) to allow the transparent transfer of appropriate funds from the Electricity Networks Corporation (Western Power) to the Regional Power Corporation (Horizon Power) to enable it to maintain uniform tariff protection in its areas of operation.

Prior to the split of the former Western Power Corporation (WPC), electricity supply to the North West Interconnected System and 26 other small non-interconnected regional systems was cross-subsidised within WPC at the consolidated level. However, these arrangements are no longer possible, and as such, the TEF was established to subsidise Horizon Power (which now provide these services) to ensure its financial viability.

Instalment receipts and payments are made on a monthly basis and as at 30 June 2007, all amounts received from Western Power were paid to Horizon Power.

### Other

A range of one off revenue items are recorded against this aggregate each year and performance can be significantly volatile as a result. The \$17.5 million increase on the 2005-06 outturn was largely due to a number of asset sales and cash assets credited directly to the Consolidated Account during the year, and revised accounting arrangements that show services purchased by the Department of Environment and Conservation (from the Forest Products Commission) passing through the administered operations of the Consolidated Account. By their nature, these items were unexpected in the original 2006-07 Budget estimates.

## Certification of Performance Indicators

For the year ended 30 June 2007

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Treasury and Finance's performance, and fairly represent the performance of the Department for the financial year ended 30 June 2007.

A handwritten signature in blue ink, appearing to read 'Timothy Marney', with a stylized flourish at the end.

**Timothy Marney**  
Under Treasurer

## Performance Assessment

### Outcomes

The Government desired outcomes that the Department works to achieve are:

- Sustainable and transparent public sector finances;
- A strong and competitive State economy;
- Financial resources are allocated consistent with the Government's priorities;
- Due and payable revenue is collected, and eligible grants, subsidies and rebates paid;
- Value for money from public sector procurement; and
- Quality, value for money corporate services within a whole of government shared services framework.

### Services

To achieve these desired outcomes the Department delivers the following services:

#### Treasury Business

- Service 1: Financial Management
- Service 2: Reporting of Public Sector Finances
- Service 3: Development of Economic and Revenue Policies
- Service 4: Management of the State Budget's Expenditure Aspects

#### Revenue Business

- Service 5: Revenue Assessment and Collection
- Service 6: Grants and Subsidies Administration

#### Procurement Business

- Service 7: Facilitate the Development and Management of Agency Specific Contracts
- Service 8: Development, Management and Promotion of Whole-of-Government Common Use Contract Arrangements and Systems

#### Shared Service Business

- Service 9: Project Management, Coordination and Implementation of the Whole-of-Government Shared Corporate Services Reform
- Service 10: Provision of Financial and Human Resource Services

### Measuring Our Performance

The Department measured its performance through statistical based information and survey questionnaires. Statistical indicators have been included to help measure performance in both outcome and service 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 measuring our performance. Performance indicators for Services 7 and 8 are based on client surveys and statistical based information relating to contracting services.



## Key Effectiveness Indicators

### Treasury Business

#### *Sustainable and transparent public sector finances*

A key role of the Department is to achieve sustainable and transparent public sector finances. This includes the provision of advice on the Government’s fiscal strategy, publication of reports on the State’s finances, advice to Government and its agencies on the legislative framework underpinning financial management and accountability in the Western Australian public sector, and management of the Public Ledger.

Indicators of effectiveness	2005–06 Target	2005–06 Actual	2006–07 Target	2006–07 Actual
Maintenance of the State’s Credit Rating	Triple-A	Triple-A	Triple-A	Triple-A
Fiscal Transparency Ranking	First (A)	First (A)	First (A)	First (A)

Standard and Poor’s and Moody’s currently assess the credit rating for WA, whilst the fiscal transparency ranking is assessed by Access Economics.

Western Australia’s triple-A credit rating is a clear indicator of the medium term sustainability of the State’s finances. Both of the major credit rating agencies (Standard and Poor’s and Moody’s) confirmed Western Australia’s triple-A assessment during 2006-07, noting in particular the strength of the State’s balance sheet. The Department’s advice to Government, as well as our written submissions and presentations to the credit rating agencies, contributed to this outcome.

Transparent financial reporting is central to good decision-making, as well as a key part of the accountability framework for public sector finances. The Department prepares forward estimates for budget and mid year review disclosures, and reports publicly on progress toward these projected outcomes in monthly and quarterly updates through the year.

Access Economics, which independently assesses the transparency of whole of government financial reporting by all States and Territories, confirmed Western Australia’s top ranking as First (A) in 2006-07, describing the State as the ‘benchmark’ for such reporting.

### *A strong and competitive State economy*

The Western Australian economy continues to grow strongly, largely on the back of China's demand for the State's natural resources. As a result the local economy has grown faster than in most other parts of the country. This is fuelling rapid growth in Western Australia's tax and royalties income, but at the expense of a reduction in our share of GST revenues over future years. One of the key responsibilities of the Department is to ensure that government, business and the community are well informed on economic and revenue issues. This includes State tax reform, Commonwealth-State financial relations, utilities reform and regulation, competition policy and general issues impacting on the Western Australian economy.

Indicators of effectiveness	2005–06 Target	2005–06 Actual	2006–07 Target	2006–07 Actual
State's tax competitiveness:				
(a) Western Australian taxation revenue as a percentage of Gross State Product (GSP)	3.67	4.36	4.13	4.18
(b) Weighted average of other State's taxation revenue as a percentage of GSP	4.53	4.65	4.50	4.58
(c) Western Australian taxation revenue as a percentage of GSP minus weighted average of other States ((a) minus (b))	-0.86	-0.29	-0.37	-0.40
Five year average GSP growth compared with average of other States (percentage point difference)	>=0.0	+2.3	>=0.0	n/a*

\* Cannot be accurately determined until figures released in November 2007

Maintaining a competitive tax environment in Western Australia is a priority for the Government. In 2006-07 the Department provided advice to the Government on a range of tax matters, including the State Tax Review and tax relief measures announced in the 2007-08 Budget.

Tax revenue as a proportion of the economy (measured by Gross State Product (GSP)) captures, at least in part, the impact that the size of the economy has on tax revenues and is an internationally recognized measure of tax competitiveness.

Western Australia's tax revenue as a share of GSP in 2006-07 was higher than the target because growth in tax revenue exceeded growth in nominal GSP. However tax to GSP in other States was higher by more (mostly due to lower expected economic growth in other States), so Western Australia's relative tax competitiveness was better than targeted for the year.

### Financial resources are allocated consistent with the Government's priorities

A key role of the Department is ensuring that financial resources of the State Government are allocated in a way consistent with the Government's priorities of Law and Order, Education, Health and Communities. This includes both recurrent and capital issues.

Indicators of effectiveness	2005–06 Target	2005–06 Actual	2006–07 Target	2006–07 Actual
Percentage of the Department's resource allocation recommendations accepted by the Expenditure Review Committee	n/a	n/a	75%	89%
Share of general government expenses allocated to priority areas	59%	56%	59%	57%

2006–07 was the first year in which the indicator 'Percentage of the Department's resource allocation recommendations accepted by the Expenditure Review Committee' was used. For 2006–07, 1,287 recommendations were made of which 1,144 were accepted.

The Government has four priority areas, Law and Order, Education, Health and Communities. A target has been set that monies be spent on the above areas equating to just over half of all general Government expenditure. The results are consistent over the years and also between target and actuals.

### Revenue Business

#### Due and payable revenue is collected and eligible grants, subsidies and rebates paid

The Department, through State Revenue, administers a range of revenue laws on behalf of the Government. This involves the collection of revenue raised and payment of grants and subsidies provided under those revenue laws, as well as a number of administrative based schemes.

The revenue collection effectiveness indicators provide a measure of the accuracy of the revenue assessment process, the level of compliance by self-assessed taxpayers and the timeliness of processing assessments, and are considered to be the key elements in the effective collection of revenue.

Indicators of effectiveness	2005–06 Target	2005–06 Actual	2006–07 Target	2006–07 Actual
Extent to which due revenue is collected on time	87%	90%	87%	87%
Extent to which correct grants, subsidies and rebates are claimed	99%	99%	99%	99%

2006–07 actuals were in line with predictions and consistent with performance achieved in 2005–06.

Procurement Business

Value for money from public sector procurement

This outcome strives to deliver value for money procurement services and frameworks across the Western Australian public sector. Value for money is a key policy objective to ensure that public authorities achieve the best possible outcome for the amount of money spent when purchasing goods and services.

Value for money from public sector procurement is considered effective if:

- client agencies agree that their contracts were awarded on a value for money basis; and
- client agencies agree that common use contracting arrangements were awarded and managed on a value for money basis.

Indicators of effectiveness	2005–06 Target	2005–06 Actual	2006–07 Target	2006–07 Actual
Extent to which client agencies agree that their contract arrangements achieved value for money	80%	84%	85%	83%
Extent to which client agencies agree that common use contract arrangements achieved value for money	80%	83%	85%	86%

There were 511 survey responses to this question out of a total of 569 surveyed, giving a survey response rate of 90 per cent for this indicator.

During 2006-07, 13 common use contract arrangements were surveyed compared to 10 from the previous year. There were 1,986 survey responses to this question out of a total of 4,336 surveyed, giving a survey response value of 46 per cent for this indicator.

## Shared Service Business

### *Quality, value for money corporate services within a whole of government shared services frame work*

A key rationale underpinning the Shared Services model was that it would provide an integrated framework for the whole-of-government to leverage economies of scale through shared technology, information and processing. In the medium and long term, this framework would provide:

- increased efficiencies, thereby creating significant cost savings; and
- increased effectiveness, creating better service for agencies and allowing agencies to focus on core business.

With the migration of a number of client corporate service functions to the OSS, timely and accurate delivery of these services by the OSS is considered to be essential to the effective running of these client agencies. In addition, it is essential to respond to customer queries in a timely manner.

The focus of these KPI's is therefore to provide some measure as to the extent to which the OSS is meeting desired service delivery standards and the progress being made in establishing this Shared Service Centre. Where the OSS is able to meet or exceed the desired service standards, client agencies will be more able to focus on their core business. In turn, this will meet the Government's medium and long term objectives for the Shared Services reform.

Indicators of effectiveness	2006–07 Target	2006–07 Actual
Progress with the reform of the Western Australian public sector for shared corporate services by achievement of the following milestones: – first agencies go live – number of agencies rolling in by financial quarter	July 2006 Qtr 1 2 Qtr 2 11 Qtr 3 11 Qtr 4 14	July 2006 Qtr 1 1 Qtr 2 3 Qtr 3 3 Qtr 4 8
Percentage of services provided within established time frames	90%	94%
Accuracy of services provided	>90%	100%
Average resolution rate of enquiries	90%	76%

### Number of Agencies Rolling In By Financial Quarter

A number of complex system related issues hampered the capacity of Shared Services to roll in more agencies during the 2006-07 financial year. It is fair to say that this has been a disappointing result that has had a material financial impact. With the ongoing resolution of these issues, Shared Services will be better placed to achieve its targets in future years.

### Average Resolution Rate of Enquiries

Longer than expected delays were experienced in resolving a number of the enquiries because they involved addressing ongoing and complex system related issues. We would expect in the future that as these system issues are resolved, resolution rates of enquiries will align with our target.

## Key Efficiency Indicators

The Department has a major role in the formation of State Budgets, which includes monitoring and advising the Government on relevant issues. DTF’s efficiency indicators in this regard have been designed to measure the unit cost and other performance related measures of the services.

### Treasury Business

#### Service 1: Financial management

The service includes the provision of advice on the Government’s fiscal strategy, advice on the legislative framework underpinning financial management and accountability in the Western Australian public sector, advice on interpretation and implementation of Accounting Standards, and management of the State Fleet operation.

Indicators of efficiency	2005–06 Target	2005–06 Actual	2006–07 Target	2006–07 Actual
Cost of financial management per million dollars general government sector expenses	\$396	\$381	\$353	\$316

During 2006-07, the Department provided key advice to Government on the management of whole of government finances, including regular budget updates, advice on the status and management of the Treasurer’s Advance, and options for application of surplus Consolidated Account cash. We also had a key stewardship role in the development, passage and implementation of the *Financial Management Act 2006*, together with accompanying regulations and Treasurer’s instructions and the closely related *Auditor General Act 2006*.

The cost of providing such advice to Government and agencies in 2006-07 was lower than expected, reflecting the impact of both lower direct staffing costs (with a number of vacancies proving difficult to fill in the competitive Western Australian labour market) and lower indirect costs for corporate service overheads.

#### Service 2: Reporting of public sector finances

This service entails the preparation and publication of regular reports on the State’s finances, and maintenance of the Public Ledger.

Indicators of efficiency	2005–06 Target	2005–06 Actual	2006–07 Target	2006–07 Actual
Percentage of financial reports released as per agreed time frames	50%	50%	100%	67%

Timely public sector reporting is a key input to transparent and accountable financial management.

The Department delivered all whole of government financial reports within statutory deadlines during 2006-07, including the first-time publication of the 2005-06 Annual Report on State Finances within the 90 day statutory deadline.

Monthly reports of general government sector finances are not a statutory requirement, but the Department aims to publish these reports within six weeks of the end of the reported month. During 2006-07, four such reports took longer than the targeted six weeks to finalise and release (this explains the difference between the actual result of 67 per cent for 2006-07 and the 100 per cent target).

Nonetheless, the timeliness of Western Australia’s whole-of-government financial reporting has improved significantly in recent years, and now leads the nation.

### Service 3: Development of economic and revenue policies

This service includes analysis and advice on economic and revenue policy issues, including in relation to the State's major revenue sources, utilities regulation and reform, competition policy and economic, social and environmental developments generally. Accurate forecasting of Western Australia's economic performance and major revenue streams is an essential part of the budget process and reviews of the State's credit rating. The efficiency indicator is the accuracy (i.e. quality) of the forecasts.

Indicators of effectiveness	2005–06 Target	2005–06 Actual	2006–07 Target	2006–07 Actual
Accuracy of key economic and general government revenue forecast:				
– Tax and mining revenue (percentage difference in how much actually received by State compared to forecast)	+/-5%	23.9%	+/-5%	7.5%
– GST Revenue Grants (percentage difference in how much actually received by State compared to forecast)	+/-3%	-0.1%	+/-3%	1.0%
– Economic Growth (percentage point difference)	+/-1.0	0.4	+/-1.0	n/a*
– Consumer Price Index (CPI) growth (percentage point difference)	+/-0.5	1.8	+/-0.5	-0.3
– Employment growth (percentage point difference)	+/-0.5	2.4	+/-0.5	-0.23
Percentage of briefing requests and other Ministerials responded to within agreed time frames	80%	50%	80%	97%

\* Figures will not be released/published until November 2007.

Forecasting revenue in periods of exceptional, but potentially volatile, economic performance is a real challenge. In 2006-07 the actual tax and royalty revenues exceeded our forecasts by 7.5 per cent, mostly due to the strength of the property market and commodity prices. This exceeded our targeted accuracy by 2.5 percentage points, which represents around \$180 million on annual tax and royalty collections totaling nearly \$8 billion.

The accuracy of these forecasts was greatly improved relative to 2005-06, reflecting in part the implementation of new forecasting methodologies flowing from the Review of Revenue Forecasting, which the Department completed in 2006.

Improved approaches to predicting the State's share of GST revenues, which is determined annually based on recommendations of the Commonwealth Grants Commission, have also helped the accuracy of our forecasts of GST revenues (which have been within target for the past two years).

Providing timely advice to Government is a key aspect of the Department's performance. In 2006-07, the percentage of briefing requests and other ministerials responded to within agreed timeframes was above target and a significant improvement on the previous year. This includes provision of timely advice on 385 matters of external correspondence on tax and related matters received by the Treasurer (out of a total of 442).

### Service 4: Management of the State Budget's Expenditure Aspects

The Department has a major role in the formation of State Budgets, which includes monitoring and advising the Government on relevant issues. The Department's efficiency indicators in this regard have been designed to measure the unit cost and other performance related measures of the services.

Indicators of efficiency	2005–06 Target	2005–06 Actual	2006–07 Target	2006–07 Actual
Cost of expenditure budget management per million dollars general government sector expenses	\$577	\$463	\$558	\$581
Percentage of briefing requests and other Ministerials responded to within agreed time frames	n/a	n/a	90%	95%

Measuring the 'Cost of the budget management role against the total cost of General Government expenditure' is a measure of efficiency in the use of funds for that purpose.

2006-07 was the first year in which the indicator 'Percentage of briefing requests and other Ministerials responded to within agreed time frames' was used. For 2006-07, there were 207 Ministerials of which 197 were completed within time. A higher percentage figures is an indication of the efficiency in providing advice to the Government.

### Revenue Business

#### Service 5: Revenue assessment and collection

This service involves the assessment and collection of a range of statutory based revenues including those that the Commissioner of State Revenue has direct responsibility for, including stamp duties, land tax and pay-roll tax, and those that are collected on behalf of other agencies (e.g. Perth Parking License fees on behalf of The Department of Planning and Infrastructure) or other jurisdictions (e.g. collection of a range of taxes for the Commonwealth in the Indian Ocean Territories).

Indicators of efficiency	2005–06 Target	2005–06 Actual	2006–07 Target	2006–07 Actual
Average cost per land item assessed	\$7.89	\$8.80	\$9.37	\$8.79
Average cost per stamp duty return processed	\$101.25	\$132.12	\$115.21	\$103.52
Average cost per pay-roll tax return processed	\$119.46	\$98.93	\$138.02	\$123.03
Average cost per instrument assessed	\$22.82	\$13.35	\$16.81	\$15.54

The cost per land item assessed in 2006-07 remained stable relative to 2005-06, though it was marginally below the target cost due to a lower than expected growth in underlying costs.

The cost per stamp duty return processed was below the 2006-07 target, due to the reduction in returns driven by the abolition of hiring duty being offset to a greater than anticipated extent by miscellaneous returns, largely associated with the strong property market.

The cost per pay-roll tax return also rose over the year. However, this growth was less than expected. While a number of taxpayers shifted from monthly to annual returns



reducing the number of returns processed, growth in taxpayer numbers driven by employment and wages growth, combined with the scalability of the system, kept the expected cost increase below the expected level.

The cost per stamp duty instrument assessed was below the target, in part driven by higher than expected transaction numbers associated with the strength in the property market.

**Service 6: Grants and subsidies administration**

This service involves the assessment and payment of a range of grants and subsidies under both statutory and administrative schemes. The major payments relate to the First Home Owner Grant (FHOG) scheme and concessions on water and local authority rates for pensioners and seniors.

Indicators of efficiency	2005–06 Target	2005–06 Actual	2006–07 Target	2006–07 Actual
Average cost per application/ claim processed	\$7.32	n/a	\$7.69	\$5.56

The reduction in average cost per application/claim processed for 2006-07 was due to a change in allocation of corporate costs between the services delivered by the DTF.

**Procurement Business**

**Service 7: Facilitate the Development and Management of Agency Specific Contracts**

Helps government agencies effectively manage procurement risks, and establish contracts that deliver value for money and efficiently meet their operational needs.

Indicators of efficiency	2005–06 Target	2005–06 Actual	2006–07 Target	2006–07 Actual
Cost of facilitating the development and management of agency specific contracts as a percentage of contract award value	2.5%	1.2%	1.9%	2.7%
Client satisfaction with the timeliness of agency specific contract development	80%	84%	85%	85%

This efficiency indicator has been recast to include the associated systems and procurement reform costs. This has resulted in changes to previously published results. The high variance between actuals in 2005-06 and 2006-07 was due to an abnormally high contract award value in 2005-06.

### Service 8: Development, Management and Promotion of Whole-of-Government Common Use Contract Arrangements and Systems

Leads a whole of government approach to procurement that efficiently meets agency needs, manages risks and delivers savings to Government.

Indicators of efficiency	2005–06 Target	2005–06 Actual	2006–07 Target	2006–07 Actual
Cost of developing and managing whole-of-government common use contract arrangements as a percentage of the total annual value of purchases through the arrangements	2.7%	1.2%	3.0%	1.3%
Percentage of retendered/ redesigned common use arrangements developed and awarded prior to expiry of the previous arrangement	90%	67%	90%	92%

This efficiency indicator has been recast to exclude the systems and procurement reform costs associated with Service 7. This has resulted in changes to previously published results.

### Shared Service Business

#### Service 9: Project Management, Coordination and Implementation of the Whole-of-Government Shared Corporate Services Reform

OSS is responsible for building the Business System, which will support the provision of shared services to client agencies and rolling-in (or transitioning), general government agencies into the shared service environment operated by the OSS. The Human Resource and Pay-roll component of the Oracle Business System is still being finalised. Agencies rolling-in are currently receiving finance and procurement services and will transition to the pay-roll system once this is completed.

On 1 January 2007, the Office of Shared Services was transferred to the Department of Treasury and Finance.

Indicators of efficiency	2006–07 Target	2006–07 Actual
Progress with the reform of the Western Australian public sector for shared corporate services within budget: – delivery of project within budgeted target (\$Million)	\$24.872	\$22.849

The above figures relate to the period 1 January 2007 to 30 June 2007 and include additional funding approved in November 2006 for project cost increases.

No significant variance from the cost target was established in 2006-07 although outcomes are significantly behind schedule as outlined in the section *Agency Performance Report on Operations*. It is therefore suggested that for assessment of Shared Services, emphasis be placed on the indicator of effectiveness at this point in the project.

### ***Service 10: Provision of Financial and Human Resources Services***

The OSS is responsible for providing shared corporate services to general agencies across the sector. This commenced during the 2006-07 financial year with finance and procurement services being delivered to client agencies. When the Oracle HR/pay-roll system build is completed the OSS will then provide HR/pay-roll services to client agencies. Until then the OSS is providing HR/pay-roll services to a number of client agencies that have rolled in utilising their existing pay-roll system.

Indicators of efficiency	2006-07 Target	2006-07 Actual
Cost of Financial Services per client agency (\$Million)	n/a	\$1.42
Cost of Human Resources Services per client agency (\$Million)	n/a	\$0.76

It was not possible to reliably estimate a target average cost for 2006-07, as baseline data for reporting purposes was not available. Data collected during the 2006-07 operating year will be used as baseline data for future reporting periods.

## Other Financial Disclosures

### Capital Works

#### Capital project incomplete

Shared Services Oracle HR/Pay-roll solution is currently in development and is scheduled to go live in 2007-08. Further Oracle business system functionality and enhancements are planned for implementation during 2007-08.

Government Procurement will initiate a new project in 2007-08, the Centre for Excellence and Innovation, with key objectives to establish practices which promote formal collaboration between Works Agencies in infrastructure related issues, including improved strategic asset management and delivery of major infrastructure.

In its fourth year of implementation the whole-of-government Procurement Reform Program, being led by the Department, has continued to achieve its objectives, including meeting its savings targets. In terms of the plan endorsed by Cabinet in December 2003, this program will conclude in 2007-08.

The Strategic Information Management System (SIMS) project provides the Department with the critical business tools to support the whole-of-government economic management, budget management and financial reporting business requirements. In addition, SIMS enables the Department to be more responsive to the information demands of economic, budget management and Government requests in meeting tight statutory and budget deadlines.

#### Capital projects completed

The Finance component of the Oracle business system is substantially completed and is currently servicing 15 agencies.

Revenue Collection Information System (RCIS) Replacement Scoping Project was completed during the financial year, culminating in the business case being supported by the Office of e-Government and the \$20.7 million project funding approved by Government for the RCIS Replacement Project to commence from 2007-08.

## Employment and Industrial Relations

### Staff Profile

	2006-07	2005-06
Full-time permanent	873*	694
Full-time contract	151	127
Part-time measured on a FTE basis	46	58
On secondment - in	27	15
On secondment - out	70	40

\* The increase in full-time employees is due mainly to the transfer of Shared Services from the Department of the Premier and Cabinet.

### Staff Development

In keeping with our vision as Employer of Choice, our people policies and strategies focus on the attraction and retention of quality staff and the establishment of a positive and supportive work environment.

Professional education, technical, wellness and personal development training have all increased over the past year, with many programs accessed through the performance management process and most offered as in-house programs.

With Shared Services accessing our training calendar from April 2007, we expect a further increase in training programs offered in 2008.

Recruitment initiatives targeting specific segments of the workforce include:

- A Graduate Program and Vacation Employment Program;
- Indigenous traineeships and cadetships; and
- Providing further employment opportunities for people with disabilities.

Other initiatives include:

- Providing the promotion of work/life balance and flexible working arrangements;
- Building and maintaining constructive leadership through in-house leadership development programs, coaching and mentoring;
- A cultural change program commencing with a comprehensive survey and structured feedback process, ensuring that outcomes are incorporated into the implementation phase; and
- Team building and skills development programs.

### Industrial Relations

Following the expiry of the 2005 agreement, we are considering items for inclusion in a new Agency Specific Agreement.

### Workers Compensation

Workers' Compensation Indicators	2006	2007
Frequency rate <sup>(a)</sup>	0.07	0.76
Estimated cost of claims <sup>(b)</sup>	0.02	0.05
Premium rate (per cent) <sup>(c)</sup>	0.31	0.23
Rehabilitation success rate	n/a	n/a

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

(b) Costs incurred per \$100 of payroll.

(c) Premium is calculated as a proportion of pay-roll.

## Other Legal Requirements

### Advertising

In accordance with section 175ZE of the *Electoral Act 1907*, the Department is required to disclose expenditure on advertising, market research, polling, direct mail and media advertising:

1. Total expenditure for 2006-07 is \$513,747
2. Expenditure was incurred in the following areas:

Advertising	\$245,960	\$
Marketforce Productions	159,126	
Marketforce Express	34,583	
Vinten Browning	44,985	
State Law Publisher	1,928	
CPA Australia	1,300	
The University of WA	1,271	
The Industrial Relations Safety Review	998	
Union Views	595	
Edith Cowan University	448	
Murdoch University Foundation	400	
Murdoch University	326	
<b>Market research organisations</b>	<b>\$111,604</b>	<b>\$</b>
Advantage Communications & Marketing	55,237	
Synovate Pty Ltd	52,014	
Poster Passion	1,818	
The National Business & Trade Guide	995	
Institute of Chartered Accountants	600	
Labor College Publicity	562	
The Digital Document Company	378	

Media advertising organisations	\$156,183	\$
Media Decisions	151,049	
The West Australian Newspapers	4,284	
Industrial Safety Gazette	850	

### Disability Access and Inclusion Plan Outcomes

The Department is committed to ensuring that people with disabilities, their families and their carers, have full access to the range of services and facilities we provide. We are currently updating our Disability Access and Inclusion Plan and submissions will be invited from interested parties ensuring that we continue to meet the following six desired outcomes:

1. People with disabilities have the same opportunities as other people to access the services of, and any events organised by the Department.
2. People with disabilities have the same opportunities as other people to access the buildings and other facilities of the Department.
3. People with disabilities receive information from the Department in a format that will enable them to access the information, as readily as other people are able to access it.
4. People with disabilities receive the same level and quality of service from the Departments' staff.
5. People with disabilities have the same opportunities as other people to make complaints to the Department.
6. People with disabilities have the same opportunities as other people to participate in any public consultation by the Department.

## Equal Employment Opportunity Outcomes as at 30 June 2007

	Equity Index	Per cent actual representation as at 30 June 2007	2007 objective set by DTF	Per cent above or below objective
Women	70	9.5	11.0 per cent	(1.5)
People with Culturally Diverse Backgrounds	108	5.6	12.7 per cent	(7.1)
Indigenous Australians	-	0.8	0.7 per cent	0.1
People with Disabilities	68	1.4	3.0 per cent	(1.6)

An Equity Index measures the distribution of diversity groups in the Department workforce. For example, the Equity Index for women is calculated by measuring the total number of women in each salary range against the total number of people in each salary range. An ideal Equity Index is 100.

Our Equal Employment Opportunity Plan 2006-09 reflects our commitment to diversity in an exemplary work environment. We continue to improve our performance in relation to the outcomes stated in our Plan, as we move towards fully achieving our goals.

Initiatives have been developed to achieve an inclusive culture and harassment free workplace for our people. We want a diverse workforce that can meet our goals, have a work life balance and is engaged. We have developed an integrated framework and included this as an agency priority in the Under Treasurer's performance agreement. This framework encompasses the values of diversity, leadership and the flexibility in order to support all our employees.

A Flexible Work Arrangements web portal has been developed to guide managers and employees in negotiating, establishing and managing flexible work arrangements.

We have developed and are implementing specific strategies to achieve improved outcomes for the identified equity and diversity groups.

We want to create opportunities for women to gain skills and experience to be competitive for senior positions. We encourage women to attend our Leadership Development Program, Mentoring Program and other programs available specifically for women.

We have initiated an Indigenous Employment Program and employed three indigenous people who are completing a traineeship. Our Indigenous Traineeship Program will be expanded, with up to five additional indigenous employees in 2008. For the first time, we are targeting indigenous people and people with disabilities in the advertising strategy for the DTF Graduate Program 2008.

Strategies to attract and retain young people have continued to provide dividends. The Graduate Program had an intake of 24 graduates in 2007. We want to increase this to up to 42 places in the 2008 program. We also seek to attract young people through our Vacation Employment Program, which saw 17 students work with us for up to 12 weeks while on vacation from their university studies during 2006-07.

## Compliance with Public Sector Standards and Ethical Codes

Office of the Public Sector Standards Commissioner  
Section 31(1) of the *Public Sector Management Act 1994*  
Statement of compliance issues and actions during 2006-07

Compliance Issues	Significant action taken to monitor and ensure compliance
<b>Public Sector Standards</b> One request to lodge a late claim for breach of the Recruitment, Selection and Appointment Standard was lodged with the OPSSC. The OPSSC did not approve this request.	<ul style="list-style-type: none"> <li>Information about the Standards is accessible on the Agency intranet and included in induction materials.</li> <li>Ongoing training is provided to persons on recruitment panels to ensure compliance with relevant standards.</li> <li>A new group of grievance officers has recently been appointed. They are currently being trained prior to commencing these roles.</li> <li>Transactions are audited internally as a quality assurance process.</li> </ul>
<b>WA Code of Ethics</b> Four complaints of non-compliance with the WA Code of Ethics lodged. One resolved informally, the remainder not finalised as at 30 June 2007.	<ul style="list-style-type: none"> <li>The WA Code of Ethics is accessible on the Agency intranet and included in induction materials.</li> </ul>
<b>Agency Code of Conduct</b> One allegation of a breach of discipline under the <i>Public Sector Management Act 1994</i> investigated. Not resolved as at 30 June 2007.	<ul style="list-style-type: none"> <li>The Department Code is accessible on the intranet and included in induction materials.</li> <li>Professional conduct workshops continue to be held for groups within the Department.</li> </ul>

## Recordkeeping Plans

- We undertook a Service Improvement Survey to ascertain the efficiency and effectiveness of our recordkeeping systems and processes.
- Records Management Procedures continue to be updated on a regular basis in keeping with the State Records Office Standard 2 - Principle 2.
- We continue to offer induction training, including the Department's recordkeeping obligations, to new staff.



## Government Policy Requirements

### Corruption Prevention

We are strengthening organisational culture and managing the risks associated with misconduct and unethical behaviour by embracing the core values of accountability and transparency.

This is emphasised in our strategic business plans where our leaders:

- promote a culture that encourages openness and integrity in dealing with stakeholders;
- promote the influence of the department through inclusion, credibility and honesty; and
- actively encourage behaviours that will foster and assist the building of strong relationships.

Our Executive has discussed corruption and conflict issues. In addition, in February 2007, consultants from the Corruption and Crime Commission (CCC) held information sessions at our various locations.

As a result of the WA Governments' Contact with Lobbyists Code, we implemented a procedure where all meetings with people external to the agency must be documented on a 'Record of Meeting' form.

The following additional risk management actions have been undertaken to prevent corruption and misconduct in the organisation:

- an annual internal audit program which concentrates on evaluating and improving the effectiveness of the Department's risk management, internal control and corporate governance; and
- an annual business planning process, which requires the identification of governance risks which may affect the overall accountability framework and public perception of the department.

### Substantive Equality

We have implemented a five year plan to improve substantive equality by examining special service delivery areas and developing our staff's understanding.

We are training staff and developing their understanding of different groups' needs and increasing their capacity to respond sensitively to diversity.

We will work with the Substantive Equality Unit at the Equal Opportunity Commission to progress the Substantive Equality Five Year Timeframe Plan.

## Sustainability

Through our Sustainability Action Plan we are addressing the Sustainability Code of Practice for Government Agencies. We are making sustainability part of our day-to-day operations.

Our Sustainability Action Committee reports regularly to the Corporate Executive. Some of the key initiatives implemented during the year included:

- our endorsement of the Green Transport Plan which promotes the usage and awareness of alternative means of travel that are more sustainable, healthy and environmentally friendly;
- organising a car-pooling register;
- improving change room, shower facilities and bicycle storage facilities in most of our tenancies;
- promoting Bike Week which was organised by the Department for Planning and Infrastructure;
- participating in TravelSmart Week that was hosted by Travel Smart WA;
- increasing the percentage of four cylinder vehicles in the fleet;
- incorporating travel smart options into the induction program for new staff; and
- incorporating sustainability principles in our procurement policies and procedures and staff awareness.

With the lease of additional office space in Governor Stirling Tower, the existing light fittings are being replaced with low voltage energy efficient lighting as well as the installation of energy efficient equipment with the purchase of a multi-functional device photocopier, printer, scanner and facsimile.

We have introduced video conferencing facilities with the aim of reducing the need for staff to travel for interstate/intrastate meetings and conferences.

## Appendix 1: Amendments to Legislation Administered

The following is a summary of legislative changes assented to in 2006-07 in respect of the legislation the Department administers within the Treasurer's portfolio.

### Judges' Salaries and Pensions Act 1950

Administrative amendments were made to the Act during the year to give clarification to certain clauses in terms of definitions and scope.

### Financial Legislation Amendment and Repeal Act 2006

This Act was proclaimed on 1 February 2007 and gave effect to the following:

- repealed the *Financial Administration and Audit Act 1985* (FAAA);
- enacted transitional and savings provisions and amended various Acts relating to the repeal of the FAAA and the enactment of the *Financial Management Act 2006* (FMA) and *Auditor General Act 2006* (AGA); and
- amended a number of Acts to align the timing of certain authorities' policy instruments with the annual budget process.

The transitional and savings provisions primarily involved the continuation under the FMA and AGA of certain approvals and actions taken under the FAAA.

### Revenue Laws Amendment Act 2006

The *Revenue Laws Amendment Act 2006* amended the *Stamp Act 1921*, *Land Tax Act 2002*, *Land Tax Assessment Act 2002* and *Rates and Charges (Rebates and Deferrals) Act 1992*, to implement the abolition of stamp duty on hire of goods and mortgages, and the 2006-07 Budget measures.

Amendments to the *Stamp Act 1921*:

- abolished the hire of goods duty with effect from 1 January 2007;

- halved the rate of mortgage duty with effect from 1 July 2006, and abolished mortgage duty with effect from 1 July 2008;
- extended the first home owner concession to certain purchases under shared equity arrangements with the Department of Housing and Works with effect from 1 July 2004;
- removed the requirement under section 31B for persons to lodge a statement and pay duty in respect of transfers from a bankrupt to creditors with effect from 1 January 2004; and
- changed the person liable to pay duty on settlements and gifts from the donor to the donee.

Amendments to the *Land Tax Act 2002* and the *Land Tax Assessment Act 2002*:

- introduced a new land tax scale for 2006-07 and subsequent financial years;
- extended the one-year land tax exemption for building new residences to two years (from 1 July 2006, with appropriate transitional arrangements where a residence was under construction on 1 July 2006);
- extended the primary residence exemption that applies for trust property owned and used by a disabled beneficiary to situations where the property is held by a parent, grandparent or sibling of the person with a disability; and
- inserted an anti-avoidance provision targeted at landowners avoiding a higher "aggregated" land tax rate by acquiring land with a small portion in different ownership, or transferring a small portion of already owned properties to different ownership.

Amendments to the Rates and Charges (Rebates and Deferments) Act:

- For consistency with the land tax measures in relation to the exemption for property owned by certain family members and used by a person with a disability, amendments to the Rates and Charges (Rebates and Deferments) Act extended the availability of concessions for local government rates, water rates and the emergency services levy.

## Stamp Amendment Act 2006

This Act amended the *Stamp Act 1921* to:

- clarify the operation of the private unit trust provisions as a result of recent judgments by the High Court of Australia and the State Administrative Tribunal (SAT); and
- clarify the operation of the private unit trust provisions to ensure that a unit holder is taken to have an interest in the underlying land and chattels held by the trustee of a trust, despite any terms of a trust deed to the contrary.

## Commonwealth Places (Mirror Taxes Administration) Regulations 2007 and Commonwealth Places (Mirror Taxes) (Modification of Applied Laws (WA)) Notice 2007

The *Commonwealth Places (Mirror Taxes Administration) Regulations 2007* appeared in the *Government Gazette* on 5 February 2007 and came into operation on 1 February 2007. The *Commonwealth Places (Mirror Taxes) (Modification of Applied Laws (WA)) Notice 2007* was placed on the Federal Register of Legislative Instruments on 1 February 2007 and came into operation on that day.

The Regulations and Notice, together with other legislation and arrangements between the Commonwealth and Western Australia, form a scheme to address the effect of the 1996 High Court decision in *Allders International Pty Ltd v Commissioner of State Revenue (Victoria)*, which held that State stamp duty on a lease covering part of Commonwealth land was constitutionally invalid. The intention of the scheme in relation to Western Australia is to continue taxation arrangements in respect of Commonwealth places situated in Western Australia.

A taxpayer's liability under the scheme is to be nearly as possible the same as it would be under the Western Australian law alone if the Commonwealth places in Western Australia were not Commonwealth places.

The *Commonwealth Places (Mirror Taxes Administration) Regulations 2002* and the *Commonwealth Places (Mirror Taxes) (Modification of Applied Laws (WA)) Notice 2002* are repealed and replaced. The new regulations and notice modify the updated WA taxing Acts including the Taxation Administration Act.

## Revenue Laws Amendment (Assessment) Act 2007

The *Revenue Laws Amendment (Assessment) Act 2007* amended the *Rates and Charges (Rebates and Deferments) Act 1992* to:

- ensure that pensioner concession card holders do not lose their concession where their payment type changes under the Commonwealth *Welfare to Work* initiative;
- allow an eligible person to retrospectively register their entitlement after the death of their registered spouse or de facto partner;
- remove the requirement for a registration application and certain other matters to be in writing; and
- extend the time in which a rebated amount will satisfy a liability to pay a prescribed charge in exceptional circumstances.

The Act also amended the *Taxation Administration Act 2003* to complement changes to metropolitan region improvement tax arrangements contained in the *Revenue Laws Amendment (Taxation) Act 2007*.

## Revenue Laws Amendment (Taxation) Act 2007

The *Revenue Laws Amendment (Taxation) Act 2007* amended the *Land Tax Act 2002*, the *Land Tax Assessment Act 2002*, the *Metropolitan Region Improvement Tax Act 1959* and the *Stamp Act 1921*, to implement the taxation measures announced in the 2007-08 Budget, which focused on first home buyer stamp duty relief, motor vehicle licence stamp duty cuts and reform of the land tax and metropolitan region improvement tax scales.

Amendments to land tax included a new land tax scale, which applied from 1 July 2007 and significantly reduced the total tax payable compared to the previous arrangements. In addition, an exemption from land tax was provided for private aged care providers from 1 July 2007.

The metropolitan region improvement tax scale was reformed so that tax only applies to the value of land above the exemption threshold of \$250,000, in the same manner as land tax.

Amendments to the Stamp Act included the doubling of the exemption thresholds under the first home buyer stamp duty scheme from \$250,000 to \$500,000 for home purchases and from \$150,000 to \$300,00 for purchases of vacant land. In addition, a stamp duty exemption is provided for purchases under the First Start Shared Equity Scheme, which commenced on 12 February 2007.

Motor vehicle stamp duty relief was also provided by this Act by:

- increasing the thresholds under the stamp duty scale that apply to light vehicle passenger vehicles;
- extending the single rate of duty of 3 per cent for new heavy vehicles to used heavy vehicles; and
- providing an exemption from stamp duty for caravans (trailer type) and camper trailers.

## Appendix 2: Publications

The Department produced a number of publications in 2006-07, as listed below:

### Corporate

Annual Report 2005-06

### Treasury

Annual Report on State Finances 2005-06

Budget 2007-08:

Budget Speech – Budget Paper No. 1

Budget Statements – Budget Paper No. 2, Volumes 1, 2 and 3

Economic and Fiscal Outlook – Budget Paper No. 3

Budget electronic version

Budget Overview

Reader's Guide to the 2007-08 Budget Statements

Costing and Pricing Government Services

Government Mid-Year Financial Projections Statement 2006-07

Final Report of the State Tax Review

Model Financial Statements

Monthly Reports of General Government Finances (multiple publications)

Overview of State Taxes

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

Economic Research Papers

Housing Stress in Western Australia

The Price Impact of Partial Deregulation in the Western Australian Grains Market,

The Resources Boom – Productivity and Welfare Implications for Western Australia

Lessons in Analysis of Major Project Assistance Proposals

Migration in WA – A Recent History.

Quarterly Financial Results Reports (multiple publications)

Register of Unclaimed Monies

Treasurer's Instructions

Western Australian Government Fleet Policy and Guidelines

Framework for the State Infrastructure Strategies – Green Paper

### State Revenue

Circulars – Stamp Duty, Land Tax, Pay-roll tax

Commissioner's Practices

Customer Service Charter

Customer Service Charter 2006-07 Performance Report

Land Tax 2006-07

Land Tax Fact Sheets

Life Support Equipment Energy Subsidy Information Sheet

Online Stamping Guidelines

Pay-roll Tax Annual Reconciliation Flyer

Pay-roll Tax Calculation of Tax Payable Brochure

Pay-roll Tax Fringe Benefits Brochure

Pay-roll Tax General Information Brochure

Pay-roll Tax Grouping Provisions Brochure

Pay-roll Tax Superannuation Brochure

Pay-roll Tax Wages Definition Brochure

Revenue Online – Online Pay-roll Tax Brochure

Revenue Online – Online Stamping Brochure

Revenue Online Newsletter (three issues)

Stamp Duty Fact Sheets  
Stamp Duty Rebate Scheme  
Stamp Duty Ruling  
Thermoregulatory Dysfunction Energy Subsidy Information Sheet

## Government Procurement

Buying Smarter Brochures for Common Use Contracting Arrangements  
Government Contract Directory e-book  
Government Contract Directory – Schools edition e-book  
Guide to Goods and Services Tendering with Western Australian Government Agencies  
Procurement Matters for Buyers – Newsletters  
Procurement Matters for Suppliers – Newsletters  
Procurement Reform Progress Report 2005  
Procurement Reform Toolkit  
Procurement Reform Stakeholder Survey – 2005 Summary Report  
Procurement Reform Benefits Realisation Summary Report (2004-2005)  
Procurement Reform Benefits Realisation Full Report (2004-2005)  
Western Australian Government Credit Card Guidelines

## Shared Services

Final Annual Report (to December 2006)  
Newsletter

## Customer Contact Details

Office Hours: Monday to Friday  
8:00am to 5:00pm  
Internet: [www.dtf.wa.gov.au](http://www.dtf.wa.gov.au)

### Treasury

Location: 197 St Georges Terrace, Perth  
WA 6000  
Switchboard: (08) 9222 9222  
Customer Contact Line: (08) 9222 8866  
Facsimile: (08) 9222 9117  
Email: [customer.service@dtf.wa.gov.au](mailto:customer.service@dtf.wa.gov.au)

### State Revenue

Location: 200 St Georges Terrace  
Perth WA 6000  
Postal address: GPO Box T1600  
Perth WA 6845  
Telephone: (08) 9262 1400  
1300 368 364  
(Country callers only)  
Internet: [www.osr.wa.gov.au](http://www.osr.wa.gov.au)  
Email: [osr@dtf.wa.gov.au](mailto:osr@dtf.wa.gov.au)  
Lodgement and enquiries: 8:00am to 5:00pm  
Payment and Document  
Stamping: 8:00am to 4:30pm

### Stamp Duty

Telephone: (08) 9262 1100  
Facsimile: (08) 9226 0834  
Email: [stampduty@dtf.wa.gov.au](mailto:stampduty@dtf.wa.gov.au)

### Revenue Online

Telephone: (08) 9262 1113  
Facsimile: (08) 9226 0841  
Email: [revenueonline@dtf.wa.gov.au](mailto:revenueonline@dtf.wa.gov.au)

### Pay-roll Tax

Telephone: (08) 9262 1300  
Facsimile: (08) 9226 0841  
Email: [payroll@dtf.wa.gov.au](mailto:payroll@dtf.wa.gov.au)

### Land Tax

Telephone: (08) 9262 1200  
Facsimile: (08) 9226 0837  
Email: [landtax@dtf.wa.gov.au](mailto:landtax@dtf.wa.gov.au)

### Compliance

Telephone: (08) 9262 1350  
Facsimile: (08) 9262 1399  
Anonymous information: (08) 9262 1380

### First Home Owner Grant

Telephone: (08) 9262 1299  
1300 363 211  
(Country callers only)  
Facsimile: (08) 9262 1597  
Email: [firsthomegrant@dtf.wa.gov.au](mailto:firsthomegrant@dtf.wa.gov.au)

### Other Grants

Telephone: (08) 9262 1373

### Public Education

Telephone: (08) 9262 1389  
Facsimile: (08) 9481 0784  
Email: [customereducation@dtf.wa.gov.au](mailto:customereducation@dtf.wa.gov.au)

### Government Procurement

Location: 2 Havelock Street  
West Perth WA 6005  
Switchboard: (08) 9222 5555  
Facsimile: (08) 9222 5444  
GEM Service Centre: (08) 9222 5468

### Shared Services

Location: Mason Bird Building  
303 Sevenoaks Street  
Cannington WA 6107  
Switchboard: (08) 9258 0000  
Facsimile: (08) 9258 0201