



Government of **Western Australia**
Department of **Treasury and Finance**

Inspired professional people | Independent advice | Innovative services

Annual Report 2008-09

Statement of compliance

For the year ended 30 June 2009

The Hon T R Buswell BEd 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 2009.

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

Our challenges in 2008-09

The past year has been particularly challenging for the Department of Treasury and Finance (DTF). Although we have pulled together as a team to deliver improved outcomes against our KPIs, it hasn't been an easy task. I thank my very dedicated and professional people for all that they achieved for the people of Western Australia.

A new Government

The change in Government in Western Australia during 2008 has had a significant impact on DTF. We were faced with the challenge of assisting a new Government to implement their election commitments and shift in policy direction, principally through the mid-year review process in December 2008 and in preparing for the release of their first budget in 2009.

The Global Financial Crisis

In addition to the changed environment at a State Government level, the international economy entered crisis during 2008-09. Unprecedented uncertainty and volatility in the economic and financial environment impacted on the State's finances through a rapid decline in revenues.

Evolving to meet the needs of our business

In October 2008 we implemented a new Treasury business structure designed to better respond to demands, including:

- the implementation of the extensive Council of Australian Governments (COAG) reform agenda;
- reforms to Specific Purpose Payments (SPP) arrangements (which will see the Treasury business play a central role in negotiating these payments with the Commonwealth);
- the need to achieve better outcomes from public services in Western Australia through improved strategic policy advice and performance evaluations;
- the sheer size of the Government's Capital Works Program (and the risks and challenges of delivering this program in the current economic environment); and
- the creation of Infrastructure Australia (and the need to ensure the State is in the best possible position to access the Commonwealth's Infrastructure funds).

We believe that the new structure has better positioned us to achieve value-for-money outcomes across the public sector. It is enabling us to undertake longer-term research and analysis. It has also better integrated the various areas of the business, leading to greater consistency of advice to Government, and greater flexibility in the way we work together. The outcome is better advice to the Government.



A new DTF business

On 1 February 2009 the building management, works and strategic projects functions were integrated into DTF from the former Department of Housing and Works. Consequently, DTF became responsible for planning, design and construction of buildings and facilities for State Government agencies (including the Fiona Stanley Hospital, schools and TAFE colleges, police stations, fire stations and State Emergency Service bases, sports facilities and cultural venues).

With the addition of Building Management and Works, we now manage the Government's office accommodation portfolio and are responsible for the maintenance and minor works of properties owned or occupied by government agencies (other than housing).

The transfer of about 300 staff to DTF has increased the number of our people by 25 per cent to around 1,500. In turn this has increased the challenges faced by our corporate services team in providing essential business support services to our people in a range of business locations across the metropolitan and regional areas.

Additional Responsibilities

During 2008-09, we were also delegated responsibility for the functions of the State Supply Commission. The decision to merge the State Supply Commission with DTF was announced on 24 March 2009 and implemented immediately. Most of the Commission's 13 staff are working within our Government Procurement business and the responsibilities under the *State Supply Commission Act 1991* are now discharged by DTF.

Facilitating the effective delivery of Federal Government schemes

On 14 October 2008, the Federal Government announced the immediate introduction of enhanced first homeowner assistance through the First Home Owners Boost (FHOB) scheme. Although, we received no prior notification of the requirement for DTF to administer the scheme, we had met the challenges of implementation and were accepting applications within two weeks of the announcement. At 30 June 2009 we had paid over 12,500 applications totalling \$106 million to new homeowners in Western Australia.

Similarly, the Building the Education Revolution (BER) program as part of the National Stimulus Plan announced in February 2009 is administered by our Building Management and Works business. The Commonwealth-funded \$14.7 billion three-year program is designed to provide economic stimulus through rapid construction and refurbishment of primary and secondary schools Australia wide, delivering learning environments that benefit children, families and communities.

The first contracts under the 'National School Pride' program were issued to 83 contractors in early June. These contracts covered around \$64 million worth of maintenance and repair works at nearly 500 WA public primary and secondary schools.

Our Achievements in 2008-09

Celebrating our many achievements

As it was by all accounts a challenging year, we were especially proud to celebrate a number of important achievements. Despite ever increasing demands on our limited resources, we performed well against our key performance indicators.

Retaining the AAA Credit Rating

In 2008-09, we celebrated the retention of the State's AAA credit rating, through advice to Government that enabled it to maintain the health of the State's finances under very difficult economic and financial circumstances.

During the boom years, our advice on how to use the State's large surpluses led to a strengthening of the State's balance sheet that has helped weather the storm of the Global Financial Crisis (arguably much better than other states).

Achieving Value-for-Money

During 2008-09 we identified approximately \$7.8 billion in corrective measures to ensure the long-term sustainable management of the State's finances.

We have increased our efforts and resourcing in the responsible and sustainable management of the State's finances to deliver the best possible value for money outcomes for the people of Western Australia.

Engaging with our stakeholders to deliver better services for our customers

In June 2009, we completed a four year project that was undertaken in partnership with Landgate to improve the integrity of State Revenue data. As a result we have seen land tax assessment rates halved, significant reductions in land tax enquiries, and reduced administration costs that have had positive impacts on compliance costs for taxpayers.

We are also working to provide improved services to our State Revenue business customers by reducing the reporting burden through improvements to Standard Business Reporting. At completion, this project will deliver greater flexibility for taxpayers by providing an electronic interface to enable businesses to report directly to government agencies using their own accounting software.

Delivering Efficiencies for Government

As an organisation we have strengthened our commitment to improving service delivery by focusing not only on the realisation of efficiencies to deliver value-for-money outcomes across the sector but also, on the evaluation of the effectiveness of that service delivery. Facilitating and driving improved efficiency has been demonstrated in a number of business areas across DTF.

We've further improved procurement processes and outcomes across Government, launching a comprehensive reform program across our building management and works business. The objective is to improve contracting and project management outcomes for government buildings and facilities across Western Australia.

Our Shared Services Reform program has met every project milestone on-time and on-budget. We now provide financial services to 22 agencies. Another 10 agencies are receiving payroll and human resources services, and by the end of 2009, there will be a total of 40 agencies receiving financial, payroll and human resources services through the Shared Services reform program.

The largest client to have rolled in to date is Main Roads Western Australia, which has around 2,000 suppliers and expenditure of approximately \$1.4 billion per annum.

Assisting to identify and implement efficiencies across Government

In October 2008 the Economic Audit Committee was established to conduct a wide-ranging review of the operational and financial performance of the Western Australian public sector. DTF provides support to the Committee through the services of the Economic Audit Secretariat and the Under Treasurer is accountable for delivery of the Committee's reports to the Treasurer. The Secretariat provides the administrative support required to facilitate the comprehensive consultation process and to produce the various discussion papers and reports for the Committee.

The Committee's first report was delivered to the Treasurer in March 2009 and a further terms of reference for the Committee was endorsed by the Government in June 2009. The Committee's final report will be delivered to the Government by the end of October 2009.

It will focus on providing a road map for ongoing reform and improvement of the Western Australian public sector to raise the efficiency and effectiveness of services to the people of Western Australia.

Reducing Red Tape

The Regulatory Gatekeeping Unit (RGU) was introduced as part of the Regulatory Gatekeeping Initiative, endorsed by the Government in December 2008. The Unit was established to review all new and amended regulatory proposals in the State, ensuring those introduced are in the public interest.

The RGU drafted the Regulatory Assessment Impact Guidelines for Western Australia, which were endorsed by Cabinet on 31 August 2009. Over 40 agencies were consulted on the draft

Guidelines which detail the new Regulatory Impact Assessment process, and initial training was provided to 362 officers in the reporting year.

Applying a similarly broad approach to stakeholder engagement as for the Economic Audit team, the RGU has embarked on a comprehensive consultation process with key project stakeholders in order to achieve the best possible outcomes for Western Australia.

In Summary

At DTF we recognise the need to improve opportunities for genuine engagement with our customers and stakeholders to deliver the most effective outcomes for all Western Australians. Our commitment to engage is evident in our revised business structure that has been designed to facilitate increased opportunities for:

- engagement and communication with our stakeholders;
- evaluating performance;
- formulating policy for improvement in service delivery; and
- assisting agencies drive reform and improvement.

I am incredibly proud of what we have achieved in 2008-09 and congratulate my team for their hard work and commitment to delivering against the immense challenges presented this year.

I look forward to continuing the journey with the dedicated people from DTF as we seek value-for-money outcomes for the Government and all people of Western Australia.



Timothy Marney
Under Treasurer

Operational structure

The Department of Treasury and Finance encompasses the following structural areas:

- Treasury
- State Revenue
- Government Procurement
- Shared Services
- Building Management and Works
- Strategic Projects
- Corporate Services
- Internal Audit

Enabling legislation

The Department of Treasury and Finance's enabling legislation is the *Public Sector Management Act 1994*.

Other legislation governing DTF's operations:

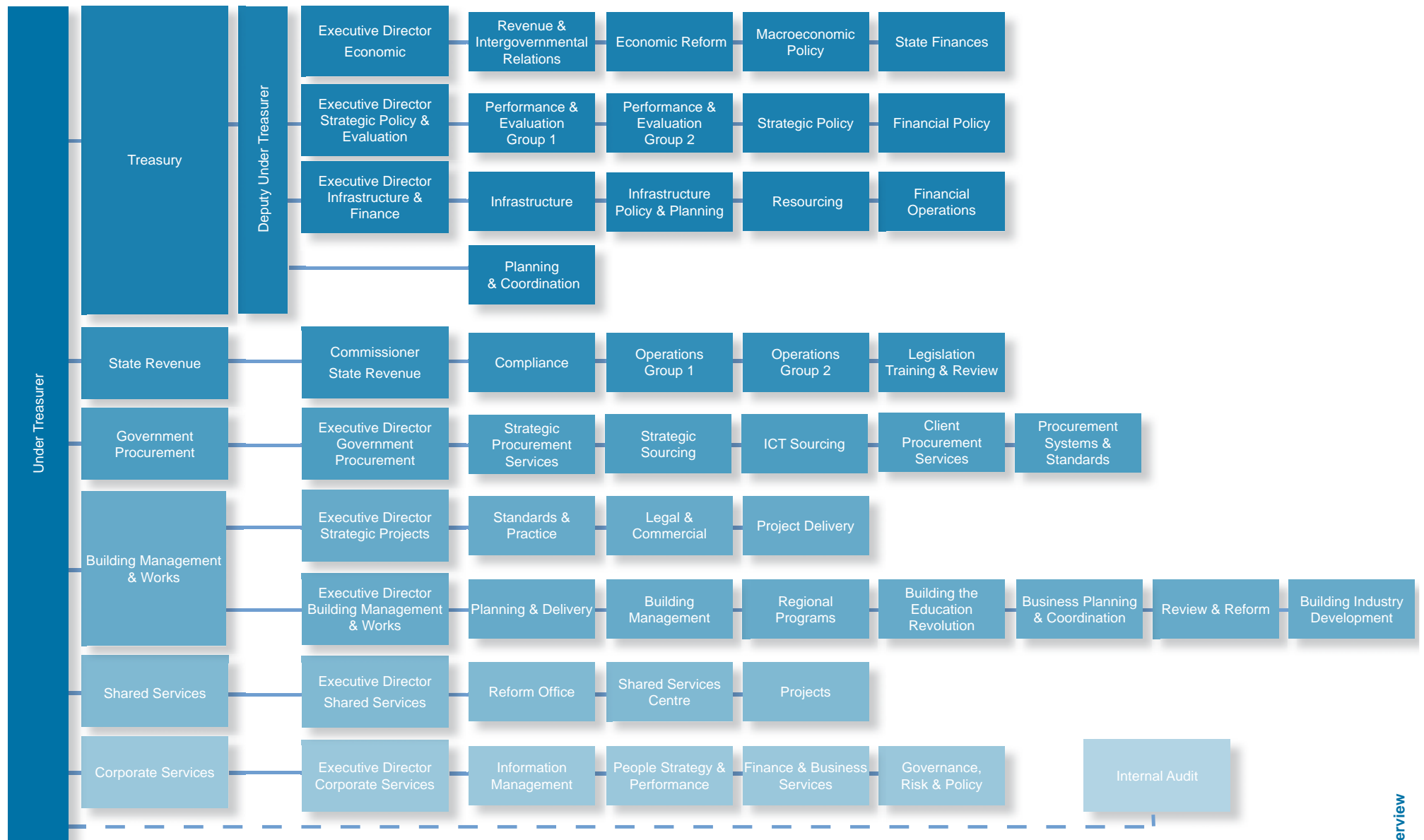
- *Constitution Act 1889* and *Constitution Acts Amendment Act 1899* provide the framework under which DTF operates;
- *Government Financial Responsibility Act 2000* provides reporting obligations on DTF in respect to the State's finances;
- *Financial Management Act 2006*, along with associated Treasurer's Instructions, provides the powers for staff to operate in Government finance, control and accountability matters;
- *State Supply Commission Act 1991*, through a delegation to the Under Treasurer, provides the power to establish and manage contracts;
- *Public Works Act 1902* provides Building Management and Works with the power to do all things necessary to construct public works and buildings;

- *Architects Act 2004* provides a means for the registration of natural persons, and the licensing of corporations, as architects and provides for the regulation of the practice of architecture by those persons;
- *Construction Contracts Act 2004* ensures fairness in construction contracts and provides a means of rapid adjudication of construction contract disputes by registered adjudicators. It provides a means for government to accredit and regulate adjudicators;
- *Dividing Fences Act 1961* provides for adjoining landowners contributions for the construction and repair of dividing fences, and for adjudication by a court where the issues cannot be resolved; and
- *Local Government (Miscellaneous Provisions) Act 1960* (Parts VIII, IX and XV).

Responsible Minister

Hon T R Buswell Bachelor of Economics MLA
Treasurer; Minister for Commerce; Science and Innovation; Housing and Works.

Organisational chart



Corporate executive team

Timothy Marney Bachelor of Economics (Honours) **Under Treasurer**

Timothy Marney has been Under Treasurer for the State of Western Australia since June 2005. Prior to this appointment, Tim held a number of senior positions across DTF.

Tim is the Chair of the Western Australian Treasury Corporation Board and a member of the State Supply Commission Board. He is also a Director of 'beyondblue the national depression initiative'.

Michael Barnes Bachelor of Business (Honours) **A/Deputy Under Treasurer**

Michael has been acting in the newly created position of Deputy Under Treasurer since July 2008.

As Deputy Under Treasurer, he is responsible for leading and managing DTF's Treasury business.

Michael joined the Western Australian Treasury in 1997 after starting his career as a graduate in the Commonwealth Treasury in 1992.

Anthony Kannis Bachelor of Business **Executive Director Treasury – Infrastructure and Finance**

Anthony has worked in the public sector since 1979, in a number of central agencies with responsibility for asset and capital planning. He joined the Western Australian Treasury in January 1996.

Anthony was appointed Executive Director, Agency Resources, in November 2005, and commenced his role as Executive Director, Infrastructure and Finance, in October 2008 on the restructure of the Treasury business.

In May 2008, Anthony was appointed to the Board of Infrastructure Australia, advising the Commonwealth Government on the priority of 'nationally significant' proposals submitted as part of its infrastructure audit. He was appointed as Deputy Chairman of the Western Australian Treasury Corporation Board in April 2009.

Rebecca Brown Bachelor of Economics (Honours) **A/Executive Director Treasury – Strategic Policy and Evaluation**

Rebecca joined the Western Australian Treasury in 1997, four years after commencing her career in the Commonwealth Treasury.

Rebecca has been Acting Executive Director Strategic Policy and Evaluation since October 2008. She is responsible for providing policy advice on the performance of key service delivery agencies, including, health, education, housing and correctives services, and issues impacting the longer term sustainability of service delivery.

Michael Court Bachelor of Economics (Honours) **A/Executive Director Treasury – Economic**

Michael was appointed Acting Executive Director, Treasury – Economic, in August 2008. He has been with DTF for more than 10 years in a number of senior roles.

Prior to joining DTF, Michael worked within the Australian Government public service in Canberra, including the Commonwealth Treasury and the Department of Foreign Affairs and Trade.

Bill Sullivan Bachelor of Economics (Honours), Master of Economics, Graduate Diploma in Taxation Studies, Diploma in Financial Markets **Commissioner of State Revenue**

Bill has been the Western Australian Commissioner of State Revenue since February 2002.

On joining the Western Australian Treasury as a graduate trainee in 1985, Bill worked in various policy areas of the department before moving to the then State Taxation Department in 1992.

Rod Alderton Master of Business Administration, Master of Strategic Procurement

A/Executive Director Government Procurement

Rod was appointed Acting Executive Director, Government Procurement, in December 2008. For the previous 18 months he had been the CEO of the State Supply Commission.

John Tondut Bachelor Engineering (Honours), Master of Business Administration

A/Executive Director Building Management and Works

After joining DTF in 2003, John was the Executive Director Government Procurement for three years.

He took on the role of Executive Director, Building Management and Works, when that business was created on 1 February 2009, and is now leading the works reform program.

John commenced his career as a graduate civil engineer in the Metropolitan Water Board in 1974, and held senior roles in several State public sector agencies including the Water Authority, the Building Management Authority, and the Department of Contract and Management Services.

John chairs the Australian Procurement and Construction Council's Leadership Group (construction stream), and is also the national Chair of the Chartered Institute of Purchasing and Supply (Australia) Steering Group.

Richard Mann Bachelor of Engineering
Executive Director Office of Strategic Projects

In February 2008, Richard was appointed Executive Director of the new Office of Strategic Projects within the Department of Housing and Works. The Office is responsible for overseeing high-risk infrastructure projects such as the new Fiona Stanley Hospital.

He continued in this role when the Office moved to DTF in February 2009.

Richard is a Civil Engineer with more than 20 years experience managing building and infrastructure projects throughout WA.

Brian Roche Bachelor Business, Master of Management
Executive Director Shared Services

Brian was appointed Executive Director, Shared Services, in November 2008, after acting in the position since April 2007.

Prior to that appointment, Brian headed Corporate Services and had earlier been with the Department of Consumer and Employment Protection and the Commissioner of Workplace Agreements.

Sue Jones Registered Nurse, Master of Management (Health)
Executive Director Corporate Services

Sue has been Executive Director, Corporate Services, since joining DTF in April 2008.

She came to Treasury and Finance from the public health system, where she spent ten years managing the delivery of health services in regional areas and held senior executive positions in the Health Department, including Acting Chief Executive Officer and Director Operations.

Administered legislation

In 2008-09, DTF assisted the Treasurer in administering the following legislation:

- *Advance Bank (Merger with St. George Bank) Act 1998*
- *Advance Bank (Merger with St. George Bank) (Taxing) Act 1998*
- *Anzac Day Act 1960*
- *Appropriation (Consolidated Fund) Acts (various)*
- *Architects Act 2004*
- *Auditor General Act 2006*
- *Australia and New Zealand Banking Group Act 1970*
- *Australia and New Zealand Banking Group Limited (NMRB) Act 1991*
- *Australia and New Zealand Banking Group Limited (Town & Country) Act 1995*
- *Bank Mergers Act 1997*
- *Bank Mergers (Taxing) Act 1997*
- *Bank of South Australia (Merger with Advance Bank) Act 1996*
- *Bank of Western Australia Act 1995*
- *Commonwealth Places (Mirror Taxes Administration) Act 1999*
- *Construction Contracts Act 2004*
- *Debits Tax Act 2002*
- *Debits Tax Assessment Act 2002*
- *Dividing Fences Act 1961*
- *Duties Act 2008*
- *Electricity Industry Act 2004 (Part 9A only)*
- *Fiona Stanley Hospital Construction Account Act 2007*
- *Financial Agreement Act 1928*
- *Financial Agreement Act 1995*
- *Financial Legislation (Transitional Provisions) Act 2006*
- *Financial Management Act 2006*
- *Financial Relations Agreement (Consequential Provisions) Act 1999*
- *First Home Owner Grant Act 2000*
- *First Home Owner Grant Amendment Act 2003*
- *Government Financial Responsibility Act 2000*
- *Judges' Salaries and Pensions Act 1950*
- *Land Tax Act 2002*
- *Land Tax Assessment Act 2002*
- *Local Government (Miscellaneous Provisions) Act 1960 (parts VIII, IX and XV only)*
- *Loan Acts (various)*
- *Native Title (State Provisions) Act 1999*
- *Pay-roll Tax Act 2002*
- *Pay-roll Tax Assessment Act 2002*
- *Perth Building Society (Merger) Act 1986*
- *Public Works Act 1902*
- *Railways (Access) Act 1998*
- *Rates and Charges (Rebates and Deferments) Act 1992*
- *Stamp Act 1921*
- *Stamp Amendment (Assessment) Act 2005*
- *Stamp Amendment (Budget) Act 2002*
- *State Bank of South Australia (Transfer of Undertaking) Act 1994*
- *State Enterprises (Commonwealth Tax Equivalents) Act 1996*
- *State Entities (Payments) Act 1999*
- *State Trading Concerns Act 1916*
- *Statistics Act 1907*
- *Supply Acts (various)*
- *Taxation Administration Act 2003*
- *Taxation Administration (Consequential Provisions) Act 2002*
- *The Bank of Adelaide (Merger) Act 1980*
- *The Commercial Bank of Australia Limited (Merger) Act 1982*
- *The Commercial Banking Company of Sydney Limited (Merger) Act 1982*
- *Titles (Validation) and Native Title (Effect of Past Acts) Act 1995*
- *Treasurer's Advance Authorisation Acts (various)*
- *Unclaimed Money Act 1990*
- *Unclaimed Money (Superannuation and RSA Providers) Act 2003*
- *WADC and WA Exim Corporation Repeal Act 1998*
- *Westpac Banking Corporation (Challenge Bank) Act 1996*

Other key legislation affecting Department of Treasury and Finance activities

In the performance of its functions, DTF complies with the following relevant written laws:

- *Aboriginal Heritage Act 1972*
 - *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*
 - *State Supply Commission Act 1991*
- DTF collected taxes, duties and fees, and paid subsidies and rebates during 2008–09, in accordance with the legislation listed below:
- *Agriculture and Related Resources Protection Act 1976*
 - *Cattle Industry Compensation Act 1965*
 - *Emergency Services Levy Act 2002*
 - *Indian Ocean Territories (Administration of Laws) Act 1992*
 - *Metropolitan Region Improvement Tax Act 1959*
 - *Perth Parking Management Act 1999*
 - *Perth Parking Management (Taxing) Act 1999*
 - *Racing and Wagering Western Australia Act 2003*
 - *Racing and Wagering Western Australian Tax Act 2003*
 - *Commonwealth Places (Mirror Taxes) Act 1998*
 - *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) (Modification of Applied Laws (WA)) Notice 2002*
 - *Commonwealth Places (Mirror Taxes) (Modification of Applied Laws (WA)) Notice 2007*

Performance Management Framework

Outcome Based Management Framework

Government goal: Creating conditions that foster a strong economy delivering more jobs, opportunities and greater wealth for all Western Australians. Developing and maintaining a skilled, diverse and ethical public sector serving the Government with consideration of the public interest.

Desired outcomes	Effectiveness indicators	Services provided	Efficiency indicators
Sustainable and transparent public sector finances	<ul style="list-style-type: none"> Maintenance of the State's AAA credit rating¹ Unqualified audit opinion on the Annual Report on State Finances Provision of vehicles for the State's light vehicle fleet is financially sustainable (profit in \$'000) 	<ul style="list-style-type: none"> Financial management and reporting Financing and managing the State Fleet Service 	<ul style="list-style-type: none"> Cost of financial management and reporting per million dollars general Government sector expenses Percentage of financial reports released as per agreed timeframes² Average cost per vehicle of financing and managing the State Fleet Service
A strong and competitive State economy	<ul style="list-style-type: none"> State's tax competitiveness³ Five year average Gross State Product growth compared with average of other States (percentage point difference) 	<ul style="list-style-type: none"> Development of economic and revenue policies 	<ul style="list-style-type: none"> Accuracy of key economic and general Government revenue forecast⁴ Percentage of briefing requests and other Ministerials responded to within agreed timeframes
Financial resources are allocated consistent with the Government's priorities	<ul style="list-style-type: none"> Percentage of DTF's resource allocation recommendations accepted by the Economic and Expenditure Reform Committee Share of general Government expenses allocated to priority areas⁵ 	<ul style="list-style-type: none"> Management of the State Budget's expenditure aspects 	<ul style="list-style-type: none"> Cost of expenditure budget management per million dollars general Government sector expenses Percentage of briefing requests and other Ministerials responded to within agreed timeframes
Due and payable revenue is collected and eligible grants, subsidies and rebates paid	<ul style="list-style-type: none"> Extent to which due revenue is collected Extent to which correct grants, subsidies and rebates are claimed 	<ul style="list-style-type: none"> Revenue assessment and collection Grant and subsidies administration 	<ul style="list-style-type: none"> Average cost per land item assessed Average cost per duty return issued Average cost per pay-roll tax return issued Average cost per instrument assessed Average cost per application/claim processed

Desired outcomes	Effectiveness indicators	Services provided	Efficiency indicators
Government buildings and accommodation delivered, managed and maintained at agreed standards	<ul style="list-style-type: none"> Extent to which DTF has delivered and maintained Government buildings and accommodation to agreed standards 	<ul style="list-style-type: none"> Delivery, management and maintenance of Government buildings, projects and office accommodation 	<ul style="list-style-type: none"> Cost per million dollars of value of capital works projects delivered Cost per million dollars of gross rentals of buildings and office accommodation managed Cost per million dollars of value of minor works and maintenance services delivered
Value-for-money from public sector procurement	<ul style="list-style-type: none"> Extent to which client agencies agree that common use contract arrangements achieved value-for-money Extent to which client agencies agree that their contract arrangements achieved value-for-money Extent to which client agencies agree that DTF's procurement reports and education programs have facilitated improved value-for-money 	<ul style="list-style-type: none"> Facilitate the development and management of agency specific contracts 	<ul style="list-style-type: none"> Client satisfaction with the timeliness of agency specific contract development Cost of facilitating the development and management of agency specific contracts as a percentage of contract award value
	<ul style="list-style-type: none"> Extent to which client agencies agree that the Centre for Excellence and Innovation in Infrastructure Delivery (CEIID) program has resulted in improved value-for-money outcomes in infrastructure delivery 	<ul style="list-style-type: none"> Development and management of whole-of-government common use contract arrangements 	<ul style="list-style-type: none"> Percentage of retendered/redesigned common use contract arrangements developed and awarded prior to the expiry of the previous arrangement 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
		<ul style="list-style-type: none"> Development and management of whole-of-government procurement systems and standards 	<ul style="list-style-type: none"> Cost of deploying and managing procurement systems and standards as a percentage of agency specific contract award values and the annual throughput of CUAs
		<ul style="list-style-type: none"> Facilitate CEIID 	<ul style="list-style-type: none"> Client satisfaction with the timeliness of DTF's facilitation of CEIID initiatives

Desired outcomes	Effectiveness indicators	Services provided	Efficiency indicators
Value-for-money from shared corporate services	<ul style="list-style-type: none"> Progress with the reform of the Western Australian public sector for shared services by achievement of the following milestones: <ul style="list-style-type: none"> Number of agencies rolling in by financial quarter 	<ul style="list-style-type: none"> Project management, coordination and implementation of the whole-of-government shared corporate services reform 	<ul style="list-style-type: none"> Progress with the reform of the Western Australian public sector for shared corporate services within budget: delivery of project within budgeted target
	<ul style="list-style-type: none"> Percentage of services provided within established timeframes Accuracy of services provided Average resolution rate of enquiries (within six days) 	<ul style="list-style-type: none"> Provision of financial, human resources services and online services 	<ul style="list-style-type: none"> Cost of financial services per client agency (\$ million) Cost of human resources services per client agency (\$ million) Cost of online services per client agency

- 1 Western Australia's credit rating is currently assessed by Standard and Poor's and by Moody's.
- 2 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)
 - Quarterly Financial Results Report – 60 days after the end of the quarter (legislative deadline)
 - Government Mid-year Financial Projections Statement (mid-year review) – 31 December (legislative deadline)
 - Pre-election Financial Projections Statement – 10 days after Legislative Assembly dissolved/expired (legislative deadline)
 - Monthly Reports of General Government Finances – 6 weeks from the end of the month (non-legislative internal goal, agreed with the Treasurer)
- 3 The State's tax competitiveness is assessed by maintaining Western Australia's taxation revenue as a percentage of GSP below the weighted average of the other States.
- 4 The Department of Treasury and Finance is accountable for the accuracy of its published forecasts (within acceptable tolerances and subject to recognition of external influences). This efficiency indicator shows the accuracy of forecasts by disclosing the extent to which variations between budget forecasts and actual results are within acceptable limits. The economic parameters and actual revenue on which this efficiency indicator is based are each reported in Budget Paper No. 3, Chapter 2 sub-heading 'Statement of Risks', Chapter 3 'General Government Revenue' (for forecasts) and Chapter 6 'The Western Australian Economy' (for economic parameters specifically), and the Annual Report on State Finances (for actual outturn). Actual results for economic parameters are published by the Australian Bureau of Statistics.
- 5 The Government's current priority areas include: health, education, law and order.

Changes to Outcome Based Management Framework

DTF's Outcome Based Management (OBM) structure has revised outcome and effectiveness indicators that reflect value-for-money objectives.

At the same time *Treasury* effectiveness indicators related to a strong and competitive economy outcome have been replaced with measures of the accuracy of its key forecasts. The previous effectiveness measure in relation to State tax competitiveness has been removed due to a change in the Government's fiscal targets.

To better reflect its underlying role, *State Revenue* has revised its outcome statement and effectiveness indicators to include its customers. Efficiency indicators have also been revised to reflect the increased provision of services via information and communications technology systems.

The Building Management and Works function from the former Department of Housing and Works has been incorporated into the revised OBM structure. A new value-for-money outcome was incorporated as a result, along with four indicators each for effectiveness and efficiency measures and four related services.

In relation to *Shared Services*, the effectiveness indicator 'first agencies go live' is no longer relevant, having applied only for the 2006-07 year. Also, the Public Accounts Committee requested the inclusion of the percentage of agencies that have rolled-in compared to the total that roll-in.

The new OBM structure took effect from 1 July 2009 and is reflected in the 2009-10 Budget Statements.

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.

Agency performance – report on operations

Financial targets actual performance compared to budget

	2008-09 Target \$'000	2008-09 Actual \$'000	Variation \$'000
Total Cost of Services (Expense Limit) ⁽¹⁾	740,163	712,378	(27,785)
Net Cost of Service	176,972	168,993	(7,979)
Total Equity	913,827	984,427	70,600
Net Increase/(Decrease) in cash held	(1,523)	43,149	44,672
Approved full time equivalent (FTE) staff level	1,527	1,450	(77)

⁽¹⁾ Explanation of increased expenditure and funding are contained in note 38 'Explanatory Statement' to the Financial Statements.

Total cost of services

The DTF commenced 2008-09 with an initial expense limit of \$258.8 million, which included the State Fleet function, which was transferred to DTF with effect from 1 July 2008.

The Works function of the former Department of Housing and Works was also transferred to DTF with effect from 1 February 2009, increasing the expense limit by a further \$472.5 million.

The DTF expense limit for 2008-09 was also adjusted during the year for the three per cent efficiency savings initiative, election commitments and wage increases associated with the Public Service General Agreement 2008.

The final approved expense limit for DTF in 2008-09 was \$740.2 million. The actual outturn for DTF of \$712.4 million was \$27 million below the approved target and mainly reflects lower than budgeted construction services by the Building Management and Works. The lower than budgeted expense outcome was matched with lower payments from the agencies for which the work was being done.

Compared to 2007-08 the total cost of service increased by \$560 million, mainly reflecting the full year cost of operations of the State Fleet service and the part year impact of the Works function, which were transferred to DTF with effect from 1 July 2008 and 1 February 2009, respectively. On a comparable



basis to 2007–08, the total cost of services increased by \$38 million or 25 per cent. This was mainly attributable to:

- Employment costs increasing by \$21 million and reflects increased operating costs at Shared Services, resulting from the roll-in of additional agencies, two wage rises in 2008–09 flowing from the 2008 Enterprise Bargaining Agreement (EBA) and changes in actuarial factors which have been impacted by the global financial crisis including interest changes compared to last year;
- Accommodation costs increasing \$3.1 million, in line with market review which came into effect during the 2008 calendar year;
- Depreciation costs increasing by \$2.7 million and reflects system implementations at Shared Services, including the payroll and the project accounting modules; and
- Services and contracts increased by \$11.3 million, including legal costs for duty appeals (\$2.3 million) and information technology costs associated with the Shared Service system developments and support (\$9.0 million).

Net cost of services

The actual net cost of services for 2008-09 was \$169 million, around \$30 million higher than the 2007-08 outcome, reflecting the State Fleet operations as well as general cost increases including in respect of Shared Services, which is now delivering services to an increased client base.

Compared to the budget target the net cost of service was under budget by around \$8 million, mainly reflecting higher than budgeted vehicle fleet revenues and construction and maintenance revenue from client agencies.

Financial position

DTF's net asset position in 2008-09 was \$984.4 million. This increase mainly reflects the former Department of Housing and Works assets (\$692.2 million) and the State Fleet assets (\$45.7 million).

Other asset increases include \$36.3 million in intangible assets, related to the continued development and implementation of the integrated finance, procurement and human resources payroll system associated with the shared services reform agenda.

The increase in the net cash position (\$43.1 million) compared to the budget target, reflects delays in spending capital funds for the Perth Arena project, which will be transferred to the Western Australia Sports Centre Trust with effect from 1 July 2009 and State Fleet cash holdings, which are applied to finance the replacement of the vehicle fleet.

Summary of key performance indicators

The summary of key performance indicators as detailed below reflect the 2008–09 targets as published in the 2008–09 Budget Statements. For details of variations between target and actual results please refer to note 41 of the 2008–09 Financial Statements.

Treasury business

Outcome 1: Sustainable and transparent public sector finances

Key effectiveness indicators	2008-09 Target	2008-09 Actual	Variation
Maintenance of the State's credit rating	AAA	AAA	Nil
Unqualified audit opinion on the Annual Report on State Finances	Yes	Yes	Nil
Provision of vehicles for the State's light vehicle fleet is financially sustainable (profit in \$'000)	\$6,318	\$12,433	\$6,115

The continued outcomes of the State's AAA credit rating and the unqualified audit opinion on the 2007-08 Annual Report on State Finances (released in September 2008), reflect DTF's efforts in:

- supporting regular public sector financial reporting disclosures (including the 2008-09 Pre-election Financial Projections Statement); and
- advice to support the analysis and understanding of the financial effects of implementing the new Government's election commitments, changes to whole-of-government fiscal targets, and measures to respond to the effect of the global financial downturn.

The State Fleet profit was 6.2 per cent higher when compared to the 2007-08 outcome and significantly higher than the target outcome, mainly as a result of the variability in second-hand vehicle values and increased charges to agencies due to lease term overruns caused by vehicle supply difficulties.

Key efficiency indicators	2008-09 Target	2008-09 Actual	Variation
Service 1: Financial management and reporting			
Cost of financial management and reporting per million dollars general Government sector expenses.	\$381	\$488	\$107
Percentage of financial reports released as per agreed timeframes	100%	53%	-47 % pts
Service 2: Financing and managing the State Fleet service			
Average cost per vehicle of financing and managing the State Fleet Service	\$120	\$142	\$22

Service 1: Financial management and reporting

The cost of financial management and reporting per million dollars general Government expense was \$107 higher than budget. This outcome was mainly affected by an internal restructure in the delivery of services associated with this indicator, which was not taken into account when setting the 2008–09 cost target. The increase mainly reflects additional resources to meet increased coordination and planning services and higher than budgeted leave liability expense. This is attributed to a decrease in the discount rate applied in actuarial calculations and two pay increases in the same year.

DTF released 15 financial reports in 2008–09. Of these, seven reports were subject to statutory reporting dates (specified by the *Government Financial Responsibility Act 2000*) with all these reports released on or before the due date. The remaining eight reports were released on average one week beyond the target timeframe, mainly reflecting persistent, high staff vacancy rates.

Service 2: Financing and managing the State Fleet service

The cost of administering the fleet business, while lower than the 2007–08 actual, was above the 2008–09 target mainly due to the higher than expected cost of externally contracted services. The integration of the external functions was commenced later than previously estimated hence the delay in savings and higher costs.

Outcome 2: A strong and competitive State economy

Key effectiveness indicators	2008-09 Target	2008-09 Actual	Variation
State's tax competitiveness:			
• (a) Western Australian taxation revenue as a percentage of Gross State Product (GSP)	3.51	3.37	-0.14 % pts
• (b) Weighted average of other States' taxation revenue as a percentage of GSP	4.78	4.55	-0.23% pts
• (c) Western Australian taxation revenue as a percentage of GSP minus weighted average of other States [(a) minus (b)]	-1.27	-1.18	-0.09% pts
• Five year average GSP growth compared with average of other States (percentage point difference)	>=0.0	N/A	N/A

Tax revenue in 2008–09 was lower than forecast due to the severe impact of the global financial crisis. For example, transfer duty fell by around 50 per cent. Similar large reductions were noted in transfer duty in other states.

Financial position

Key efficiency indicators	2008-09 Target	2008-09 Actual	Variation
Service 3: Development of economic and revenue policies			
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%	-10.5%	-5.5 % pts
• Goods and Services Tax (GST) revenue grants (percentage difference in how much actually received by State compared to forecast)	+/-3%	-10.8%	-7.8 % pts
• Economic growth (percentage point difference)	+/-1.0	N/A	N/A
• Consumer Price Index (CPI) growth (percentage point difference)	+/-0.5	-0.25	0 % pts
• Employment growth (percentage point difference)	+/-0.5	0.70	0.2 % pts
Percentage of briefing requests and other Ministerials responded to within agreed timeframes	80%	85%	5 % pts

Service 3: Development of economic and revenue policies

The accuracy of key economic and general revenue forecast measures were significantly affected by the global financial crisis. Taxation revenue was significantly lower than forecast mainly due to the substantial collapse in transfer duty and reflects the cyclical decline in the housing market compounded by the onset of the global financial crisis. GST grants were also lower than forecast, reflecting an unexpected decline in national activity and household spending.

Outcome 3: Financial resources are allocated consistent with the Government's priorities

Key effectiveness indicators	2008-09 Target	2008-09 Actual	Variation
Percentage of the DTF's resource allocation recommendations accepted by the Economic and Expenditure Reform Committee	80%	86%	6 % pts
Share of general Government expenses allocated to priority areas	55%	56%	1 % pts

The target for the percentage of the DTF's resource allocation recommendations, accepted by the Economic and Expenditure Reform Committee was exceeded by six percentage points.

Fifty six per cent of general Government expenses were allocated to the priority areas of law and order, education and health. This is consistent with the 2008–09 target and in-line with prior year allocation.

Key efficiency indicators	2008-09 Target	2008-09 Actual	Variation
Service 4: Management of the State budget's expenditure aspects			
Cost of expenditure budget management per million dollars general Government sector expenses	\$574	\$780	\$206
Percentage of briefing requests and other Ministerials responded to within agreed timeframes	90%	98%	8 % pts

Service 4: Management of the State budget's expenditure aspects

The 2008-09 cost of expenditure budget management per million dollars general Government sector expenses, was \$206 higher than the target. This mainly reflected an internal restructure in the delivery of services associated with this indicator, which was not taken into account when setting the targets. The restructure was specifically intended to increase the allocation of resources to policy analysis, planning and performance evaluation. It also includes the cost of the Economic Audit Secretariat.

Briefing requests and other Ministerials associated with the management of the State budget's expenditure aspects provided within agreed timeframes was eight percentage points above the 2008-09, 90 per cent target. Since 2006-07, above target outcomes have been delivered in respect of this measure.

State Revenue business

Outcome 4: Due and payable revenue is collected, and eligible grants, subsidies and rebates paid

Key effectiveness indicators	2008-09 Target	2008-09 Actual	Variation
Extent to which due revenue is collected	89%	88%	-1 % pts
Extent to which correct grants, subsidies and rebates are claimed	99%	99%	Nil

Both measures associated with this outcome were on target and consistent with prior year outcomes, indicating a high level of accuracy of the revenue assessment process and the timeliness of processing assessments.

Key efficiency indicators	2008-09 Target	2008-09 Actual	Variation
Service 5: Revenue assessment and collection			
Average cost per land item assessed	\$11.18	\$10.79	-\$0.39
Average cost per duty return issued	\$183.75	\$175.31	-\$8.44
Average cost per pay-roll tax return issued	\$70.73	\$61.71	-\$9.02
Average cost per instrument assessed	\$63.68	\$86.76	\$23.08
Service 6: Grants and subsidies administration			
Average cost per application/claim processed	\$7.06	\$10.86	\$3.80

Service 5: Revenue assessment and collection

The increase in the average cost per instrument assessed mainly reflects the substantial decrease in the number of duty instruments following the abolition of duty on mortgages, leases and deeds from 1 July 2008 following the introduction of the *Duties Act 2008*. As the legacy of work associated with these instruments declines, these resources will be reallocated to priority areas.

The decrease in the cost of pay-roll tax returns issued mostly reflects an increase in the number of pay-roll tax clients, with resourcing held steady.

Service 6: Grants and subsidies administration

The above target cost per application/claim processed reflects the use of additional compliance officers in 2008-09 to address a build-up in post-grant checking required to confirm compliance with residency requirements associated with First Home Owner Grant applications.

Government Procurement business

Outcome 5: Value-for-money from public sector procurement

Key effectiveness indicators	2008-09 Target	2008-09 Actual	Variation
Extent to which agencies agree that common use contract arrangements achieved value-for-money	85%	92%	7 % pts
Extent to which agencies agree that their contract arrangements achieved value-for-money	85%	82%	-3 % pts
Extent to which agencies agree that the DTF's procurement reports and education programs have facilitated improved value-for-money	85%	87%	2 % pts
Extent to which agencies agree that the CEIID program has resulted in improved value-for-money outcomes in infrastructure delivery	85%	73%	-12 % pts

The targets associated with this outcome have been met, with 92 per cent of agencies agreeing that common use contract arrangements achieved value-for-money outcomes. Strong support was also noted in respect of the procurement reports and education programs provided by DTF with 87 per cent of respondents agreeing that they facilitated improved value-for-money outcomes.

The extent to which client agencies agree that their contract arrangements achieved value-for-money was three-percentage points below the 85 per cent target. In part, the outcome is attributable to delays in processing contracts during the caretaker period of the 2008 State election. Areas of improvement identified by client agencies include simpler, faster tender and contract award processes and more flexible procurement policies.

Key efficiency indicators	2008-09 Target	2008-09 Actual	Variation
Service 7: Facilitate the development and management of agency specific contracts			
Client satisfaction with the timeliness of agency specific contract development	85%	88%	3 % pts
Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value	1.6%	1.3%	-0.3 % pts
Service 8: Development and management of whole-of-government common use contract arrangements			
Percentage of retendered/redesigned common use contract arrangements developed and awarded prior to the expiry of the previous arrangement	90%	100%	10 % pts
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	1.0%	1.0%	Nil
Service 9: Development and management of whole-of-government procurement systems and standards			
Cost of deploying and managing procurement systems and standards as a percentage of agency specific contract award values and the annual throughput of CUAs	0.2%	0.3%	0.1 % pts
Service 10: Facilitate the Centre for Excellence and Innovation in Infrastructure Delivery (CEIID)			
Client satisfaction with the timeliness of the DTF's facilitation of CEIID initiatives	85%	77%	-8 % pts

Service 7: Facilitate the development and management of agency specific contracts

The timeliness of agency specific contract development continues to be high, with the target satisfaction rate of over 85 per cent being met over the past two years.

The lower cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value is attributed to higher than budget value of non-ICT contracts awarded within the agency specific area.

Service 8: Development and management of whole-of-government common use contract arrangements

A key factor in the delivery of common use arrangements is to ensure they are reviewed, developed and awarded in a timely manner. In 2008–09 100 per cent of re-tendered/redesigned common use arrangements were developed and awarded prior to the expiry of the previous arrangement. The timely manner of achieving these outcomes ensures Government maintains ‘best price’ in renewing existing contracts.

Service 9: Development and management of whole-of-government procurement systems and standards

The cost of developing and managing procurement systems and standards as a percentage of agency specific contract award values and annual throughput of common use arrangements is a new measure commenced in 2008-09.

The higher than target cost outcome reflects the merger of the State Supply Commission, with effect from 1 May 2009, and internal function realignments between services.

Service 10: Facilitate the Centre for Excellence and Innovation in Infrastructure Delivery

This new indicator commenced in 2008-09. The lower than target result in client satisfaction with the timeliness of the DTF's facilitation of the CEIID initiative, in part reflects the small survey population. The majority of stakeholders surveyed were supportive of the initiative but indicated that it was still too soon to make a judgement on the benefits to be derived from the services and products provided by CEIID to date.

Shared Services business**Outcome 6: Value-for-money from shared corporate services**

Key effectiveness indicators	2008-09 Target	2008-09 Actual	Variation
Progress with the reform of the Western Australian public sector for shared services by achievement of the following milestone:			
Number of agencies rolling in by financial quarter:			
Qtr 1	3	2	-1
Qtr 2	2	3	1
Qtr 3	3	3	Nil
Qtr 4	0	2	2
Percentage of services provided within established timeframes	90%	99%	9 % pts
Accuracy of services provided	100%	100%	Nil
Average resolution rate of enquiries (within six days)	99%	89%	-10 % pts

The number of agencies to roll-in to Shared Services in 2008–09 was above the target and reflects progress on the integrated plan which details the roll-in dates of around 90 agencies scheduled to roll-in by mid 2012.

The percentage of services provided within established timeframes was nine percentage points above the target and 16 percentage points above the previous year's actuals. This outcome mainly reflects the extent of reconciliations completed within five working days after close of the general ledger.

While the extent of resolving enquiries was 10 per cent below the 99 per cent target, the 2008-09 outcome nonetheless represents a 10 per cent improvement on the 2007-08 result indicating continued progress in this area.

Key efficiency indicators	2008-09 Target	2008-09 Actual	Variation
Service 11: Project management, coordination and implementation of the whole-of-government shared corporate services reform			
Progress with the reform of the Western Australian public sector for shared corporate services within budget:			
• Delivery of project within budgeted target (\$ million)	\$56.699	\$56.961	\$0.262
Service 12: Provision of financial, human resources services and online services			
Cost of financial services per client agency (\$ million)	\$1.32	\$1.25	-\$0.07
Cost of human resources services per client agency (\$ million)	\$1.17	\$1.05	-\$0.12
Cost of online services per client agency	\$40,610	\$50,995	\$10,385

Service 11: Project management, coordination and implementation of the whole-of-government shared corporate services reform

The cost of the Shared Services project in 2008–09 was on target. The higher cost in 2008–09 when compared to 2007–08 reflects the acceleration of the project. The 2008–09 results are based on the revised plan, approved in November 2007 and has resulted in a substantial increase in the number of projects undertaken and implemented in 2008–09, including the payroll and project accounting modules.

Service 12: Provision of financial, human resources and online services

The cost of financial services per client agency is five per cent below the 2008–09 target.

The roll-in of additional agencies into the shared service environment has had a positive impact on the cost of human resource services, with costs per client agency being 10 per cent below the 2008–09 target and 8.7 per cent lower than the 2007–08 result.

The increased cost of online services compared to 2007–08 and the 2008-09 target mainly reflects higher staffing costs, predominantly as a result of seconding employees from external agencies to cover for staff on long term leave.

Building Management and Works business

Outcome 7: Government buildings and accommodation delivered, managed and maintained at agreed standards

Key effectiveness indicators	2008-09 Target ¹	2008-09 Actual	Variation
The extent to which DTF has delivered and maintained Government buildings and accommodation to agreed standards	75%	62%	-13 % pts


While responsibility for the Works function from the former Department of Housing and Works was transferred to DTF with effect from 1 February 2009, the survey results, for comparative purposes to prior years, reflect the full year outcome.

The survey outcomes for 2008-09 were below the performance target set, with survey respondents identifying potential for improved performance in a number of areas including project management and timelines. These and other service delivery issues identified by agencies will be addressed through the Works Reform program that commenced in June 2009.

Key efficiency indicators	2008-09 Target	2008-09 Actual	Variation
Service 13: Delivery, management and maintenance of Government buildings, projects and office accommodation			
Cost per million dollars of value of capital works projects delivered	\$23,620	\$20,853	-\$2,767
Cost per million dollars of gross rentals of buildings and office accommodation managed	\$141,814	\$107,038	-\$34,776
Cost per million dollars of value of minor works and maintenance services delivered	\$91,379	\$84,165	-\$7,214

Service 13: Delivery, management and maintenance of Government buildings, projects and office accommodation

The cost per million dollars of value of capital works projects delivered was 12 per cent below the budget target and reflects underspends due to difficulties with attracting and retaining staff.

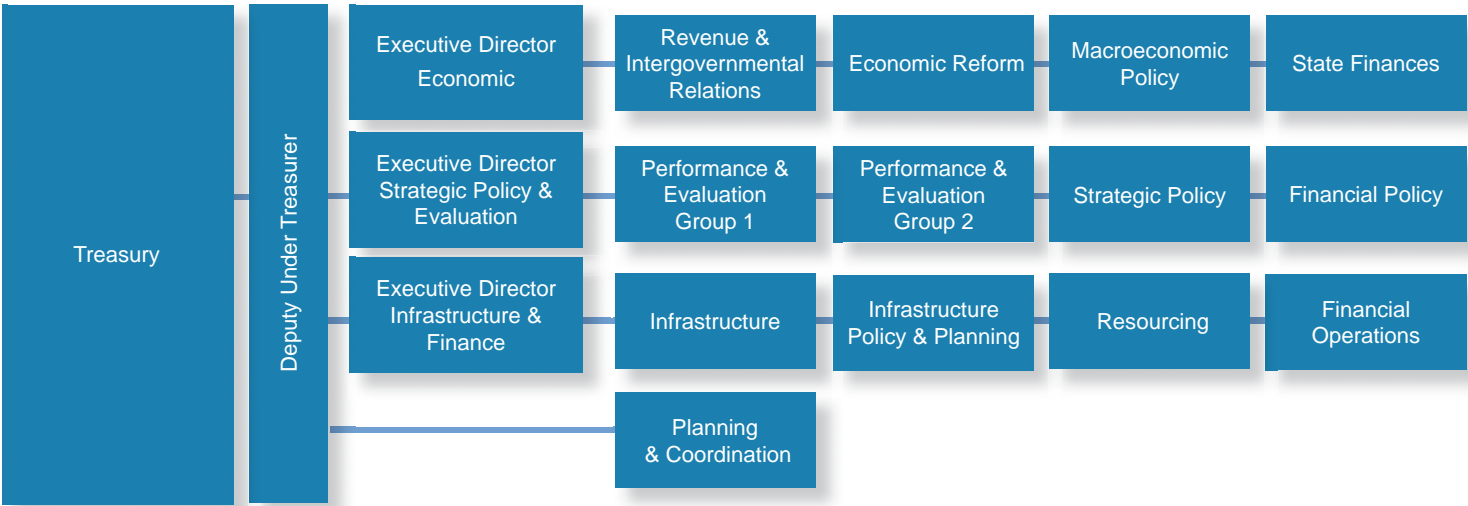


The overall cost of delivering the accommodation program remained less than the 2008-09 target despite the number of accommodation leases increasing by 20 per cent in 2008-09 and the office accommodation market achieving record low vacancy rates and high rental costs.

While the value of the maintenance program delivered in 2008-09 was greater than anticipated, the actual cost of the program was eight per cent lower than the cost target.

Report on business operations

Treasury



Mission

Serving the public interest through the provision of high quality economic and financial management and advice

Role of Treasury

- Provides advice and analysis in relation to the development, implementation and ongoing monitoring of the State’s budget (including revenue policy and evaluation of agency performance in the efficiency and effectiveness of service delivery);
- Delivers economic and revenue forecasting;
- Provides financial arrangements with the Commonwealth (including the GST);
- Determines infrastructure policy and planning; and
- Manages the State Fleet operation.

Highlights in 2008–09

Economic Audit Committee

The Economic Audit Committee was established in October 2008 to conduct a wide-ranging review of the operational and financial performance of the Western Australian public sector.

Treasury supports the work of the Economic Audit Committee by providing the Economic Audit secretariat. The Under Treasurer is accountable for the delivery of the Committee's report to the Treasurer and the administration of the Committee, secretariat, and associated processes.

The Economic Audit Committee adopted a two-stage approach to its work to balance the need to effect immediate remedial action as part of the 2009-10 Budget, while establishing the basis for more systemic public sector reform.

The first report was delivered to the Treasurer in March 2009. It identified a range of reform initiatives that were recommended for implementation as part of the 2009-10 Budget. It gave extensive consideration to:

- the case for reform across the Western Australian public sector, based on an analysis of the current economic, financial and service delivery situation;
- the reform directions that will equip the public sector to meet longer term challenges, with a focus on enhancing services to citizens; and
- immediate remedial measures to address the current financial and economic pressures within the context of enhanced service delivery.

The next stage of recommendations will lay the foundation for a well-functioning, efficient and forward-looking public service in Western Australia over the long term. Unlike the savings focus of the first report, the second is aimed at improving outcomes of public service delivery for all Western Australians.

The Committee is focussing on six key streams of work as part of its Stage 2 deliberations:

- delivering on priorities;
- services to meet citizens' needs;
- maximising value through organised planning, competition and innovation;
- realising WA's economic potential;
- modernising the public sector; and
- making change happen.

2009-10 Budget

The 2009-10 Budget was developed in very challenging circumstances, reflecting the impact of the global economic downturn on the State's finances. The budget addressed these circumstances through a range of corrective measures worth \$7.6 billion over five years, aimed at ensuring the long-term sustainability of the State's finances and preserving the State's AAA credit rating. This includes \$1.1 billion in savings from Stage 1 of the Economic Audit and \$3 billion in net debt savings from an audit of the Capital Works Program. The 2009-10 Budget also delivered on the Government's election commitments and included targeted measures to support the economy, such as a \$100 million pay-roll tax rebate for small and medium businesses, and a record \$8.3 billion Asset Investment Program.

Emissions Trading Unit

The Emissions Trading Unit provided advice to the State Government on the Commonwealth's White Paper and draft legislation, having worked on emissions trading issues in conjunction with the Commonwealth Department of Climate Change, Western Australian stakeholders and other State Government agencies.

Organisational restructure

Treasury undertook an organisational restructure during 2008–09, to better align its business with requirements and the changing external environment, including the reform of Commonwealth-State funding arrangements agreed by COAG in November 2008 and the Commonwealth's Infrastructure Australia process. The restructure has enhanced DTF's capacity to undertake evaluations of policy and contribute to evidence-based policy development, to improve value-for-money and outcomes from services delivered by the Western Australian public sector.

The restructure has also positioned Treasury to focus on high priority areas for the Government and to provide advice on issues affecting the State's economy and finances, including the quality and sustainability of service delivery over time.

Business Regulation and Competition Working Group

The National Partnership Agreement for a Seamless National Economy was signed by Western Australia at the COAG meeting of 29 November 2008 and Treasury is coordinating a whole-of-government response to fulfil Western Australia's obligations under this Agreement.

The National Partnership Agreement's facilitation and reward payments totalling \$50.1 million over four years are being administered by Treasury on behalf of Western Australia.

Regulatory Gatekeeping Unit

On 30 January 2009, the Government announced three initiatives to reduce the regulatory burden in Western Australia. In addition to the establishment of a Red Tape Reduction Group and the ability for Ministers to refer existing regulation to the Treasurer for review,

the Government announced the development of a best practice assessment processes by the Government for new and amending regulation to meet commitments made to the COAG. The aim of the Regulatory Impact Assessment (RIA) process is to improve the quality of new and amending regulation by providing Cabinet, Ministers and other decision makers with a comprehensive examination of issues and their impacts.

The RGU was established to oversee the development of the new RIA process and to draft the Regulatory Impact Assessment Guidelines for Western Australia (the Guidelines), which detail the requirements and processes to implement RIA. Successive drafts of the Guidelines and associated templates were circulated by the RGU to over 40 agencies for their feedback, and amendments were made where possible to reflect comments. Initial training on RIA was provided to 362 officers and the RGU has designed further training packages for agencies on the elements of RIA.

Reforms through the Council of Australian Governments

This initiative aims to reform the framework of Commonwealth financial relations with the states and to progress reform initiatives for specific government services. A particular focus was Indigenous-specific initiatives for Closing the Gap.

DTF Western Australia was the main advocate, through the Heads of Treasuries' group, for the reform of Specific Purpose Payments arrangements, especially the replacement of input controls with outcomes based accountability. These reforms provide greater financial certainty for the State and increase of flexibility to allocate funding according to need and achievement results.

The COAG reform agenda also represented an important opportunity for the Treasury business to influence decision-making processes and to assist in improving value-for-money and outcomes from public services in Western Australia. Treasury has been actively involved by providing advice on the development and implementation of the reform program, with the objective of securing sustainable funding levels and promoting the delivery of efficient, effective public services in Western Australia.

Public Private Partnerships

Reflecting the Government's clear policy direction to undertake Public Private Partnerships (PPP) where these provide value-for-money relative to other procurement methods, several potential PPP projects are emerging in the WA public sector.

There is a consequent need to establish capability within Government to manage the unique challenges presented by adoption of the complex PPP procurement models. A critical initial step is the implementation of a strong and effective governance structure to drive PPP policy setting across Government and provision of an integrated decision-making framework to enable delivery of individual PPP projects.

Treasury has established a PPP Steering Committee to:

- develop an assessment framework consistent with the National PPP Guidelines;
- identify projects suitable for exploration as a PPP;
- ensure consistent monitoring and reporting of all PPP projects;
- develop expertise in PPP procurement practices; and
- provide assistance to agencies.

Treasury is also in the process of establishing a specialist PPP support unit to assist in the implementation of PPP policies and processes across the public sector.

Machinery of Government changes

Treasury assisted in the major Machinery of Government changes involving the creation of the:

- Department of State Development;
- Department of Mines and Petroleum;
- Department of Commerce;
- Department of Regional Development and Lands;
- Department of Local Government;
- Department of Transport;
- Department of Planning; and
- Public Sector Commission.

Public sector wages policy

In conjunction with the Department of Commerce, Treasury was instrumental in developing the Government's new public sector wages policy announced on 31 March 2009. The new wages policy is designed to:

- maintain the purchasing power of employees' wages;
- promote efficiency and work place reform initiatives by linking a component of wage increases to such initiatives; and
- place a cap on wage increases negotiated under EBAs equivalent to projected growth in the Western Australian Wage Price Index.

The new policy applies to all EBAs expiring after 1 July 2009.

Treasury is also closely involved in implementing the new policy, by participating in Bargaining Consultation Committees which have been established under the new wages policy to facilitate a whole-of-government approach to negotiations.

Performance and Evaluation

Following the restructure of Treasury in October 2008, focus and analysis of issues affecting the performance of core service delivery agencies, including health, education, housing and corrective services has significantly increased.

Significant analysis and evaluation of key issues affecting the sustainability and performance of agencies was undertaken. This included analysis of:

- the efficiency and effectiveness of current service delivery models;
- contribution to improved policy outcomes for Western Australians;
- interjurisdictional comparisons of performance and areas for improvement; and
- changes in underlying demand-drivers for core services.

In addition, work commenced on issues affecting the longer term sustainability of Government service delivery relating to workforce planning, the effect of demographic change and productivity of the public sector more generally.

Staff development initiatives

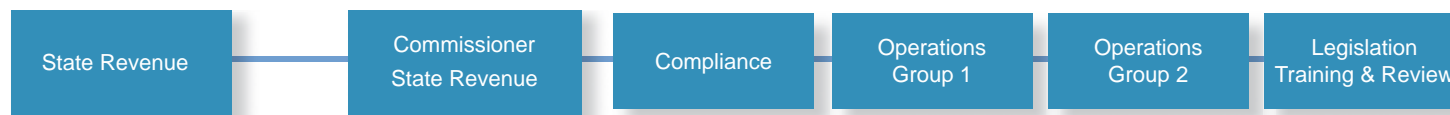
People development has been a central focus for the Treasury Business in 2008–09. In July 2008, Treasury initiated a cultural change process at the individual, team and organisational level. This included a variety of people development activities including 360 degree surveying and coaching to enhance the development of the senior leadership team, team-building programs and cultural surveying with all staff. Additionally, the design and implementation of plans at the strategic, operational and individual levels identified initiatives to enhance communication between and within business divisions, and the development of our people.

Another major initiative aimed at developing our people has been the appointment of a training coordinator to conduct a training needs analysis. This will be used to implement a range of training and development initiatives customised to equip staff with the skills they need to meet business priorities.

Project management training is one specific focus that has attracted high attendance at courses covering project management fundamentals to project board training. This stems from the great success achieved using the PRINCE2 methodology to plan and implement the organisational restructure of the Treasury business.

The graduate program is a cornerstone of our success in recruiting bright, new people and bringing fresh and innovative ideas into the business. Nine graduates joined Treasury in January 2009 on two, six-monthly rotations throughout the business. The graduate program has a significant emphasis on training and development with an extensive formal training calendar as well as more informal work place mentoring and training. There is also strong support and feedback provided over the course of the year to ensure that graduates have a sense of inclusion and adapt well to the Treasury culture.

State Revenue



Role of State Revenue

- Assessment of revenues including land tax, pay-roll tax, and duties;
- Assessment and collection of a range of statutory based revenues on behalf of other Government agencies and the Commonwealth;
- 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 and the emergency services levy for pensioners and seniors; and
- Management of audits and investigation programs to detect non-compliance with the legislation by taxpayers and grant recipients.

Highlights in 2008-09

Revenue assessment and payment administration

During 2008-09, State Revenue raised nearly \$4.8 billion in revenue and paid out \$320 million in grants and subsidies. In doing so, over 96 per cent of the State Revenue Customer Charter monthly performance targets were either met or exceeded.

This was recognised by State Revenue's customers with around 75 per cent of those responding to a December 2008 customer perceptions survey indicating that they were either 'satisfied' or 'very satisfied' with the level of service provided.

Duties Act implementation

The *Duties Act* came into operation on 1 July 2008. Its introduction followed a successful Departmental project to implement administrative and system changes and to educate the public and staff.

More than 200 staff and 3,000 customers received comprehensive training on the new Act and customer obligations.

Mission

To administer revenue laws and grant and subsidy schemes in a fair and efficient manner for the community

Duties lodgment and payment reforms

Significant progress was made during the year on the design of proposed reforms to the transfer duty regime that will simplify lodgment requirements and in many cases, allow the payment of duty as part of the settlement process. The planned solution is multi-faceted and will involve legislative change, significant computer system enhancements and the use of the Revenue On-Line system by settlement agents.

Significant industry consultation, including with the Australian Institute of Conveyancers (WA), was undertaken in designing the new arrangements. The Government has announced its intention to see the new arrangements in operation in 2010-11.

Land data integrity

A four year project undertaken in conjunction with Landgate staff to improve the integrity of State Revenue land data was completed in June 2009. In addition to resolving around 110,000 land data mismatches, improved systems and processes have been designed and implemented to minimise and manage future data mismatches.

The benefits of this project have been progressively realised. Land tax reassessment rates have halved over the last three years and significant reductions have also occurred in land tax telephone enquiries. Apart from reduced administration costs, this also enables reduced taxpayer compliance costs.

First Home Owners Boost administration

On 14 October 2008, the Commonwealth Government announced the immediate introduction of enhanced first home owner assistance through a First Home Owners Boost (FHOB). Although no prior notice of this initiative was given to the State, it was expected that the FHOB would be administered in conjunction with the existing State \$7,000 First Home Owner Grant.

State Revenue put in place administrative arrangements to support the FHOB and began accepting applications within two weeks of the Commonwealth Government's announcement. Up to 30 June 2009, more than 12,500 applications for the FHOB have been paid for boost assistance totalling over \$106 million.

FHOG investigators have heard many excuses over the years from people who have applied for the grant such as...

'I just forgot that I owned three homes before.'

'I thought the bank owned my previous home.'

KnoWA

KnoWA is State Revenue's electronic knowledge repository, developed to help achieve one of the core business goals of ensuring skilled and competent staff. It is a data base application that was deployed in late 2008 and which is progressively being populated with technical information relating to all product lines administered by State Revenue.

It is designed to:

- improve the consistency and accuracy of decision-making by providing convenient access to the business rules and knowledge of State Revenue;
- assist in improving decision-making by facilitating knowledge re-use;
- increase staff technical skill and knowledge levels by providing a tool with which to conduct research; and
- assist in retention and sharing of organisational knowledge.

It has introduced a need to meet best practice standards for on-line content management. New processes and procedures have been developed to ensure content meets certain quality standards, and benefits are already being realised as some business processes are streamlined.

People development initiatives

Significant investment in staff development continued during 2008-09. This included revenue technical training, vocational training and professional development opportunities.

Of note, 55 State Revenue staff gained the Certificate IV Government (Revenue Administration) in 2008-09. Additionally, 48 staff undertook project management training including PRINCE2 Management training for Managers and Directors, PRINCE2 Practitioner training for key staff and PRINCE2 Foundation accreditation.

Four graduate trainees joined State Revenue through the Compliance Division, receiving comprehensive training in all aspects of Compliance work – conducting audits, interpreting and applying legislation and the general administration of legislation administered by State Revenue.

In response to concerns about an ageing workforce, a pilot Succession Management Program focussing on critical roles within State Revenue was introduced during the year, and individual learning plans implemented for the first nine staff enrolled. Preliminary work was also commenced on the development of a more comprehensive workforce plan for the business.

Standard Business Reporting

Staff from State Revenue and the Information Management Branch of Corporate Services have continued the work required to enable pay-roll tax to be rolled-out as part of the Commonwealth Government's Standard Business Reporting (SBR) initiative. An SBR compliant reporting interface, integrated with State Revenue's own revenue collection systems, will reduce the reporting burden of businesses by providing an electronic interface to enable business to report to Government agencies directly from their accounting software.

When complete in June 2010, it will provide another electronic pay-roll tax lodgement channel in addition to the existing Revenue Online system, and therefore greater flexibility for taxpayers in fulfilling their pay-roll tax obligations.

During the year, State Revenue won the Standard Business Reporting Award for Excellence in recognition of its outstanding contribution to the SBR Program.

Revenue Systems Modernisation

Work continued during 2008-09 as part of the Revenue Systems Modernisation project which was established in 2008 to focus on the modernisation of information systems used to assess and collect State taxes and duties, and disburse grants, subsidies and rebates.

The modernisation is considered to be a more cost-effective approach than a total replacement. It is re-using existing system components and using contemporary web-based technology to:

- extend the life and flexibility of systems;
- provide capabilities and frameworks to improve the delivery of services;
- undertake business process improvements; and
- deliver agreed new business requirements.

Working groups, technical support and user acceptance testing have involved 50–60 staff to date. The project is currently on-time and on-budget.

A number of phases are planned, with completion targeted for mid 2012. The first of these phases, to be delivered in 2009, involves application and database software upgrades to address technology redundancy concerns, the introduction of more contemporary web-based technology, and a range of business improvements.

Government Procurement



Role of Government Procurement

- Facilitation, development and management of agency-specific contracts;
- Development and management of whole-of-government common use contract arrangements;
- Development and management of whole-of-government procurement systems and standards; and
- Ensure community confidence in goods and services procurement through policy and practice improvement as a result of the merger between State Supply Commission and DTF.

Highlights 2008–09

Contracts WA

Contracts WA went live in early 2009 offering Government buyers, user-friendly online sourcing of goods and services covered under current common use arrangements. This includes the availability of catalogues and access to pricing information on low value goods and services for payment. The website helps buyers find what goods and services are available, at what costs and from which contracted suppliers, which are available for purchase online.

Contracts WA addresses the criteria set out by DTF's Service Outcome 9: the development and management of whole-of-government procurement systems and standards. Benefits to all Western Australians are achieved by the simplicity of the interface, encouraging buyer usage and in turn leading to savings for Government.

Contracts WA was developed by DTF staff in conjunction with the Information Services (IS) Application Administration Team and was achieved on-time and under-budget.

Mission

Leading a whole-of-government approach to procurement that efficiently meets the business needs of agencies, manages risk, and delivers value-for-money

Tenders WA

The website 'Tenders WA' was launched on 30 March 2009, providing a central online information hub for WA government buyers and suppliers.

The information includes current public sector requests, tenders, expressions of interest, drafts for comments and awarded contracts.

Tenders WA provides an improved service by making the process of tendering for government contracts transparent and efficient, and provides a central source of information on Western Australian public sector requests.

It has involved more than 20 staff over 17 months, from first working group meetings to creating two user manuals, 20 quick reference guides and answering 230 enquiries on deployment day. This was achieved under-budget.

It's an excellent example of best practice through:

- greater ability to administer an organisation's details;
- automatic email notification to suppliers of new tenders;
- improved tender and contract search functionality;
- increased capacity for electronic tender lodgement; and
- ask a question and online forum tools.

Online Registration system

Implemented in April 2009 to replace the previous manual process, this system allows suppliers and buyers to register for educational, professional and promotional functions online.

The system distributes an immediate confirmation email, including event information, a venue map, and reminder emails prior to the event.

While reducing administration tasks to be completed by staff, it maintains high levels of customer service.

The development of systems such as Tenders WA, Contracts WA and Online Registration systems has assisted in streamlining government procurement services, leading to reduced costs and increased efficiency.

New Common Use Arrangements

Common use arrangements (CUAs), were implemented to simplify the procurement process of goods and services and to achieve value-for-money for Government.

Western Australian government buyers can purchase goods and services from specified contractors with pre-negotiated prices, allowing buyers to 'pick and buy' from what is being offered.

Tenders WA was based on a South Australian system, provided to us free of charge. Tailored improvements leading to a faster outcome and more effective use of our resources were made for Western Australia. South Australia now intend to implement these improvements.

Government Procurement has redesigned some existing CUAs and established a major new contract which applies across Government.

Prior to the implementation of the Audit Services and Financial Advice CUA, agencies arranged their own contracts. This resulted in duplication of time and effort across agencies. The new CUA assists agencies by providing a faster, streamlined procurement system offering a selection of pre-qualified contractors to provide these services.

Procurement Data Warehouse

Procurement Data Warehouse, implemented in 2008, is a new tool which assists in reporting the State's procurement – by being able to generate and extract reports detailing what and how much agencies are buying.

It delivers quantifiable benefits to Government in reporting and data analysis. It reduces response time to requests for data, through automation of previously manual tasks. It uses both business and formatting rules to ensure that only valid data is loaded into the data warehouse. Data is housed in a centralised and consolidated location accessible for reporting. The degree of automation provided by the data enables staff to spend more time analysing data than was previously possible.

Treasurer's Innovation in Procurement Awards 2008

Government Procurement organised and ran the Treasurer's Innovation in Procurement Awards 2008. Instigated in 2006 to acknowledge the importance of procurement to the WA Government, the award recognises best procurement practice – strengthening government agencies' impetus to strive for innovation and best practice. Importantly, it enables learning across government through communication of major successes.

Trainees

Government Procurement provided traineeships for nine mid-year graduates and 10 start-of-year graduates in 2009. They were given well-rounded experience by being allocated to all areas within the business – Strategic Procurement Services, Client Procurement Services and the Centre for Excellence and Innovation in Infrastructure Delivery.

One business traineeship program (people with disabilities) starter is well on his way to achieving his Certificate III in Business.

One business traineeship has been allocated to a person of Aboriginal and Torres Strait Islander descent, the trainee having worked in the tenders' office dealing with enquiries, on contract administration matters within Strategic Sourcing and in the reception area for Strategic Procurement Services.

Best People Development Initiative

Government Procurement's policy 'get the people issues right and procurement delivers' has achieved extraordinary results which will have long-lasting benefits. This was recognised by its Best People Development Initiative award presented by the Chartered Institute of Purchasing and Supply Australia.

The program was a key focus of the Government's Procurement Reform Program, led by DTF since 2003, to improve procurement and achieve best possible value for taxpayers' dollars. The creative approach to implementing a reform program that recognises people being at the heart of its success was the basis for a unique business model which locates specialist procurement staff from DTF within their client agencies.

The staff education and training program has significantly improved staff satisfaction and clients share the benefits of a motivated and qualified team. Most importantly, the Government has benefited from an outstanding procurement reform program that has delivered savings of hundreds of millions of dollars.

Best Example of Socially Responsible Procurement

A Government Procurement initiative was a finalist for Best Example of Socially Responsible Procurement in the awards presented by the Chartered Institute of Purchasing and Supply Australia.

The Information and Communications Technology (ICT) Equipment Disposal CUA provides a readily accessible means for State Government agencies to dispose of ICT equipment in an environmentally and socially responsible way.

Government Procurement developed a new CUA to provide three simple and efficient channels to dispose of surplus, end-of-life and non-commercially viable ICT equipment. These channels are resale, community reuse, and recycling.

Agency specific

There has been a 24 per cent increase in the value of agency specific contracts awarded this year. The majority of these have been ICT agency specific.

Government Procurement partnered with the Department of Health to deliver a contract to implement a satellite renal dialysis and home dialysis program. The key benefits are moving patients away from the hospital setting into their local community and savings of \$38 million over the seven-year contract.

Gateway

Gateway reviews were completed for 21 major Government projects, with a total project value of \$7.3 billion and covered infrastructure, ICT and services. The reviews have provided project owners with a level of assurance as to whether their project is on-time, on-budget and likely to realise the intended benefits. They have also provided guidance to get some projects back on track and facilitated learning across Government.

Radika Finalist – Young Procurement Professional of the Year

Government Procurement Manager Radika was a finalist in the Young Procurement Professional of the Year awards presented by the Chartered Institute of Purchasing and Supply Australia.

Radika was nominated for consistently demonstrating a passion for procurement and a commitment to innovation and excellence that far surpasses any standard expected from a procurement practitioner of her age and experience.

While working on a project for DTF's Health Cluster, Radika developed a risk management plan to ensure the project's risks would be adequately monitored, managed and treated.

Radika's initiative in researching, designing and implementing the risk management plan is a great example of her focus on achieving positive procurement outcomes.



Building Management and Works



Role of Building Management and Works

Building Management and Works leads the planning and delivery of the Government's Capital Works and Maintenance programs by:

- Improving the effectiveness of the Government Building program;
- Administering Government office accommodation;
- Facilitating the planning and delivery of high risk infrastructure projects through the Office of Strategic Projects; and
- Extending the collaboration between agencies through the Centre for Excellence and Innovation in Infrastructure Delivery.

Highlights 2008–09

A new business

Building Management and Works was created in February 2009 as the lead vehicle to deliver the State Government's Works Reform Program. The program is focussed on achieving significant changes in the approach to capital works planning and delivery, as well as improved whole-of-life maintenance of Government buildings. The reform will also deliver a more coordinated approach to Government office accommodation.

A Works Reform business solutions plan was developed, outlining a four-year program of reform initiatives. It is expected that the Works Reform Program will achieve significant savings for Government as well as improvements in the effectiveness of project delivery across the whole of the non-residential Government building program.

Mission

Leading the planning, delivery and management of buildings for Government

New Government buildings

Building Management and Works delivers the Government's non-residential building program across Western Australia. This includes leading the State's strategic asset management planning, as well as delivering the capital works program.

The program turnover of building works in 2008-09 was \$647 million, compared with \$562 million in 2007-08. Significant projects were delivered for a number of agencies, including the Department of Education and Training, and the Department of Health.

Significant health projects include:

- Hedland Regional Resource Centre Replacement Stage 2 (\$132.2 million);
- Rockingham Kwinana Hospital Redevelopment (\$106.6 million);
- Queen Elizabeth II Medical Centre PathWest Laboratories (\$67.5 million);
- Sir Charles Gairdner Hospital Cancer Centre Stage 2 (\$58.5 million);
- Broome Regional Resource Centre Redevelopment (\$38.5 million); and
- Denmark Hospital (\$20.3 million).

Schools' projects include:

- 181 active capital works projects under way, total expenditure of \$245.1 million at 30 June 2009;
- five high schools opened at the start of the 2009 school year;
- four primary schools opened at the start of the 2009 school year;
- Dalyellup College (\$26.5 million);
- Gilmore College (\$50.0 million); and
- Atwell College – Stage 1 (\$37.5 million), Stage 2 about to begin.

Other significant projects include:

- AK Reserve – new athletics stadium (\$32.2 million);
- Kimberley District Police Complex – Broome (\$11 million);
- Elephant Exhibit Stage 2 – Perth Zoo (\$4.6 million);
- Leonora Police Station construction (\$3.5 million); and
- Fire and Emergency Services Authority Volunteer Fire Station – Carnarvon (\$1.8 million).

Maintenance and minor works of Government buildings

Building Management and Works is responsible for building improvements and maintenance for government agencies across the State. These include schools, police stations and government offices.

Improvements and maintenance totalled \$236 million, involving around 1,800 suppliers.

Government office accommodation

Building Management and Works' responsibilities include:

- procurement and administration of leased office space;
- delivery of office fit-out services to government agencies;
- management of Government-owned office accommodation; and
- strategic planning for the Government's office accommodation portfolio and overseeing the Government's office accommodation policies.

In 2008-09 Building Management and Works administered 440 leases for government tenancies in 186 privately-owned buildings. Leased office space grew by approximately 5,000 square metres over the period to a total of 369,821 square metres.

Building Management and Works also managed about 90,000 square metres of government-owned office space in 20 multi-tenanted buildings controlled by the Minister for Works.

A range of capital works have been undertaken across the portfolio of government-owned offices, with particular emphasis on sustainability initiatives. This has resulted in substantial energy savings across the portfolio, particularly within the major CBD buildings.

Building the Education Revolution

Building Management and Works is managing the procurement of Commonwealth Governments' 'Building the Education Revolution' initiative which will bring more than \$1 billion investment in maintenance and new capital works for nearly 800 Western Australian Government schools within the next two years, as part of the Federal Government's economic stimulus package. The Department of Education and Training is coordinating the planning of the program with individual schools.

Strategic initiatives in schools

Digital Education Revolution

Building Management and Works is supporting the Department of Education and Training in the Digital Education Revolution initiative, to increase computer use in schools.

DTF's contribution involves managing the delivery of \$20 million of information communication and technology installations and about \$10 million of associated electrical upgrades. The installations will be provided to schools through a managed contract arrangement that ensures a consistent standard of product with extended warranty for the installations. This also reduces the repeat procurement effort required for installations and provides increased value-for-money. The approach includes power audits to ensure there is appropriate operational capacity to meet the new technology infrastructure requirements.

National Solar Schools Program

In another partnered project with the Department of Education and Training, Building Management and Works is project managing the installation of sustainable initiatives worth \$6 million to about 120 schools, for each year of the National Solar Schools Program. Tenders have gone out for solar panels for installation in 2009-10.

Building Management and Works has set up a framework to reduce the administrative effort required by individual schools to gain funding for the project and improve the delivery of the program.

Regional Programs Division

The Regional Programs Division has been established within Building Management and Works to ensure a greater focus on regional service delivery. The Division integrates the Building Management and Works functions with the goods and services procurement function of the Regional Buying Centres (from DTF's Government Procurement business).

It will result in more capital programs being managed from the regions rather than from Perth, better outcomes for government asset management in the regions, and an injection of further funding into local communities through the expanded regional presence. This regional presence also ensures responsiveness to local requirements.

Industry Training Program

DTF has managed the Industry Training Program (ITP) since February 2009, when it took responsibility for the Works function of the former Department of Housing and Works.

At June 2009, the program has reached its target of more than 150 apprentices in place at one time.

The ITP, established in 2006, is responsible for the placement of building and construction industry apprentices.

It has a special role in the Pilbara and Kimberley, targeting North West Indigenous people. Approximately one-quarter of the program's apprentices are Indigenous.

Fremantle Prison

Fremantle Prison had a record number of visitors in 2008-09. The year's total of 179,302 was 4,460 more than the best year of 2006-07 and 4,628 more than 2007-08.

Strategic Projects

Strategic Projects is responsible for the oversight of one-off government capital works projects, focussing on driving excellent cost, time and quality outcomes.

Strategic Projects also reviews and develops business cases for significant government projects, contributes to the improvement of project management practices within government and administers the reporting process for the State Government's major capital works projects.

Strategic Projects work closely with Building Management and Works and also reports directly to the Under Treasurer.

Current key projects:

- New children's hospital \$1.1 billion;
- Perth Arena \$465 million;
- State Theatre Centre \$42 million;
- Albany Entertainment Centre \$70 million; and
- Fiona Stanley Hospital \$1.1 billion, largest ever project budget for a building undertaken by the State Government.

Key achievements in 2008-09 included:

- Award of the stage one 'Managing Contractor' contract for the delivery of Fiona Stanley Hospital;
- Award of the contract to construct the Albany Entertainment Centre;
- Substantial refinement and automation of the project reporting mechanisms used for significant government projects; and
- Development of guidelines for decision-making on the selection of procurement models for major government projects (in consultation with the Centre for Excellence and Innovation in Infrastructure Delivery).

Centre for Excellence and Innovation in Infrastructure Delivery

Facilitation of the Centre for Excellence and Innovation in Infrastructure Delivery (CEIID), was transferred from the Government Procurement business to Building Management and Works in February 2009.

The transfer assists Building Management and Works in its aim to deliver government capital works projects on-time and on-budget, in line with the State Government's commitment to public sector procurement reform within the infrastructure area.

DTF provides a program management office to facilitate an alliance of the seven agencies involved in delivering the State Government's major infrastructure projects. The Office facilitates collaboration among members – knowledge sharing, developing leading practice, and driving reform in activities associated with public works, infrastructure delivery and strategic asset management.

Future directions

Works Reform Program

As part of the Works Reform Program, a new organisational structure will extend Building Management and Works' leadership and project management capabilities over the next few years. The reform program is focussed on achieving significant improvements in the approach to capital works planning and delivery across the whole of the non-residential building program and an improved availability of quality project management resources within Government.

Additionally, it will improve the maintenance of existing buildings, through new planning and procurement strategies. The Works Reform Program will also include a more centrally managed approach to government office accommodation.

The program is expected to achieve significant savings for the Government of Western Australia, as well as a wide range of other benefits to the Government and key stakeholders.

Chanel, Indigenous trainee

Chanel is one of the success stories of the Department's Indigenous Trainee Program. Chanel commenced her traineeship in May 2008 and completed the Program's requirements in just one year.

Born in Darwin, Chanel spent her life in small towns and communities throughout the Northern Territory and Western Australia. She worked for two years in a fly-in, fly-out mining job before deciding to return to Perth and look for a career.

Chanel now has a Certificate III in Business and a Certificate IV in Government (Revenue Administration) and has experience in Duties with State Revenue, Unclaimed Monies – Financial Operations in Treasury, Organisational Development in Corporate Services and the Under Treasurer's Office.

"Working on assignments for my Certificate III Business and going through the RGA Part A and B for the Cert IV Government (Revenue Administration) course while I was in State Revenue was challenging, but also extremely interesting. I've learnt so much from that Office.

Finishing my Certificates is the most rewarding part. But I've really enjoyed going through various training courses and meeting heaps of awesome people".

Chanel is going further and completing her Certificate IV in Business while she finds a permanent position in government.



Shared Services



Role of Shared Services

- Development and implementation of the Oracle business system;
- Provision of shared corporate services to client agencies in order to achieve economies of scale through shared technology, information and processing; and
- Delivery of client agency online services through the Shared Service Centre, including video conferencing, internet, networking and online web application services to 70 entities.

Highlights 2008–09

Significant achievements

Shared Services made sound progress during 2008-09. The number of agencies transitioned to Shared Services totalled 32 by the end of 2008-09. The majority receive finance and procurement services, and 10 agencies receive services from the fully integrated Oracle system (ie. financial, procurement, payroll and human resources).

Shared Services is now managing high volumes of transactions for Government. It processed more than 124,000 accounts payable and revenue transactions with a value of \$1.82 billion during 2008-09. The roll-in of Main Roads Western Australia in December 2008 increased the value of expenditure transactions by approximately \$1.4 billion per annum.

The project accounting module was implemented for the Main Roads Western Australia roll-in, allowing financial information to be recorded at a project level (e.g. for the construction of a bridge). This module is now ready to facilitate the roll-in of other infrastructure agencies. A total of \$63 million in payroll transactions were processed, with more than 2,000 staff paid through the payroll system. Payroll services are also provided by Shared Services to 10 agencies through their pre-existing payroll systems.

Mission

Work with agencies to deliver efficient standardised human resource services, financial services and online solutions

Transition planning began in readiness for the roll-in of eight agencies into the integrated Oracle system and a further four agencies currently on Shared Services finance system also moving from their pre-existing payroll/HR systems to the Shared Services system in 2009-10.

A significant re-planning exercise brought forward the roll-in of large agencies, delivering the benefits to Government sooner, and brought forward by six months plans to complete the program, now scheduled for 2012.

Project division operations

The Project division, which is in the process of finalising the build of the Oracle eBusiness system and the transition of the remaining agencies into shared service arrangements, dealt with a further 10 agencies going live on the Oracle eBusiness system during the year.

New functionality implemented included the following modules:

- project accounting ;
- time and labour; and
- outward bound data management, which allows the transfer of data from the Oracle system to other agency systems.

A number of improvements to the system, were completed during the year. This has enhanced the efficiency of operations by reducing the number of manual work-arounds required to process transactions.

The year's focus of the HR/payroll component of the project was on the planning, design and build of the payroll awards. The first three awards, substantially completed, cover nearly 25,000 of the 33,000 staff in agencies that will be paid by Shared Services.

Shared Service Centre

The Shared Service Centre (SSC) will ultimately provide shared corporate services to around 90 government agencies.

During the year, a number of initiatives were undertaken by the SSC to improve the delivery of services to client agencies.

Procure to Pay Reform Project

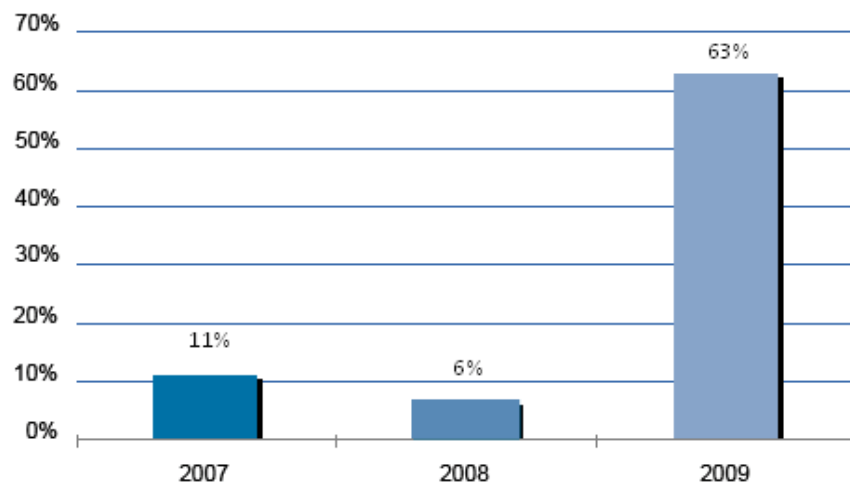
An important aspect of the reform is the simplification, standardisation and rationalisation of corporate finance and human resource processes. Shared Services made significant gains in driving standardisation of purchasing and payment across client agencies during 2008-09. It worked with agencies through:

- **Governance** – identification and implementation of governance practices necessary to maintain effective stakeholder relationships and drive reform outcomes;
- **Process improvements** – identification and implementation of process improvement opportunities; and
- **Education and awareness** – promotion of the reform agenda through improved education and awareness of the reform, systems, processes and responsibilities.

This initiative has resulted in a significant increase in standardised purchasing and payment practices across agencies, bringing increased efficiency to Government. It has also enabled more timely payment to suppliers.

Across all client agencies, purchase order usage increased from six per cent for 2007-08, to 63 per cent for 2008-09.

Percentage of invoices processed to purchase order - by year



This figure is nearing the DTF target of 90 per cent purchase order usage by the end of 2009, a significant achievement for Government.

Purchasing card usage for invoices under \$5,000 increased from 40 per cent in 2007-08 to 60 per cent in 2008-09.

Customer service

Shared Services' Customer Service Centre (CSC) dealt with 27,000 enquiries, a significant increase over the previous financial year's total of 17,000. In the June 2009 quarter its customer service delivery target of resolving 90 per cent of customer enquiries within six working days was reached.

Improved service delivery has been achieved by:

- re-engineering the service request management process to facilitate a quicker and smoother resolution path, providing training to more than 140 staff, and appointing service request champions in each service delivery area;
- improving the accumulated knowledge and knowledge transfer of customer service officers by placing permanent staff within the CSC and supplementing them by rotating staff from the service delivery areas of the Shared Service Centre; and
- increasing capability of CSC staff to directly handle system access and password resets, one of the most frequently requested services, dealing with them immediately on the phone.


Time efficiency gains of around 80 per cent have been achieved by promoting the online customer enquiry lodgement tool iSupport. This enables self-check on the progress of enquiries through to closure, extended access time for enquiry lodgement and faster solutions to enquiries overall.

Shared Service Centre realignment

The Shared Service Centre was realigned on 1 March 2009, adopting a traditional end-to-end process structure which provides more seamless customer service and eliminates duplication of some positions.

Video conferencing at Geraldton Regional Hospital

Shared Services helped Geraldton Regional Hospital's Aged Care division to provide extra patient support by assisting in establishing video conferencing capabilities between private homes and the hospital.



A team of three staff in ConferWest provided advice and design requirements, and worked with local service providers to implement, test and commission video conferencing services for aged people in the region.

The initiative provides visual communications between specialised medical staff and the aged care patients, making their valuable service more efficient and effective, reducing ambulance costs and patient inconvenience.

Traineeships

Shared Services provided traineeships for five university graduates in the 2008 Graduate Program, and three in the 2009 Graduate Program.

One trainee was appointed through the Business Traineeship Program for People with a Disability and supported in progress towards a Certificate III in Business.

Four part-time school based trainees attended two days a week, with each trainee assigned a buddy to support, motivate and assist them in gaining work experience.

Significant issues affecting the agency

In these difficult economic and financial circumstances, our advice to Government will be focused on ensuring optimum value-for-money outcomes, identifying opportunities for reform in service delivery and infrastructure provision to improving these outcomes, and ensuring the State's long-term financial sustainability.

During 2008-09 DTF played a critical role in assisting the Government frame its first budget.

We will continue to work closely with the Treasurer to achieve the financial goals and targets and service delivery objectives of the Government, as it moves through its first year and into the implementation of its key priorities. Delivering the second report of the Economic Audit Committee will be a major focus through the remainder of 2009. Following Government's consideration of the report, significant implementation effort is likely to be required.

External issues

Financial management challenges

Changes in global economic conditions and commodity prices have a significant impact on the State's fiscal outlook, given its reliance on commodity exports to major trading partners in the Asia region. In addition, recent volatility in the US\$/A\$ exchange rate, and the sensitivity of the State's royalty revenue to such movements, has further added to the risks and challenges in managing the State's finances.

A major challenge is to ensure that general Government expenses grow at a sustainable rate into the future, with a focus on the key service delivery areas such as health, which represents around a quarter of the State's budget and had expenditure growth of 12.3 per cent in 2008-09. Corrective measures such as the three per cent efficiency dividend will require continual monitoring to ensure best use of the State's financial resources going forward.

In the case of both Health and Education (combined they account for 50.2 per cent of the State's budget) significant effort will be required to ensure improvement in outcomes and that they will live within the required budgets approved by Parliament.

Commonwealth reforms

The new Commonwealth-State financial framework agreed at the November 2008 COAG meeting increases the accountability of Governments for improvements in outcomes and service delivery, and provides stronger incentives for state governments to implement specific economic and social reforms.



DTF will work closely with the Department of the Premier and Cabinet and line agencies in ensuring the successful implementation of the COAG reforms. We are particularly focused on maximising value-for-money outcomes from the new arrangements, securing sustainable funding levels and promoting the delivery of efficient and effective public services in Western Australia.

DTF has coordinated Western Australia's ongoing input to the Review of Australia's Future Tax System (the Henry Review). We will play a key role in the potential reform of Commonwealth-State roles, responsibilities and funding arrangements in relation to the health system. All of these reforms will be pursued with the primary objective of ensuring the outcomes are the best possible for the people of Western Australia.

Economic Audit and value-for-money audits

DTF has delivered Government's election commitment to undertake an economic audit. The process is scheduled to report back to Government by 31 October 2009.

A key focus of the Economic Audit is the relative quality and cost of service delivery in Western Australia compared with other jurisdictions to identify opportunities to close the gap through alternative service delivery models and arrangements. The focus of the final report is the improvement of service rather than savings. The challenge is to identify the drivers and constraints to that improvement and provide a road map for change for the State's public sector over the medium term.

At the same time DTF will be working with relevant line agencies to progress the Government's value-for-money audits, which are an important mechanism for achieving improved budget management, and more efficient and effective services. The focus here is on savings and the effectiveness of the internal controls and management processes within individual agencies.

Public Private Partnerships

During 2009-10, DTF will be working to support the Government's implementation of public private partnerships (PPPs) to drive innovative solutions to the State's infrastructure and service delivery needs. It will be necessary to draw together specialist capabilities from across DTF businesses and increase our resources in order to successfully progress this complex procurement method. DTF will also need to set high standards in working with industry in order to establish an effective and competitive PPP investment and delivery environment in Western Australia.

Non-residential building program

A Works Reform Program has now commenced with the objective of improving project outcomes. This will cover new buildings, existing building management and government office accommodation.

The key focus in 2009-10 will be to improve project management capability, and strengthen involvement in business case development, project definition and delivery. This will, in turn, enable better control of project timelines, scope and budget.

The Building Management and Works (BMW) business will take a lead role in strengthening the implementation of the strategic asset management for the non-residential building program. This will involve supporting Government agencies with strategic asset planning and business case development. The objective is to significantly improve planning for new capital works, building maintenance and asset disposal.

It is expected that both private construction activity and the State's capital program will pick up considerably in the near future. In this regard, the BMW's works reform program will be crucial to ensure sound delivery of the State's substantial asset investment plans.

Shared Services challenges

As the number of agencies to roll-in to the Shared Services environment increases, our challenge is to deliver good quality service to a rapidly increasing customer base.

As the roll-in schedule accelerates we will need to build the capability of our Shared Service Centre and streamline its processes. This will be achieved by ongoing benchmarking to drive process improvement and surveying of our customers to sharpen our focus on delivering quality services.

A great deal of work was undertaken to develop a methodology to ensure a repeatable process which is now in place to ramp up the roll-in of agencies. This will be used in 2009-10 to accelerate roll-ins to reach the critical mass needed to achieve greater efficiencies, and deliver the savings that were intended when this initiative began.

Procurement savings

We are investigating a number of opportunities to improve sustainable outcomes for the State through our procurement processes. DTF is working with agencies to enhance the planning, scheduling and resourcing of their procurement to improve contract management practice and deliver the Government's expected savings. The integration of the State Supply Commission into DTF will improve our strategic management and oversight of public sector procurement. The effective independent oversight and auditing of outcomes will be a clear deliverable with this reform in 2009-10.

Internal issues

Workforce

Finding the right people to build our capability in strong policy advice and successful project management is a continual challenge in delivering excellence.

During 2008-09 a recruitment toolkit was developed for managers to achieve the best possible outcome in attracting and appointing the right people. The toolkit included suggested timeframes for each stage of the recruitment process, streamlined forms and improved format for selection reports

The State Revenue business has commenced planning its workforce capability for the next five years. A snapshot of the current workforce profile is being developed and a gap analysis will be carried out to identify key risks, the skills required to meet future challenges and methods to bridge the gap. This project will feed into the broader workforce plan that is being developed for DTF.

The Treasury business implemented a Project Management Framework and project governance structure in 2008-09. Progress on key projects is tracked and necessary decisions are made in terms of scope, budget and timeframes in a transparent and accountable way, at appropriate levels of management. Project managers regularly provide traffic light reporting internally to management. Progress on important initiatives is also reported to the Treasurer on a monthly basis. Building these processes, systems and capabilities will continue to be a major focus going forward.

Similarly, our investment in building capability to think and act strategically, provide leadership, and design, implement and evaluate policy across the spectrum of Government activity, will continue in earnest.

Systems modernisation

DTF is in the process of modernising our IS systems, applications and infrastructure to improve services to our customers.

Key system modernisation projects under way include the Strategic Information Management System (SIMS) and the Revenue Collection Information System (RCIS).

The SIMS project is an in-house developed system (that will replace the current Treasury Information Management System) providing the critical business tools to support whole-of-government budget management and financial reporting.

The RCIS modernisation project aims to deliver improved business processes with enhanced customer interface. It will provide a single consolidated base capable of supporting key business developments into the future. State Revenue is reliant upon RCIS as its primary tool to assess and collect State taxes and duties, and disburse grants, subsidies and rebates.

Corporate Information Systems' modernisation programs under way include the document management system corporate workflow upgrade and other software/hardware updates to ensure uninterrupted service delivery. DTF's corporate environment has grown significantly over the past two years and we have some catching to do to ensure a robust ICT foundation to our business.

Business Synergies

The Treasury business undertook an organisational restructure during 2008-09 to enable us to better respond to current and emerging demands (such as the COAG reform agenda) and provide more forward-looking, strategic policy advice.

We have expanded our operations through the transfer of the Building Management and Works functions (from the former Department of Housing and Works) as well as the merger of the State Supply Commission.

Our goal is to achieve synergies from the merging of these entities into DTF, to deliver consistent services and advice to Government and client agencies. Most of all, we need to drive hard to intergrate and leverage these activities to maximise their performance for the people of Western Australia.

Disclosures and legal compliance

Financial statements

Certification of financial statements

For the year ended 30 June 2009

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 2009 and the financial position as at 30 June 2009.

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.



Steve Toutountzis
Chief Finance Officer
9 September 2009



Timothy Marney
Accountable Authority
9 September 2009

Opinion of the Auditor General



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 2009

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 2009, and the Income Statement, Statement of Changes in Equity, Cash Flow Statement, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities 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 www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.pdf.

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

Opinion of the Auditor General

Department of Treasury and Finance Financial Statements and Key Performance Indicators for the year ended 30 June 2009

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Department of Treasury and Finance at 30 June 2009 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Department provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the 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 2009.



COLIN MURPHY
AUDITOR GENERAL
15 September 2009

Income statement For the year ended 30 June 2009

	Note	2009 \$'000	2008 \$'000
COST OF SERVICES			
Expenses			
Employee benefits expense	7	115,782	82,251
Supplies and services	8	484,612	50,094
Depreciation and amortisation expense	9	79,738	8,928
Finance costs	10	15,594	-
Accommodation expenses	11	14,582	10,171
Grants and subsidies	12	677	64
Loss on disposal of non-current assets	15	-	21
Other expenses	13	1,392	1,056
Total cost of services		712,378	152,586
Income	14		
Revenue			
User charges and fees		537,500	7,939
Commonwealth grants and contributions		346	3
Interest revenue		565	-
Other revenue		4,241	5,638
Total revenue		542,652	13,580
Gains			
Gain on disposal of non-current assets	15	733	-
Total gains		733	-
Total income other than income from State Government		543,385	13,580
NET COST OF SERVICES		(168,993)	(139,005)
INCOME FROM STATE GOVERNMENT	16		
Service appropriation		168,584	125,567
Resources received free of charge		12,417	11,046
Total income from State Government		181,001	136,613
SURPLUS/(DEFICIT) FOR THE PERIOD		12,008	(2,393)

Balance sheet

For the year ended 30 June 2009

	Note	2009 \$'000	2008 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	17	104,918	9,150
Restricted cash and cash equivalents	18	10,424	-
Receivables	19	140,546	5,689
Finance lease receivables	20	259	-
Inventories	21	91	-
Amounts receivable for services	22	6,239	6,291
Other current assets	23	15,408	2,468
Total Current Assets		277,886	23,598
Non-Current Assets			
Restricted cash and cash equivalents	18	1,273	892
Finance lease receivables	20	3,897	-
Amounts receivable for services	22	68,325	25,480
Property, plant, equipment and vehicles	24	963,688	4,429
Intangible assets	25	119,914	83,618
Total Non-Current Assets		1,157,097	114,419
TOTAL ASSETS		1,434,983	138,017

	Note	2009 \$'000	2008 \$'000
LIABILITIES			
Current Liabilities			
Payables	27	45,125	8,521
Borrowings	28	83,222	-
Provisions	29	28,266	17,378
Other current liabilities	30	92,812	-
Total Current Liabilities		249,425	25,899
Non-Current Liabilities			
Borrowings	28	157,414	-
Provisions	29	9,829	5,288
Lease incentive	48	33,888	-
Total Non-Current Liabilities		201,131	5,288
TOTAL LIABILITIES		450,556	31,187
NET ASSETS		984,427	106,830
EQUITY	31		
Contributed equity		987,846	124,567
Reserves		2,310	-
Accumulated surplus/(deficit)		(5,729)	(17,737)
TOTAL EQUITY		984,427	106,830

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

Statement of changes in equity

For the year ended 30 June 2009

	Note	2009 \$'000	2008 \$'000
Balance of equity at start of period		106,830	93,587
CONTRIBUTED EQUITY			
Balance at start of period	31	124,567	107,768
Contribution by owners			
Capital contribution		125,370	19,561
Other contributions by owners		-	-
Transfer of net assets from Department of Housing and Works (Building Management and Works)		692,172	-
Transfer of net assets from State Supply Commission (State Fleet)		45,737	-
Grant payment to Department of Education and Training		-	(2,762)
Balance at end of period		987,846	124,567
RESERVES	31		
Asset Revaluation Reserve			
Balance at start of period		-	-
Gains/(losses) from asset revaluation		2,310	-
Balance at end of period		2,310	-

	Note	2009 \$'000	2008 \$'000
ACCUMULATED SURPLUS	31		
Balance at start of period		(17,737)	(14,181)
Change in accounting policy		-	(1,163)
Restated opening balance		(17,737)	(15,344)
Surplus/(Deficit) for the period		12,008	(2,393)
Balance at end of period		(5,729)	(17,737)
Balance of equity at end of period		984,427	106,830
Total income and expense for the period ^(a)		14,318	(2,393)

(a) The aggregate net amount attributable to each category of equity is: Surplus \$12.008 million, plus gains from asset revaluation \$2.31 million (2008: deficit \$2.393 million).

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

Cash flow statement

For the year ended 30 June 2009

	Note	2009 \$'000	2008 \$'000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		147,052	114,464
Capital contributions		125,370	19,561
Holding account drawdowns		3,668	3,807
Receipts from Treasurer's Advance		20,000	-
Payments to Treasurer's Advance		(20,000)	-
Net cash provided by State Government		276,090	137,832
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(106,028)	(82,775)
Supplies and services		(493,059)	(39,515)
Finance costs		(15,861)	-
Accommodation		(11,836)	(10,171)
Grants and subsidies		(677)	(64)
Intangibles - computer systems development		-	-
GST payments on purchases		(76,351)	(8,426)
GST payments to taxation authority		(978)	(3,108)
Other payments		(2,437)	(1,057)

	Note	2009 \$'000	2008 \$'000
Receipts			
Sale of goods and services		92,067	-
User charges and fees		451,787	8,325
Commonwealth grants and contributions		184	3
Interest received		549	-
GST receipts on sales		64,065	2,760
GST receipts from taxation authority		9,432	9,068
Other receipts		4,465	4,638
Net cash provided by/(used in) Operating Activities	32(b)	(84,678)	(120,322)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current physical assets		79,267	-
Purchase of non-current physical assets		(245,282)	(20,424)
Other contribution by owners		-	(1,163)
Equity transfer		-	(2,762)
Net cash used in Investing Activities		(166,015)	(24,349)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		22,496	-
Repayment of borrowings		(4,745)	-
Other proceeds		-	-
Other repayments		-	-
Net cash used in Investing Activities		17,751	-
Net increase/(decrease) in cash and cash equivalents		43,149	(6,839)
Cash and cash equivalents at the beginning of the period		10,042	16,881
Transferred from Building Management and Works		54,329	-
Transferred from State Fleet		9,096	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	32(a)	116,616	10,042

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

Schedule of income and expenses by service

For the year ended 30 June 2009

	Financial Management and Reporting		Financing and Managing the State Fleet Service		Development of Economic and Revenue Policies		Management of the State Budget's Expenditure Aspects		Revenue Assessment and Collection		Grants and Subsidies Administration	
	Service 1		Service 2		Service 3		Service 4		Service 5		Service 6	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
COST OF SERVICES												
Expenses												
Employee benefits expense	6,457	4,851	564	-	7,394	5,000	10,499	7,238	18,742	18,717	1,945	1,314
Supplies and services	2,188	2,029	1,381	-	2,697	1,977	3,211	1,912	20,022	17,812	2,077	1,253
Depreciation and amortisation expense	21	34	64,715	-	27	33	50	45	1,116	1,211	116	85
Finance costs	-	-	15,594	-	-	-	-	-	-	-	-	-
Accommodation expenses	560	493	47	-	648	476	1,078	618	2,379	1,909	247	136
Grants and subsidies	64	50	-	-	1	2	-	-	-	1	-	-
Capital user charge	-	-	-	-	-	-	-	-	-	-	-	-
Loss on disposal of non-current assets	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	43	47	33	-	49	47	78	60	188	242	20	17
Total cost of services	9,333	7,504	82,334	-	10,816	7,535	14,916	9,873	42,447	39,891	4,405	2,805

Facilitate the Development and Management of Agency Specific Contracts		Development and Management of WOG Common Use Contract Arrangements		Development and Management of WOG Procurement Systems and Standards		Facilitate the Centre for Excellence and Innovation in Infrastructure Delivery (CEIID)		Project Management, Coordination and Implementation of the WOG Shared Corporate Services Reform		Provision of Financial, Human Resources Services and Online Services		Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation		Total	
Service 7		Service 8		Service 9		Service 10		Service 11		Service 12		Service 13			
2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
14,637	11,667	6,263	4,879	4,350	5,236	1,626	2,444	5,480	1,717	26,090	19,189	11,735	-	115,782	82,252
2,546	2,887	1,943	1,207	1,215	2,265	934	1,057	7,017	1,453	17,429	16,242	421,952	-	484,612	50,094
68	164	25	69	250	88	15	41	56	588	9,911	6,571	3,368	-	79,738	8,929
-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,594	-
1,045	425	437	178	285	610	133	285	1,612	414	4,805	4,627	1,306	-	14,582	10,171
-	-	-	-	-	-	175	-	-	1	-	10	437	-	677	64
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
136	63	54	26	36	68	16	32	49	37	148	437	542	-	1,392	1,075
18,432	15,206	8,722	6,359	6,136	8,267	2,899	3,859	14,215	4,210	58,384	47,076	439,340	-	712,379	152,585

Schedule of income and expenses by service (continued)

For the year ended 30 June 2009

	Financial Management and Reporting		Financing and Managing the State Fleet Service		Development of Economic and Revenue Policies		Management of the State Budget's Expenditure Aspects		Revenue Assessment and Collection		Grants and Subsidies Administration	
	Service 1		Service 2		Service 3		Service 4		Service 5		Service 6	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue												
User charges and fees	37	375	92,721	-	42	-	65	-	2,120	2,630	220	(5)
Commonwealth grants and contributions	-	-	-	-	-	-	-	-	313	-	33	3
Interest revenue	-	-	556	-	-	-	-	-	-	-	-	-
Other revenue	6	4	(32)	-	1,352	218	161	(15)	587	-	61	187
Gains												
Gain on disposal of non-current assets	-	-	733	-	-	-	-	-	-	-	-	-
Total income other than income from State Government	43	379	93,978	-	1,394	218	226	(15)	3,020	2,630	314	185
NET COST OF SERVICES	9,290	7,125	(11,644)	-	9,422	7,317	14,690	9,888	39,427	37,261	4,091	2,620
Income from State Government												
Service appropriation	8,195	7,612	778	-	9,467	7,184	13,014	9,187	26,840	24,797	2,785	2,707
Assets assumed/(transferred)	-	-	-	-	-	-	-	-	-	-	-	-
Resources received free of charge	115	-	11	-	166	-	193	-	10,167	10,324	1,055	722
Total Income from State Government	8,310	7,613	789	-	9,633	7,184	13,207	9,187	37,007	35,121	3,840	3,429
Surplus/(deficit) for the period	(980)	487	12,433	-	211	(133)	(1,483)	(701)	(2,420)	(2,141)	(251)	809

Facilitate the Development and Management of Agency Specific Contracts		Development and Management of WOG Common Use Contract Arrangements		Development and Management of WOG Procurement Systems and Standards		Facilitate the Centre for Excellence and Innovation in Infrastructure Delivery (CEIID)		Project Management, Coordination and Implementation of the WOG Shared Corporate Services Reform		Provision of Financial, Human Resources Services and Online Services		Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation		Total	
Service 7		Service 8		Service 9		Service 10		Service 11		Service 12		Service 13			
2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
1,317	485	45	203	29	780	14	364	2,234	475	6,328	2,631	432,328	-	537,500	7,938
-	-	-	-	-	-	-	-	-	-	-	-	-	-	346	3
-	-	-	-	-	-	-	-	9	-	-	-	-	-	565	-
18	18	8	8	4	8	1	4	1,144	203	926	5,003	5	-	4,241	5,638
-	-	-	-	-	-	-	-	-	-	-	-	-	-	733	-
1,335	503	53	211	33	788	15	368	3,387	678	7,254	7,633	432,333	-	543,385	13,580
17,097	14,703	8,669	6,148	6,103	7,479	2,884	3,491	10,828	3,532	51,130	39,443	7,007	-	168,994	139,006
17,045	9,020	8,013	3,772	6,648	12,209	2,689	5,698	8,878	7,739	49,474	35,642	14,758	-	168,584	125,567
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	506	-	-	-	-	-	-	-	204	-	12,417	11,046
17,045	9,020	8,013	3,772	7,154	12,209	2,689	5,698	8,878	7,739	49,474	35,641	14,962	-	181,001	136,613
(52)	(5,683)	(656)	(2,376)	1,051	4,730	(195)	2,207	(1,950)	4,207	(1,656)	(3,802)	7,955	-	12,008	(2,393)

The schedule of income and expenses should be read in conjunction with the accompanying notes

Schedule of assets and liabilities by service

For the year ended 30 June 2009

	Financial Management and Reporting		Financing and Managing the State Fleet Service		Development of Economic and Revenue Policies		Management of the State Budget's Expenditure Aspects		Revenue Assessment and Collection		Grants and Subsidies Administration	
	Service 1		Service 2		Service 3		Service 4		Service 5		Service 6	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
ASSETS												
Current assets												
Cash and cash equivalents	235	386	10,112	-	272	445	423	687	1,004	1,605	104	167
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	393	249	3,941	-	455	287	709	443	1,935	1,035	201	107
Finance lease receivable	-	-	259	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Amounts receivable for services	79	83	7	-	91	96	142	148	337	346	35	36
Other current assets	-	104	2,405	-	-	120	-	185	-	433	-	45
Total current assets	707	822	16,724	-	818	948	1,274	1,463	3,276	3,419	340	355
Non-current assets												
Restricted cash and cash equivalents	43	38	6	-	49	43	77	67	182	156	19	16
Finance lease receivable	-	-	3,897	-	-	-	-	-	-	-	-	-
Amounts receivable for services	1,590	1,037	134	-	1,838	1,195	2,864	1,846	6,800	4,316	706	448
Property, plant, equipment and vehicles	108	101	297,952	-	135	121	222	212	812	818	84	85
Intangible assets	19	16	2	-	22	18	1,197	413	3,506	3,208	364	333
Other non-current assets	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	1,760	1,192	301,991	-	2,044	1,377	4,360	2,538	11,300	8,498	1,173	882
Total assets	2,467	2,014	318,715	-	2,862	2,325	5,634	4,001	14,576	11,917	1,513	1,237

Facilitate the Development and Management of Agency Specific Contracts		Development and Management of WOG Common Use Contract Arrangements		Development and Management of WOG Procurement Systems and Standards		Facilitate the Centre for Excellence and Innovation in Infrastructure Delivery		Project Management, Coordination and Implementation of the WOG Shared Corporate Services Reform		Provision of Financial, Human Resources Services and Online Services		Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation		Total	
Service 7		Service 8		Service 9		Service 10		Service 11		Service 12		Service 13			
2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
396	633	166	265	108	173	50	81	739	1,180	2,206	3,528	89,103	-	104,918	9,150
-	-	-	-	-	-	-	-	-	-	-	-	10,424	-	10,424	-
664	409	278	171	181	111	85	52	1,239	657	3,692	2,168	126,774	-	140,547	5,689
-	-	-	-	-	-	-	-	-	-	-	-	-	-	259	-
-	-	-	-	-	-	-	-	-	-	-	-	91	-	91	-
133	137	55	57	36	37	17	17	2,408	2,415	2,899	2,919	-	-	6,239	6,291
-	171	-	71	-	47	-	22	-	318	-	952	13,003	-	15,408	2,468
1,193	1,350	499	564	325	368	152	172	4,386	4,570	8,797	9,567	239,395	-	277,886	23,598
72	62	30	26	20	17	9	8	134	115	396	344	236	-	1,273	892
-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,897	-
2,681	1,702	1,121	711	731	464	341	217	5,891	4,062	14,944	9,482	28,684	-	68,325	25,480
387	401	148	154	110	139	64	47	720	755	1,835	1,596	661,111	-	963,688	4,429
33	26	14	11	2,986	2,075	357	3	61,063	43,982	50,351	33,533	-	-	119,914	83,618
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,173	2,191	1,313	902	3,847	2,695	771	275	67,808	48,914	67,526	44,955	690,031	-	1,157,097	114,419
4,366	3,541	1,812	1,466	4,172	3,063	923	447	72,194	53,484	76,323	54,522	929,426	-	1,434,983	138,017

Schedule of assets and liabilities by service (continued)

For the year ended 30 June 2009

	Financial Management and Reporting		Financing and Managing the State Fleet Service		Development of Economic and Revenue Policies		Management of the State Budget's Expenditure Aspects		Revenue Assessment and Collection		Grants and Subsidies Administration	
	Service 1		Service 2		Service 3		Service 4		Service 5		Service 6	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
LIABILITIES												
Current liabilities												
Payables	577	162	19,724	-	660	187	1,132	289	2,254	676	234	70
Borrowings	-	-	83,222	-	-	-	-	-	-	-	-	-
Provisions	1,283	881	161	-	1,270	721	2,291	1,248	1,940	1,402	201	145
Other payables	-	-	-	-	-	-	-	-	-	-	-	-
Lease incentive	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	1,860	1,043	103,107	-	1,930	908	3,423	1,537	4,194	2,078	435	215
Non-current liabilities												
Borrowings	-	-	157,414	-	-	-	-	-	-	-	-	-
Provisions	431	346	37	-	414	282	606	531	1,470	1,522	153	158
Lease incentive	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	431	346	157,451	-	414	282	606	531	1,470	1,522	153	158
Total liabilities	2,291	1,389	260,558	-	2,344	1,190	4,029	2,068	5,664	3,600	588	373
NET ASSETS	176	625	58,157	-	518	1,135	1,605	1,933	8,912	8,317	925	864

Facilitate the Development and Management of Agency Specific Contracts		Development and Management of WOG Common Use Contract Arrangements		Development and Management of WOG Procurement Systems and Standards		Facilitate the Centre for Excellence and Innovation in Infrastructure Delivery		Project Management, Coordination and Implementation of the WOG Shared Corporate Services Reform		Provision of Financial, Human Resources Services and Online Services		Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation		Total	
Service 7		Service 8		Service 9		Service 10		Service 11		Service 12		Service 13			
2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
2,568	1,482	1,082	620	705	404	354	188	2,273	1,748	5,357	2,695	8,205	-	45,125	8,521
-	-	-	-	-	-	-	-	-	-	-	-	-	-	83,222	-
2,129	920	1,170	(23)	663	552	212	130	4,416	3,336	7,807	8,066	4,724	-	28,267	17,378
-	-	-	-	-	-	-	-	-	-	-	-	92,812	-	92,812	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4,697	2,402	2,252	597	1,368	956	566	318	6,689	5,084	13,164	10,761	105,741	-	249,426	25,899
-	-	-	-	-	-	-	-	-	-	-	-	-	-	157,414	-
839	1,187	348	179	212	413	127	19	862	183	2,382	468	1,948	-	9,829	5,288
-	-	-	-	-	-	-	-	-	-	-	-	33,887	-	33,887	-
839	1,187	348	179	212	413	127	19	862	183	2,382	468	35,835	-	201,130	5,288
5,536	3,589	2,600	776	1,580	1,369	693	337	7,551	5,267	15,546	11,229	141,576	-	450,556	31,187
(1,170)	(48)	(788)	690	2,592	1,694	230	110	64,643	48,217	60,777	43,293	787,850	-	984,427	106,830

The schedule of assets and liabilities should be read in conjunction with the accompanying notes

Summary of consolidated account appropriations and revenue estimates

For the year ended 30 June 2009

		2009 Estimate	2009 Actual	Variation	2008–09 Actual	2007–08 Actual	Variation
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	SERVICE DELIVERY						
Item 9	Net amount appropriated to deliver services	148,032	151,874	3,842	151,874	124,529	27,345
	Section 25 Transfers	15,113	15,113	-	-	-	-
	Amount Authorised by Other Statutes						
	– Salaries and Allowances Act 1975	1,065	1,597	532	1,597	1,037	560
	Total appropriations provided to deliver services	164,210	168,584	4,374	153,471	125,566	27,905
	Capital						
Item 120	Capital Contribution	51,804	39,956	(11,848)	39,956	19,561	20,395
	Section 25 Transfers	85,414	85,414	-	85,414	-	85,414
	Total capital appropriation to deliver services	137,218	125,370	(11,848)	125,370	19,561	105,809
	ADMINISTERED TRANSACTIONS						
	RECURRENT ADMINISTERED						
	Community Service Obligation Payments						
Item 10	Electricity Retail Corporation (Synergy)	31,336	27,029	(4,307)	27,029	22,936	4,093
Item 11	Forest Products Commission	3,370	3,370	-	3,370	2,370	1,000
Item 12	Regional Power Corporation (Horizon Power)	37,108	33,623	(3,485)	33,623	21,138	12,485
Item 13	Water Corporation of Western Australia	445,784	443,521	(2,263)	443,521	399,363	44,158
Item 14	Western Australian Land Authority	25,846	22,139	(3,707)	22,139	34,097	(11,958)
	Total Community Service Obligation Payments	543,444	529,682	(13,762)	529,682	479,904	49,778
	Grant Subsidies and Transfer Payments						
Item 15	Aerial Shark Surveillance Program	185	212	27	212	156	56
Item 16	Armadale Redevelopment Authority	1,720	1,720	-	1,720	1,450	270
Item 17	Broome Port Authority	405	390	(15)	390	420	(30)
Item 18	Department for Child Protection	15,300	15,300	-	15,300	4,288	11,012
Item 19	Department for Communities	401	401	-	401	422	(21)

		2009 Estimate	2009 Actual	Variation	2008–09 Actual	2007–08 Actual	Variation
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Item 20	Department of Indigenous Affairs	4,928	-	(4,928)	-	-	-
Item 21	Electricity Generation Corporation (Verve Energy) – Part Reimbursement Of Land Sales	1	-	(1)	-	158	(158)
Item 22	First Home Owners' Assistance	111,000	248,989	137,989	248,989	109,779	139,210
Item 23	Goods and Services Tax (GST) Administration Costs	65,300	64,210	(1,090)	64,210	60,414	3,796
	HIH Insurance - Assistance to Local Government Package	-	-	-	-	43	-
Item 24	HIH Insurance Rescue Package	220	9	(211)	9	16	(7)
Item 25	Office of Health Review	1,642	1,716	74	1,716	1,613	103
Item 26	Pensioner Concessions – Emergency Services Levy	10,809	8,200	(2,609)	8,200	7,783	417
Item 27	Pensioner Concessions – Local Government and Water Rates	59,430	55,603	(3,827)	55,603	50,793	4,810
Item 28	Provision for the Outcome of CSA EBA Negotiations	52,025	-	(52,025)	-	-	-
Item 29	Provision for Unfunded Liabilities in the Government Insurance Fund	6,180	4,581	(1,599)	4,581	3,097	1,484
Item 30	Refunds of Past Years Revenue Collections – Public Corporations	5,000	21,241	16,241	21,241	88	21,153
Item 31	Refunds of Past Years Revenue Collections – All Other	39,800	130,466	90,666	130,466	34,587	95,879
Item 32	Rottneest Island Authority	2,200	2,200	-	2,200	2,200	-
Item 33	State Property – Emergency Services Levy	12,000	12,000	-	12,000	11,951	49
Item 34	Water Corporation of Western Australia – State Water Strategy Rebate Scheme	9,000	4,984	(4,016)	4,984	8,663	(3,679)
Item 35	Water Corporation of Western Australia – Part Reimbursement of Land Sales	800	138	(662)	138	700	(562)
Item 36	Western Australian Building Management Authority – Interest	312	312	-	312	4,000	(3,688)
Item 37	Wine Equalisation Tax Rebate	9,700	-	(9,700)	-	-	-
Item 38	All Other Grants, Subsidies and Transfer Payments comprising:	-	-	-	-	-	-
	• Acts of Grace	2	-	(2)	-	-	-
	• ANZAC Day Trust	300	300	-	300	300	-
	• Consumer Utilities Program - Western Australian Council of Social Service	170	170	-	170	170	-
	• Incidentals	38	-	(38)	-	-	-
	• Interest on Public Moneys held in Participating Trust Fund Accounts	3,327	5,527	2,200	5,527	3,858	1,669
	• Life Support Equipment Electricity Subsidy Scheme	560	454	(106)	454	423	31
	• On-Road Diesel Subsidies	9,120	7,955	(1,165)	7,955	8,470	(515)

		2009 Estimate	2009 Actual	Variation	2008–09 Actual	2007–08 Actual	Variation
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	• Public Swimming Pools - Operating Costs Subsidy	300	279	(21)	279	304	(25)
	• Stamp Duty Concessions on Farming Properties	100	31	(69)	31	11	20
	• Thermoregulatory Dysfunction Energy Subsidy Scheme	500	207	(293)	207	157	50
	• Royalties For Regions Fund	-	334,000	334,000	334,000	-	334,000
	• Matrix Fleet Leasing Liability	-	-	-	-	14,000	(14,000)
	• HIH Insurance – Assistance to Local Government	-	-	-	-	43	(43)
	Total Grants, Subsidies and Transfer Payments	422,775	921,595	498,820	921,595	330,357	591,281
	Authorised by Other Statutes						
	Gold Corporation Act 1987	30	9	(21)	9	19	(10)
	Judges' Salaries and Pensions Act 1950	6,780	5,477	(1,303)	5,477	7,014	(1,537)
	Parliamentary Superannuation Act 1970	15,420	12,984	(2,436)	12,984	5,034	7,950
	Salaries Provision - Special Division and Prescribed Office Holders	882	-	(882)	-	-	-
	State Superannuation Act 2000	658,376	482,588	(175,788)	482,588	546,472	(63,884)
	Tobacco Products Control Act 2006	19,110	19,147	37	19,147	18,635	512
	Unclaimed Money Act 1990	750	831	81	831	857	(26)
	Unclaimed Money (Superannuation and RSA Providers) Act 2003	50	1	(49)	1	282	(281)
	Total Amounts Authorised by Other Statutes	701,398	521,037	(180,361)	521,037	578,313	(57,276)
	Total Recurrent Administered	1,667,617	1,972,314	304,697	1,972,314	1,388,574	583,783
	ADMINISTERED CAPITAL						
	Government Equity Contributions						
	Department for Child Protection	-	-	-	-	200	(200)
	Department for Communities	-	-	-	-	200	(200)
	Midland Redevelopment Authority	-	-	-	-	6,216	(6,216)
	Albany Port Authority	-	-	-	-	3,785	(3,785)
Item 121	Armadaale Redevelopment Authority	10,500	5,900	(4,600)	5,900	4,000	1,900
Item 122	Broome Port Authority	350	350	-	350	1,249	(899)
Item 123	WA Health	242,137	86,969	(155,168)	86,969	94,096	(7,127)
Item 124	Department of Indigenous Affairs	1,830	-	(1,830)	-	-	-

		2009 Estimate	2009 Actual	Variation	2008–09 Actual	2007–08 Actual	Variation
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Item 125	Electricity Networks Corporation (Western Power)	6,651	6,651	-	6,651	6,000	651
Item 126	Forest Products Commission	1,200	16,200	15,000	16,200	2,200	14,000
Item 127	Fremantle Port Authority	212	212	-	212	213	(1)
Item 128	Regional Power Corporation (Horizon Power)	19,976	-	(19,976)	-	5,597	(5,597)
Item 129	Rottneest Island Authority	8,458	7,623	(835)	7,623	5,656	1,967
Item 130	Verve Energy	11,210	-	(11,210)	-	-	-
Item 131	Water Corporation of Western Australia	7,210	-	(7,210)	-	-	-
Item 132	Western Australian Building Management Authority	62,724	62,724	-	62,724	8,200	54,524
Item 133	Western Australian Land Authority	49,922	49,921	(1)	49,921	58,000	(8,079)
Item 134	Western Australian Meat Industry Authority	5,000	-	(5,000)	-	-	-
	Western Australian Coastal Shipping Commission	-	-	-	-	17,500	(17,500)
	Housing Authority	-	-	-	-	108,000	(108,000)
	Total Government Equity Contributions	427,380	236,550	(190,830)	236,550	321,112	(84,562)
	Other						
Item 135	Perry Lakes Trust Account	70,937	51,658	(19,279)	51,658	24,571	27,087
Item 136	Fiona Stanley Hospital Construction Account	221,000	221,000	-	221,000	1,088,585	(867,585)
	Total Other Capital Contributions	291,937	272,658	(19,279)	272,658	1,113,156	(840,498)
	Authorised by Other Statutes						
	Western Australian Treasury Corporation Act 1986						
	– Capital	-	-	-	-	-	-
	Total Capital Contributions Authorised by Other Statutes	-	-	-	-	-	-
	Total Administered Capital Contributions	719,317	509,208	(210,109)	509,208	1,434,268	(925,060)
	TOTAL ADMINISTERED APPROPRIATIONS	2,386,934	2,481,522	94,588	2,481,522	2,822,799	(341,277)
	DETAILS OF SERVICE EXPENDITURE						
	Details of Expenditure by Services						
	Financial Management and Reporting	6,871	9,333	2,462	9,333	7,504	1,829
	Financing and Managing the State Fleet Service	79,838	82,334	2,496	82,334	-	82,334
	Development of Economic and Revenue Policies	8,522	10,816	2,294	10,816	7,535	3,281
	Management of the State Budget's Expenditure Aspects	10,347	14,916	4,569	14,916	9,873	5,043

		2009 Estimate	2009 Actual	Variation	2008–09 Actual	2007–08 Actual	Variation
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Revenue Assessment and Collection	39,649	42,447	2,798	42,447	39,891	2,556
	Grants and Subsidies Administration	2,846	4,405	1,559	4,405	2,805	1,600
	Facilitate the Development and Management of Agency Specific Contracts	18,998	18,432	(566)	18,432	15,206	3,226
	Development and Management of whole-of-government (WOG) Common Use Contract Arrangements	9,141	8,722	(419)	8,722	6,359	2,363
	Development and Management of WOG Procurement Systems and Standards	5,025	6,136	1,111	6,136	8,267	(2,131)
	Facilitate the Centre for Excellence and Innovation in Infrastructure Delivery (CEIID)	4,163	2,899	(1,264)	2,899	3,859	(960)
	Project Management, Coordination and Implementation of the WOG Shared Corporate Services Reform	15,366	14,215	(1,151)	14,215	4,210	10,005
	Provision of Financial, Human Resource and Online Services	58,055	58,384	328	58,383	47,076	11,307
	Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation	472,463	439,340	(33,123)	439,340	-	439,340
	Other	-	-	-	-	-	-
	Total Cost of Services	731,284	712,379	(18,905)	712,379	152,585	559,794
	Less Total Income	(569,683)	(543,385)	26,298	(543,385)	(13,580)	(529,805)
	Net Cost of Services	161,601	168,994	7,393	168,994	139,005	29,989
	Adjustments	704	7,252	(8,548)	7,252	(13,439)	20,691
	Total appropriations provided to deliver services	162,305	176,246	(4,279)	176,246	125,566	50,680
	Details of Capital Expenditure						
	Purchase of non-current physical assets	315,555	245,282	(70,273)	245,282	20,424	224,858
	Adjustments for other funding sources	(178,337)	(119,912)	58,425	(119,912)	(863)	(119,049)
	Capital Contribution (appropriation)	137,218	125,370	(11,848)	125,370	19,561	105,809
	DETAILS OF INCOME ESTIMATES						
	Sale of Goods and Services						
	Sale of Goods and Services	7,985	9,898	1,913	9,898	23,590	(13,692)
		7,985	9,898	1,913	9,898	23,590	(13,692)

		2009 Estimate	2009 Actual	Variation	2008–09 Actual	2007–08 Actual	Variation
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Taxation						
	Betting Tax	34,581	31,886	(2,695)	31,886	33,826	(1,940)
	Land Tax	561,500	566,926	5,426	566,926	419,581	147,345
	Metropolitan Region Improvement Tax	85,800	82,237	(3,563)	82,237	76,036	6,201
	Payroll Tax	2,126,500	2,241,433	114,933	2,241,433	1,935,930	305,503
	Transfer Duty	1,947,000	1,101,553	(845,447)	1,101,553	-	1,101,553
	Stamp Duty – Conveyancing and Transfers	-	-	-	-	2,264,723	(2,264,723)
	Stamp Duty – Motor Vehicles	-	-	-	-	392,799	(392,799)
	Stamp Duty – Share and Marketable Securities	-	869	869	869	6	863
	Landholder Duty	143,900	24,318	(119,582)	24,318	-	24,318
	Insurance Duty	388,000	376,543	(11,457)	376,543	342,474	34,069
	Vehicle License Duty	376,300	317,625	(58,675)	317,625	-	317,625
	Stamp Duty – Mortgages	9,700	4,409	(5,291)	4,409	108,344	(103,935)
	Stamp Duty – Rental Business	-	26	26	26	100	(74)
	Stamp Duty – Other	1,400	136	(1,264)	136	-	136
		5,674,681	4,747,961	(926,720)	4,747,961	5,573,819	(825,858)
	Commonwealth Grants						
	Goods and Services	3,956,800	3,529,322	(427,478)	3,529,322	3,984,030	(454,708)
	Compensation (Companies Regulation)	17,910	-	(17,910)	-	17,508	(17,508)
	Competition Reform Payment	-	-	-	-	3,967	(3,967)
	Local Government (Financial Assistance Grants)	128,290	131,822	3,532	131,822	122,016	9,806
	Local Government (Road Funding)	86,489	88,874	2,385	88,874	82,985	5,889
	Mirror Taxes	23,970	27,631	3,661	27,631	23,838	3,793
	Non-Government Schools	605,847	684,387	78,540	684,387	633,607	50,780
	Pensioner Concession Assistance	19,200	9,605	(9,595)	9,605	18,010	(8,405)
	Other ⁽¹⁾	690	1,054,163	1,053,473	1,054,163	157,976	896,187
		4,839,196	5,525,804	686,608	5,525,804	5,043,937	481,867

	2009 Estimate	2009 Actual	Variation	2008–09 Actual	2007–08 Actual	Variation
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Dividends and Taxes						
Government Enterprises - Dividends	476,349	466,114	(10,235)	466,114	512,388	(46,274)
Income Tax - Tax Equivalent Regime	323,068	347,121	24,053	347,121	357,786	(10,665)
Local Government Rates - Tax Equivalent Regime	13,044	10,350	(2,694)	10,350	8,107	2,243
	812,461	823,585	11,124	823,585	878,281	(54,696)
Other Revenue						
Consolidated Account Revenue Received from Agencies	5,204,899	5,285,403	80,504	5,285,403	4,201,911	1,083,492
Capital User Charge	-	-	-	-	-	-
Interest	196,887	281,942	85,055	281,942	303,470	(21,528)
Loan Guarantee Fees	20,422	22,925	2,503	22,925	16,036	6,889
Pension Recoups	12,248	15,502	3,254	15,502	15,214	288
Consolidated Account (Superannuation Reimbursement)	120,948	126,684	5,736	126,684	123,495	3,189
Other ⁽²⁾	27,962	66,710	38,748	66,710	71,801	(5,091)
	5,583,366	5,799,166	215,800	5,799,166	4,731,927	1,067,239
TOTAL INCOME ESTIMATES	16,917,689	16,906,414	(11,275)	16,906,414	16,251,554	654,860

⁽¹⁾ From January 2009, reflecting a national move to streamline the administration of grants, most Commonwealth funding is now received centrally by the DTF then on-passed to relevant agencies. Previously, these grants were disclosed in the financial statements of the individual agencies that received the Commonwealth funding

⁽²⁾ The 2008 Actual was reported as \$37.238 million. The amount should have been reported as \$71.801 million, taking account of movements in Doubtful Debts. This movement was reported as an expense of \$28.731 million in the Administered Expenses and Revenue in the 2007–08 Annual Report, but should have been reported as a revenue of \$34.563 million.

Notes to the financial statements

For the year ended 30 June 2009

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 efficient revenue laws administration, effective government procurement, efficient shared corporate services and value-for-money management and maintenance of Government buildings, properties and office accommodation.

The Department is predominantly funded by Parliamentary appropriation supplemented by fees and charges received for the provision of services to other agencies that are charged out on a full cost recovery basis. 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

General

The Department's financial statements for the year ended 30 June 2009 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 Australian Accounting Standards Board (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.

Early adoption of standards

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 2009.

3. Summary of significant accounting policies

a) General Statement

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

The *Financial Management Act 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 financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

b) Basis of Preparation

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

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 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, where applicable, in the relevant notes to the financial statements.

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 material adjustments to the carrying amounts of assets and liabilities within the next financial year are disclosed at note 5 'Key Sources of Estimation Uncertainty'.

Actual results may differ from these estimates.

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 expenses, revenues, assets and liabilities 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. See notes 45 and 46.

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

AASB Interpretation 1038 'Contributions by Owners Made to Wholly Owned Public Sector Entities' requires transfers, other than as a result of a restructure of administrative arrangement, in the nature of equity contributions to be designated by the Government (the owner) 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.

Effective 1 July 2008, the operations of the State Fleet were merged with the Department. Further, effective 1 February 2009 the Works functions of the former Department of Housing and Works were transferred to the Department. These operations represent non-discretionary and non-reciprocal transfers and have been designated as contributions by owners. See note 31 'Equity'.

e) Income

Revenue recognition - Controlled

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

Sale of Goods and Rendering of Services

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser and can be measured reliably and in relation to services it is recognised upon delivery of the service to the client or by reference to the stage of completion of the transaction.

Vehicle Fleet Lease Rentals

Rental revenue is recognised in accordance with lease agreements entered into with State Government agencies, statutory authorities and other State Government entities.

Vehicle Bailment Revenues

Revenue is recognised on receipt of sale proceeds of vehicles held under bailment rights.

Interest

Revenue is recognised as the interest accrues.

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.

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 for services under the control of the Department. In accordance with the determination specified in the 2008-2009 Budget Statements, the Department retained \$110.319 million in 2009 (\$13.580 million in 2008) from the following:

- proceeds from fees, charges and sale of goods;
- Commonwealth specific purpose grants and contributions;
- one-off gains with a value of less than \$10,000 derived from the sale of property other than real property;
- rental revenue recognised in accordance with lease agreements entered into with State Government agencies, statutory authorities and other State Government entities and vehicle bailment revenue held under bailment rights;
- provision of contract services and rental income sufficient to cover outgoings paid for government owned buildings; and
- interest and other departmental revenue.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Department obtains control over the assets comprising the contributions which is usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

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

Where contributions have been recognised as income during the reporting period that were provided specifically for the provision of goods and services over a future reporting period, the nature, amounts and the periods to which they relate must be disclosed.

Where contributions have been recognised as income in a previous reporting period that were obtained in respect of the current reporting period, the nature and amounts must be disclosed.

Gains

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

f) Borrowing Costs

Borrowing costs are expensed when incurred.

g) Property, Plant, Equipment, Infrastructure and Motor Vehicles

Capitalisation/Expensing of assets

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

Initial recognition and measurement

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

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

Subsequent measurement

After recognition as an asset, the Department uses the revaluation model for the measurement of land and buildings; and the cost model for all other property, plant and equipment. Land, buildings and infrastructure are carried at fair value less accumulated depreciation on buildings and infrastructure and accumulated impairment losses. All other items of property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Where market-based evidence is not available, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is dependent on using the depreciated replacement cost, the gross carrying amount and the accumulated depreciation are restated proportionately.

Independent valuations of land and buildings are provided annually by the Western Australian Land Information Authority (Valuation Services) and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

When building are revalued the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Fair value of infrastructure has been determined by reference to the depreciated replacement cost (existing use basis) as the assets are specialised and no market-based evidence of value is available. Land under infrastructure is included in land reported under property, plant and equipment. Independent valuations are obtained on an annual basis.

When infrastructure is revalued, the accumulated depreciation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful life. Professional judgment by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment and infrastructure, any revaluation reserve relating to that asset is retained in the asset revaluation reserve.

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

Depreciation

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

State Fleet motor vehicles are depreciated on a straight-line basis taking account of residual values and terms of the vehicle leases. Lease terms generally range from six months to five years.

Land is not depreciated. Depreciation on other assets is calculated on the straight line basis, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	10 to 40 years
Heritage assets	100 years
Plant and equipment	10 to 15 years
Office equipment	5 years
Software ^(a)	3 to 5 years
Motor vehicles	6 months to 5 years
Infrastructure	55 to 80 years

(a) Software that is integral to the operation of related hardware

h) Intangible Assets

Capitalisation/Expensing of 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. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

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

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the 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 to 5 years
Software ^(a)	3 to 5 years
Web site costs	3 to 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.

Licences

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

Computer software

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

Web site costs

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. Costs less than \$5,000 are expensed in the year of acquisition.

i) Impairment of Assets

Property, plant and equipment, infrastructure 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.

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

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

j) Leases

Finance lease rights and obligations are initially recognised at the commencement of the lease term as assets and liabilities equal in amount to the fair value of the leased item or, if lower, the present value of the minimum lease payments determined at the inception of the lease. The assets are disclosed as plant, equipment and vehicles under lease, and are depreciated over the period during which the Department is expected to benefit from their use. Minimum lease payment are apportioned between the finance charge and the reduction of the outstanding lease liability, according to the interest rate implicit in the lease.

The Department has entered into an operating lease arrangement for the rent of the office building where the lessor effectively retains the entire risks and benefits incidental to ownership of the items held under the operating lease.

Lease income from operating leases where the Department is a lessor is recognised as income on a straight-line basis over the lease term.

k) Financial Instruments

In addition to cash and cash equivalents, the Department has two categories of financial instrument:

- Loans and receivables; and
- Financial liabilities

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents;
- Restricted cash and cash equivalents;
- Receivables;
- Finance lease receivables; and
- Amounts receivable for services

Financial Liabilities

- Payables
- WATC borrowings
- Finance lease liabilities
- Amount due to the Treasurer

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

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

l) Cash and Cash Equivalents

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

m) 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 end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The department considers the carrying amount to be the net fair value.

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.

n) 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.

o) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being valued on the average cost basis.

Inventories not held for resale are valued at cost unless they are no longer required, in which case they are valued at net realisable value.

p) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Department will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 14 to 30 days.

q) 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. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

r) Provisions

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

(i) Provisions – Employee Benefits

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the 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's superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

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

A liability for long service leave is recognised after an employee has completed four years of service. An actuarial assessment of long service leave undertaken by PricewaterhouseCoopers Actuaries at 30 June 2009 determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

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.

Sick Leave

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

Past history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised in the Income Statement for this leave as it is taken.

Deferred Leave

The provision for deferred leave relates to Public Service employees who have entered into an agreement to self-fund an additional twelve months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. This liability is measured on the same basis as annual leave. Deferred leave is reported as a non-current provision until the fifth year.

Purchased Leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional

four weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the nominal amounts expected to be paid when the liabilities are settled. This liability is measured on the same basis as annual leave.

Superannuation

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

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined lump sum scheme also closed to new members. The Department has no liabilities for superannuation charges under the Pension or the GSS Schemes as the liability has been assumed by the Treasurer.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these Schemes are accumulation schemes. The Department makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

The GESB makes all benefit payments in respect of the Pension and GSS Schemes, and is recouped by the Treasurer for the employer's share.

(ii) Provisions - Other**Employment On-Costs**

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

Restoration Costs

A provision is recognised where the Department has a legal, equitable or constructive obligation to undertake restoration work. Estimates are based on the present value of the estimated cash outflows.

s) Amounts due to the Treasurer

The amount due to the Treasurer is in respect of a Treasurer's Advance. Initial recognition and measurement, and subsequent measurement is at the amount repayable. Although there is no interest charged the amount repayable is equivalent to fair value as the period of the borrowing is for less than 12 months with the effect of discounting not being material.

t) Borrowings

All loans payable are initially recognised at cost, being the fair value of the net proceeds, received. Subsequent measurement is at amortised cost using the effective interest rate method.

u) Superannuation Expense

The following elements are included in calculating the superannuation expense:

- (b) Defined benefit plans - Change in the unfunded employer's liability (i.e. current service cost and, actuarial gains and losses) 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 (GSS); and

- (c) Defined contribution plans – Employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).

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.

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

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.

The GSS Scheme is a defined benefit Scheme for the purposes of employees and whole-of-government reporting. However, apart from the transfer benefit, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguish the agency's obligations to the related superannuation liability.

v) Resources Received Free of Charge or for Nominal Cost

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

w) Construction Work in Progress

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billing exceeds the aggregate costs incurred plus profits less losses, the net amounts are presented under other payables.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the Department's construction activities in general.

x) Lease Incentives

In instances where the lessor has provided incentives for the Department to enter into an operating lease, the Department has recognised the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis. Examples of lease incentives include up-front cash payments or the reimbursement or assumption by the lessor of costs of the lease such as leasehold improvements.

y) Comparative Figures

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

z) Right to Receive

The asset recognised is the State Government's right to receive the Perth Convention and Exhibition Centre in 35 years from when construction was completed in 2003-04. This value has been determined by depreciating the construction costs at 2% per annum from completion date over 35 years, being the term of the lease.

4. 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.

The Key services of the Department for the year 2008-09 are:

Service 1: Financial Management and Reporting

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 and advice on interpretation and implementation of Accounting Standards.

Service 2: Financing and Managing the State Fleet Service

Financing and leasing of passenger and light commercial vehicles to State Government agencies and the management of Government vehicle fleet policy.

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.

Service 8: Development and Management of Whole-of-Government Common Use Contract Arrangements

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

Service 9: Development and Management of Whole-of-Government Procurement Systems and Standards

Delivers, maintains and deploys whole-of-government procurement systems, provides reporting and information services, manages standardised contract documentation and procurement education services that efficiently meet the business needs of Government agencies, manages risk and delivers value-for-money.

Service 10: Facilitate the Centre for Excellence and Innovation in Infrastructure Delivery

Provides strategic leadership and facilitation to CEIID to support it in its development of improved approaches to the delivery of infrastructure across Government. This includes the Gateway Review process.

Service 11: Project Management, Coordination and Implementation of the Whole-of-Government Shared Corporate Services Reform

The Department 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 Shared Service Centre.

Service 12: Provision of Financial, Human Resources Services and Online Services

The Department 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.

Service 13: Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation

Management services for the delivery of public buildings, infrastructure assets, government's office accommodation portfolio, projects and the ongoing management of government properties. Includes policy development and advice to Government in relation to its building and construction activities.

5. Key sources of estimation uncertainty

An environmental analysis to provide a quantifiable estimate of the amount required to rehabilitate the Mt Walton intractable waste disposal site was obtained for the 2007–08 financial year. Calculations performed in assessing the restoration costs provision incorporate a number of key estimates. The calculation of the provision will be conducted annually and adjusted using the most up to date information available.

Other key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date do not have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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 2008 that impacted on the Department.

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

- AASB 1004 'Contributions';
- AASB 1050 'Administered Items';
- AASB 1051 'Land Under Roads';
- AASB 1052 'Disaggregated Disclosures';
- AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27,29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137];

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

The 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

1048	Interpretation and Application of Standards' (issued September 2008)
1049	Whole of Government and General Government Sector Financial Reporting (revised October 2007)

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 1-8
2008-10	Amendments to Australian Accounting Standards - Reclassification of Financial Assets [AASB 7 & AASB139]
2008-12	Amendments to Australian Accounting Standards – Reclassification of Financial Assets – Effective Date and Transition [AASB 7, AASB 139& AASB 2008-10]
Interpretation 4	Determining whether an Arrangement contains a Lease' (revised February 2007)
Interpretation 12	Service Concession Arrangements
Interpretation 13	Customer Loyalty Programmes
Interpretation 14	AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Interpretation 129	Service Concession Arrangements: Disclosures

Voluntary changes in Accounting Policy

There are no voluntary changes in Accounting Policies during the year.

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 Pronouncements'. Consequently, the Department has not applied early the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued and which may impact the Department but are not yet effective. Where applicable, the Department plans to apply these standards and Interpretations from their application date:

Title**Operative for reporting
periods beginning on/after**

AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Department does not expect any financial impact when the Standard is first applied.

1 January 2009

AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 - Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]. This standard amends AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and classification of Crown land held by the Department where the crown land is to be sold by the Department for Planning and Infrastructure. The Department does not expect any financial impact when the Standard is first applied prospectively.

1 July 2009

The Department considers the following Australian Accounting Standards and Interpretations as either not being applicable to the Department or adoption of them in future periods will have no impact on the Department or do not apply to not-for-profit entities.

Title**Operative for reporting
periods beginning on/after**

AASB 3 'Business Combinations' (March 2008)

1 July 2009

AASB 8 'Operating Segments'

1 January 2009

AASB 127 'Consolidated and Separate Financial Statements' (March 2008)

1 July 2009

AASB 1039 'Concise Financial Reports'

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 134, AASB 136, AASB 1023 & AASB 1038]'

1 January 2009

AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]'

1 January 2009

AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101'

1 January 2009

AASB 2007-10 'Further Amendments to Australian Accounting Standards arising from AASB 101'

1 January 2009

AASB 2008-1 'Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations' [AASB 2]

AASB 2008-2 'Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligation arising on Liquidation [AASB 7, AASB 101, AASB 132, AASB 139 & Interpretation 2]'

1 January 2009

Title

Operative for reporting periods beginning on/after

1 July 2009

AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASB 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138, 139 and Interpretations 9 & 107]'

AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 140, 141, 1023 & 1038]'

AASB 2008-6 ' Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 & AASB 5]'

AASB 2008-7 'Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136]'

AASB 2008-8 'Amendments to Australian Accounting Standards - Eligible Hedged Items [AASB 139]'

AASB 2008-9 'Amendments to AASB 1049 for Consistency with AASB 101'

AASB 2008-11 'Amendments to Australian Accounting Standard - Business Combinations among Not-for-Profit Entities [AASB 3]'

Interpretation 15 'Agreements for the Construction of Real Estate'

Interpretation 16 'Hedges of a Net Investment in a Foreign Operation'

Interpretation 17 'Distributions of Non-cash Assets to Owners'

Changes in Accounting Estimates

There have been no changes in accounting estimates during the year.

	2009 \$'000	2008 \$'000
7. Employee benefits expense		
Wages and salaries ^(a)	86,815	65,344
Superannuation – defined contribution plans ^(b)	9,230	6,949
Superannuation – defined benefit plans ^(c)	18	-
Long service leave ^(d)	6,578	1,259
Annual leave ^(d)	10,768	6,721
Other related expenses	2,374	1,978
	<u>115,782</u>	<u>82,251</u>

^(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.

^(b) Defined contribution plans include West State, Gold State, GESBS and GESB Super Scheme (contributions paid).

^(c) Defined benefit plans include Pension scheme and Gold State (pre-transfer benefit).

^(d) Includes a superannuation contribution component.

8. Supplies and services

Managed contracts	418,986	-
Government leasing expense	7	-
Motor vehicles	317	-
Communications	2,833	1,887
Consultants and contractors	50,828	39,610
Consumables	1,590	1,287
Repairs and maintenance	575	399
Travel	547	605
Legal costs	2,863	688
Other	6,066	5,618
	<u>484,612</u>	<u>50,094</u>

Supplies and services include amounts supplied free of charge as set out in Note 16.

9. Depreciation and amortisation expense

Depreciation

Buildings	2,311	-
Leasehold improvements	1,054	-
Motor vehicles	64,713	-
Furniture and equipment	152	152
Computer equipment	703	869
Office fit out	249	186
Total depreciation	<u>69,181</u>	<u>1,207</u>

Amortisation

Computing software	8,953	6,117
Intangibles - computer systems development	1,604	1,604
Total amortisation	<u>10,556</u>	<u>7,721</u>
Total depreciation and amortisation	<u>79,738</u>	<u>8,928</u>

10. Finance costs

Finance lease finance charges	<u>15,594</u>	<u>-</u>
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11. Accommodation expenses

Lease rentals	11,673	8,329
Repairs and maintenance of buildings	2,751	1,693
Cleaning and security	159	149
	<u>14,582</u>	<u>10,171</u>

12. Grants and subsidies

Grants - recurrent	677	64
Grants - capital	-	-
	<u>677</u>	<u>64</u>

	2009 \$'000	2008 \$'000
13. Other expenses		
Minor purchases	765	982
Employment on-costs ^(a)	468	-
Audit costs	-	-
Other expenses	84	74
Cost of goods sold	74	-
	<u>1,392</u>	<u>1,056</u>

^(a) Includes workers compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 29 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

14. User charges and fees

Fees for managed building works	11,937	-
Miscellaneous services	1,687	-
Rents for Government office accommodation	71,040	-
Managed building works ^(a)	347,836	-
Vehicle fleet lease rental	92,549	-
Other	12,450	7,939
	<u>537,500</u>	<u>7,939</u>

^(a) See note 19 'Receivables' and note 30 'Other Liabilities'

Commonwealth grants and contributions

Commonwealth grants and contributions	346	3
	<u>346</u>	<u>3</u>

Interest revenue

Interest revenue	565	-
	<u>565</u>	<u>-</u>

Other revenue

Other revenue	4,241	5,638
	<u>4,241</u>	<u>5,638</u>
	<u>542,652</u>	<u>13,580</u>

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

Costs of Disposal of Non-Current Assets

Bailment rights	-	-
Motor vehicles	80,763	-
Computers	-	-

Proceeds from Disposal of Non-Current Assets

Bailment vehicles	-	-
Motor vehicles	81,496	-
Computers	-	-
Net gain/(loss)	<u>733</u>	<u>(21)</u>

	2009 \$'000	2008 \$'000
16. Income from State Government		
Appropriation revenue received during the year:		
Service appropriations ^(a)	168,584	125,566
	<u>168,584</u>	<u>125,566</u>
Resources received free of charge ^(b)		
Determined on the basis of the following information provided by:	12,417	11,046
Department of Education and Training	-	-
State Solicitor's Office	1,455	1,193
Landgate	9,890	9,853
Department of the Attorney General	82	-
Department of Premier and Cabinet	484	-
South Australian Government	506	-
	<u>12,417</u>	<u>11,046</u>
	<u>181,001</u>	<u>136,612</u>

^(a) 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) 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.

17. Cash and cash equivalents

Cash at bank	104,912	9,144
Cash on hand	6	6
	<u>104,918</u>	<u>9,150</u>

18. Restricted cash and cash equivalents

Current

Fit out contribution ^(a)	10,424	-
	<u>10,424</u>	<u>-</u>

Non Current

Accrued salaries suspense account ^(b)	1,273	892
	<u>1,273</u>	<u>892</u>
	<u>116,615</u>	<u>10,042</u>

^(a) Building owners contribution received to fund fitout works for re-location of government agencies.

^(b) Amount held in suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

19. Receivables

Current

Receivables	81,137	4,181
Accrued revenue	19,872	-
GST receivable	3,119	1,508
Interest Receivable	130	-
Trust account ^(a)	7,804	-
	<u>112,063</u>	<u>5,689</u>

Construction work in progress: ^(b)

Contract costs incurred and recognised profits less recognised losses	436,475	-
Progress billing	(407,992)	-
Total construction work in progress	<u>28,483</u>	<u>-</u>

Total current

	<u>140,546</u>	<u>5,689</u>
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	2009 \$'000	2008 \$'000
Credit Risk		
Aging of receivables past due but not impaired based on the information provided to senior management, at the balance sheet date:	-	-
More than 15 days but less than 30 days	21,534	-
More than 30 days but less than 60 days	6,296	-
More than 60 days	10,164	-
	<u>37,994</u>	<u>-</u>

^(a) This is the amount held in trust by the Department's corporate property manager for management of rental services and also the Department's management company for the Fremantle Prison Café.

^(b) Construction work in progress has arisen under construction contracts.

20. Finance lease receivables

The Department leases vehicles to Western Australian State Government Agencies and entities. The majority of leases are operating leases, the balance are finance leases.

At balance date, the term of existing finance lease contracts varies between four and five years. A contract is subject to a fixed market rate of interest set at the time the contract is established. All contracts contain a renewal option and are secured by the underlying vehicle. Residual values are guaranteed by the relevant contracting agency or the entity.

Gross investment in finance lease contracts	4,489	-
Less: Unearned finance income	(333)	-
Net investment in finance lease contracts	<u>4,156</u>	
Less: Unguaranteed residual values of the finance leases at the balance date	<u>-</u>	<u>-</u>
Present value of the future minimum lease payment receivables	<u>-</u>	<u>-</u>
Accumulated allowances for unallocated minimum lease payment receivables	<u>-</u>	<u>-</u>

As at balance date, the gross investment and present value of receivables relating to the minimum lease payments under non-cancellable finance lease arrangements were distributed as follows:

Not later than one year	259	-
Later than one year and not later than 5 years	897	-
Later than 5 years	3,000	-
	<u>4,156</u>	<u>-</u>

2009 \$'000	2008 \$'000
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Present Value of Receivables Relating to Future Minimum Lease Payments

259	-
897	-
3,000	-
<u>4,156</u>	<u>-</u>

21. Inventories

Inventories held for resale

91	-
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22. Amounts receivable for services

Current	6,239	6,291
Non-current	68,325	25,480
Total amounts receivable for services	<u>74,564</u>	<u>31,771</u>

23. Other current assets

Prepayments	15,408	2,468
Others	-	-
Total current	<u>15,408</u>	<u>2,468</u>

Financial statements

	2009 \$'000	2008 \$'000
24. Property, plant, equipment and vehicles		
<u>Land</u>		
At fair value(a)	238,282	-
	<u>238,282</u>	
<u>Buildings</u>		
At fair value(a)	248,191	-
	<u>248,191</u>	
 Total land and buildings	 <u>486,473</u>	
(a) Land and buildings were revalued as at 1 July 2008 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2009 and recognised at 30 June 2009. In undertaking the revaluation, fair value was determined by reference to market values.		
<u>Building improvements in progress</u>		
At cost	153,717	-
	<u>153,717</u>	
<u>Leasehold improvements</u>		
At cost	21,933	-
Accumulated depreciation	(1,054)	-
	<u>20,879</u>	-
<u>Furniture and equipment</u>		
At cost	700	650
Accumulated depreciation	(407)	(330)
	<u>293</u>	<u>320</u>

Computer equipment

At cost	6,195	5,747
Accumulated depreciation	(5,213)	(4,750)
	<u>982</u>	<u>997</u>

Office fit out

At cost	5,538	5,310
Accumulated amortisation	(3,860)	(3,572)
	<u>1,678</u>	<u>1,738</u>

Motor Vehicles

At cost	382,016	-
Accumulated depreciation	(84,073)	-
	<u>297,943</u>	-

Work in progress

	<u>1,723</u>	<u>1,374</u>
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Total

At cost	1,058,295	13,081
Accumulated depreciation	(94,607)	(8,652)
	<u>963,688</u>	<u>4,429</u>

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the reporting period are set out below.

	2009 \$'000	2008 \$'000
<u>Land and buildings</u>		
At Fair Value		
Carrying amount at the start of the year	-	-
Assets transferred in	483,499	-
Additions	2,974	-
Disposals	-	-
Revaluation increments/(decrements)	2,311	-
Depreciation/Amortisation expense	(2,311)	-
Carrying amount at the end of the year	<u>486,473</u>	<u>-</u>

<u>Building improvements in progress</u>		
At Fair Value		
Carrying amount at the start of the year	-	-
Assets transferred in	124,645	-
Additions	29,072	-
Category reclassification	-	-
Disposals	-	-
Depreciation expense	-	-
Carrying amount at the end of the year	<u>153,717</u>	<u>-</u>

<u>Leasehold improvements</u>		
At Fair Value		
Carrying amount at the start of the year	-	-
Assets transferred in	27,658	-
Additions	(5,725)	-
Depreciation expense	(1,054)	-
Carrying amount at the end of the year	<u>20,879</u>	<u>-</u>

<u>Furniture and equipment</u>		
At Cost		
Carrying amount at the start of the year	320	459
Assets transferred in	15	-
Additions	72	161
Category reclassification	-	(115)
Disposals	-	(91)
Depreciation expense	(114)	(94)
Carrying amount at the end of the year	<u>293</u>	<u>320</u>

<u>Computer equipment</u>		
At Cost		
Carrying amount at the start of the year	997	2,234
Assets transferred in	9	-
Additions	679	575
Category reclassification	-	45
Disposals	-	(1,052)
Depreciation expense	(703)	(805)
Carrying amount at the end of the year	<u>982</u>	<u>997</u>

<u>Office fit out</u>		
At Cost		
Carrying amount at the start of the year	1,738	1,868
Additions	228	60
Category reclassification	-	70
Disposals	-	(16)
Depreciation expense	(288)	(244)
Carrying amount at the end of the year	<u>1,678</u>	<u>1,738</u>

Financial statements

	2009 \$'000	2008 \$'000
<u>Motor vehicles</u>		
At Cost		
Carrying amount at the start of the year	-	-
Assets transferred in	272,064	-
Additions	169,125	-
Disposals	(78,533)	-
Depreciation expense	(64,713)	-
Carrying amount at the end of the year	297,943	-
<u>Work in progress</u>		
At Cost		
Carrying amount at the start of the year	1,374	119
Additions	349	1,255
Transfers to assets	-	-
Carrying amount at the end of the year	1,723	1,374
Total carrying amount at the start of the year	4,429	4,680
Assets transferred in	907,890	-
Additions	196,774	2,051
Disposals	(78,533)	(1,159)
Revaluation increments/(decrements)	2,311	-
Transfer to assets	-	-
Depreciation expense	(69,183)	(1,143)
Carrying amount at the end of the year	963,688	4,429

25.IntangiblesComputer systems development

At cost	15,550	15,550
Accumulated amortisation	(4,420)	(2,816)
	11,130	12,734

Computer software

At cost	100,354	71,637
Accumulated amortisation	(30,128)	(20,371)
	70,226	51,266

Work in progress

	38,558	19,620
Total		
At cost	154,462	106,806
Accumulated depreciation	(34,548)	(23,188)
	119,914	83,618

Reconciliations of the carrying amount of intangible assets is set out below:

Computer systems development

Carrying amount at the start of the year	12,734	14,479
Additions	-	-
Category reclassification	-	(141)
Amortisation	(1,604)	(1,604)
Carrying amount at the end of the year	11,130	12,734

	2009 \$'000	2008 \$'000
<u>Computer software</u>		
Carrying amount at the start of the year	51,266	56,856
Assets transferred in	804	-
Category reclassification	-	455
Additions	27,913	141
Disposal	-	(5)
Amortisation	(9,757)	(6,181)
Carrying amount at the end of the year	70,226	51,266
<u>Work in progress</u>		
Carrying amount at the start of the year	19,620	555
Additions	46,851	19,236
Transfers to computer software	(27,913)	(171)
Carrying amount at the end of the year	38,558	19,620
<u>Total intangibles</u>		
Carrying amount at the start of the year	83,620	71,890
Assets transferred in	804	-
Additions	74,764	19,691
Disposal	-	(5)
Amortisation	(10,557)	(7,785)
Transfer to computer software	(28,717)	(171)
Carrying amount at the end of the year	119,914	83,620

26. Impairment of Assets

There were no indications of impairment of plant and equipment, motor vehicles or intangible assets at 30 June 2009.

The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period.

All surplus assets at 30 June 2009 have either been classified as assets held for sale or written-off.

27. Payables

	2009 \$'000	2008 \$'000
Current		
Trade payables	3,563	1,842
GST payable	2,036	340
Accrued salaries	1,370	482
Accrued expenses	36,609	5,700
Interest - Western Australia Treasury Corporation	654	-
Other payables	893	157
Total current	45,125	8,521

28. Borrowings

Current		
Western Australia Treasury Corporation	83,222	-
Non-current		
Western Australia Treasury Corporation	157,414	-
Total borrowings	240,636	-

29. Provisions

Current		
Employee benefits provision		
Annual leave ^(a)	11,891	6,845
Long service leave ^(b)	13,513	8,834
Other	-	360
	25,404	16,039

	2009 \$'000	2008 \$'000
Other		
Microsoft Service Provision		-
Employment on-costs ^(c)	2,862	1,339
	<u>2,862</u>	<u>1,339</u>
Total current	<u>28,266</u>	<u>17,378</u>
Non-current		
Employee benefits provision		
Long service leave	8,589	4,932
	<u>8,589</u>	<u>4,932</u>
Other provisions		
Employment on-costs ^(c)	766	356
Restoration costs ^(d)	474	-
	<u>1,240</u>	<u>356</u>
Total non-current	<u>9,829</u>	<u>5,288</u>
	<u>38,095</u>	<u>22,666</u>

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

Annual leave

Within 12 months of balance sheet date	7,712	3,827
More than 12 months after balance sheet date	4,179	3,018
	<u>11,891</u>	<u>6,845</u>

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

Long service leave

Within 12 months of balance sheet date	10,415	6,570
More than 12 months after balance sheet date	11,687	7,195
	<u>22,102</u>	<u>13,765</u>

^(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 13 'Other Expenses'.

^(d) The Department acquired an intractable waste facility at Mt Walton in April 2005. The facility was transferred from the Department of Environment to resolve a conflict of interest. The Department has a legal obligation to restore the site.

Movements in Other Provisions

Microsoft Service Provision restoration costs provision

Carrying amount at the start of year	-	1,859
Additional provisions recognised	-	-
Payments/other sacrifices of economic benefits	-	(1,859)
Unwinding of discount		
Carrying amount at the end of year	<u>-</u>	<u>-</u>

Restoration costs provision

Carrying amount at the start of year	-	-
Provisions transferred in	457	-
Additional provisions recognised	17	-
Payments/other sacrifices of economic benefits	-	-
Unwinding of discount	-	-
Carrying amount at the end of year	<u>474</u>	<u>-</u>

Employment on-cost provision - Current

Carrying amount at the start of year	1,339	1,898
Provisions transferred in	670	-
Additional provisions recognised	873	-
Payments/other sacrifices of economic benefits	(20)	(559)
Unwinding of discount	-	-
Carrying amount at the end of year	<u>2,862</u>	<u>1,339</u>

	2009 \$'000	2008 \$'000
<u>Employment on-cost provision - Non-current</u>		
Carrying amount at the start of year	356	416
Provisions transferred in	205	-
Additional provisions recognised	217	-
Payments/other sacrifices of economic benefits	(12)	(60)
Unwinding of discount	-	-
Carrying amount at the end of year	<u>766</u>	<u>356</u>
	<u>4,102</u>	<u>1,695</u>

30. Other liabilities

Invoices raised for services to be completed next financial year	1,508	-
Prepayments for construction work in progress ^(a)	-	-
Progress billing	1,439,194	-
Correction of prior period error	-	-
Restated balance of progress billing	<u>1,439,194</u>	<u>-</u>
Contract costs incurred and recognised profits less recognised losses	(1,347,890)	-
Correction of prior period error	-	-
Restated Balance of contract costs incurred and recognised profits less recognised losses	<u>(1,347,890)</u>	<u>-</u>
Total Prepayments for Construction work in progress	<u>91,304</u>	<u>-</u>
Total Other liabilities	<u>92,812</u>	<u>-</u>

^(a) See note 14 'User charges and fees' and note 19 'Receivables'.

31. Equity

Equity represents the residual interest in the net assets of the Department. The Government holds the equity interest in the Department on behalf of the community. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets.

Contributed equity

Balance at the start of the year	124,567	107,768
Contribution by owners	-	-
Capital contribution	125,370	19,561
Transfer of net assets from Department of Housing and Works (Building Management and Works division)	692,172	-
Transfer of net assets from State Supply Commission (State Fleet division)	45,737	-
Grant payment to DET	-	(2,762)
Balance at the end of the year	<u>987,846</u>	<u>124,567</u>

Reserves

Asset revaluation reserve:

Balance at the start of the year	-	-
Net revaluation increments/(decrements)	2,310	-
Balance at the end of the year	<u>2,310</u>	<u>-</u>

Accumulated surplus/ (deficit)

Balance at the start of the year	(17,737)	(14,181)
Change in accounting policy	-	(1,163)
Restated balance at start of period	<u>(17,737)</u>	<u>(15,344)</u>

Result for the period	12,008	(2,393)
Balance at the end of the year	<u>(5,729)</u>	<u>(17,737)</u>
	<u>984,427</u>	<u>106,830</u>

Net assets transferred from Department of Housing and Works (Building Management and Works)

	2009 \$'000	2008 \$'000
Cash and Cash equivalents	54,294	-
Receivables	146,272	-
Other current assets	138	-
Property, plant and equipment	635,826	-
Receivables for services	24,929	-
Payables	(24,090)	-
Provisions	(6,295)	-
Lease incentives	(35,475)	-
Other liabilities	(103,427)	-
Net assets transferred from Housing and Works	<u>692,172</u>	-

Net assets transferred from State Supply Commission (State Fleet)

Cash and Cash equivalents	9,096	-
Receivables	190	-
Finance Lease Receivables	731	-
Motor vehicles	272,064	-
Receivables for services	4,682	-
Payables	(18,140)	-
Borrowings	(222,886)	-
Net assets transferred from State Fleet	<u>45,737</u>	-

On the 1 February 2009 the building management function of the Department of Housing and Works was transferred to DTF.

In accordance with AASB 1004.57, the following table summarises the activities of the Building Management and Works division for the 2008–09 financial year:

	July 2008 to Jan 2009 Department of Housing and Works \$'000	Feb 2009 to June 2009 Department of Treasury and Finance \$'000	Total Building Management and Works division \$'000
Expenses	621,557	444,260	1,065,817
Revenue	607,733	437,253	1,044,986
Net Cost of Service ^(a)	(13,824)	(7,007)	(20,831)

^(a) Income from State Government not included.

32. 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

	2009 \$'000	2008 \$'000
Cash assets	<u>115,342</u>	<u>9,150</u>
Restricted cash		
Restricted cash assets - 27th Pay	<u>1,273</u>	<u>892</u>
	<u>1,273</u>	<u>-</u>
Cash and cash equivalents	<u><u>116,615</u></u>	<u><u>10,042</u></u>

	2009 \$'000	2008 \$'000
b. Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services	(168,992)	(139,005)
Non-cash items		
Depreciation and amortisation expense	79,738	8,928
Resources received free of charge	12,417	11,046
Non operating accruals	-	7,293
Revenue received in advance	-	-
Net (gain)/loss on disposal of non-current assets	(733)	21
Transfer of non-current assets	-	-
Doubtful debts expense	-	-
(Increase)/decrease in assets:		
Current		
Current receivables	5,973	(6,649)
Other current assets	(2,086)	(1,259)
Non-current		
Non-current receivables	-	-
Increase/(decrease) in liabilities:		
Current		
Employee benefits	-	-
Current payables	(2,248)	(467)
Accrued salaries	628	(524)
Unearned revenues	(5,368)	-
Other current liabilities	(13,212)	-
Provisions	374	-
Net GST receipts/(payments)	(2,971)	294
Change in GST in receipts/(payments)	-	-

Non-current

Employee benefits	12,101	-
Other non-current liabilities	(298)	-
Net cash (used in)/ from operating activities	(84,678)	(120,322)

33. Resources provided free of charge

The following resources were provided to other agencies free of charge:

Department of Education and Training	1,962	1,749
Department of Health	2,228	1,566
Western Australian Police Force	637	618
Western Australian Tourism Commission	97	105
Department of Fisheries	63	69
Department of Agriculture and Food	149	145
Department of Attorney General	247	236
Disability Services Commission	223	236
Department of Culture and the Arts	86	93
Department of Planning and Infrastructure	348	293
Department of Water	149	-
Landgate	281	305
Department of Premier and Cabinet	149	69
Department of Consumer and Employment Protection	-	93
Department of Commerce	149	-
Department of Industry and Resources	-	346
Department of Mines and Petroleum	223	-
Department of Corrective Services	223	236
Department of Environment and Conservation	160	249
Department for Child Protection	223	236
	7,597	6,644

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34. Commitments for expenditure**a) Lease commitments**

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities are payable:

	2009 \$'000	2008 \$'000
Within one year	94,265	12,967
Later than one year and not later than five years	249,924	57,207
Payable later than five years	132,888	43,173
	<u>477,077</u>	<u>113,347</u>

Representing:

Cancellable operating leases	249	-
Non-cancellable operating leases ^(b)	477,077	113,347
	<u>477,326</u>	<u>113,347</u>

b) Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Within one year	95,934	-
Later than one year and not later than five years	203,574	-
Payable later than five years	132,888	-
	<u>432,396</u>	<u>-</u>

c) Capital expenditure commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

Within 1 year	5,927	95,996
Later than 1 year and not later than 5 years	-	143,871
Payable later than five years	-	-

	<u>5,927</u>	<u>239,867</u>
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The capital commitments include amounts for:

Construction contracts	<u>5,927</u>	<u>239,867</u>
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35. Contingent liabilities and contingent assets**Contingent liabilities**

Under the *Contaminated Sites Act 2003*, the Department is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated - remediation required or possibly contaminated - investigation required, the Department may have a liability in respect of investigation or remediation expenses.

During 2006-07 financial year the Department reported one contaminated site to DEC. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of this site, the Department may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

See also note 3(s)(ii) 'Provisions - Other' and note 29 'Provisions'.

Contingent assets

The Department does not have any contingent assets.

36. Affiliated bodies

The Department has no affiliated bodies.

37.Events occurring after reporting date

The Department is unaware of any event occurring after reporting date that would materially affect the financial statements.

38.Remuneration of Auditor

Remuneration payable to the Auditor General, in relation to auditing the accounts, financial statements and performance indicators, for the financial year is as follows:

	2009 \$'000	2008 \$'000
Department of Treasury and Finance	462	400
Annual Report on State Finances	320	230
	<u>782</u>	<u>630</u>

39.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:

20,001 - 30,000	1	-
50,001 - 60,000	-	1
120,001 - 130,000	-	1
130,001 - 140,000	1	-
140,001 - 150,000	1	-
150,001 - 160,000	1	-
170,001 - 180,000	1	-
180,001 - 190,000	1	-
200,001 - 210,000	-	1
210,001 - 220,000	1	1
220,001 - 230,000	1	3
280,001 - 290,000	1	-
410,001 - 420,000	-	1
480,001 - 490,000	1	-
Total remuneration of senior officers is (\$000's):	<u>2,037</u>	<u>1,689</u>

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.

40.Financial instruments

(a) Financial instrument risk management objectives and policies

Financial instruments held by the Department are cash and cash equivalents, restricted cash and cash equivalents, finance leases, 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

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

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at note 40(c) 'Financial instruments disclosures' and note 19 'Receivables'.

Credit risk associated with the Department's financial assets is minimal because the main receivables are amounts receivable from Government agencies and amounts receivable for services (holding account). For receivables other than government, 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. At the balance sheet date there were no significant concentrations of credit risk.

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Liquidity risk

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

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

The Department has a facility agreement in place with the Western Australian Treasury Corporation (WATC) to borrow up to \$250 million to meet State Fleet contractual requirements, purchase vehicles and provide working capital. As at 30 June 2009 \$240.636 million was drawn against the facility.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Department's income or the value of its holdings of financial instruments. The Department does not trade in foreign currency and is not materially exposed to other price risks. The Department's exposure to market risk for changes in interest rates related primarily to the long-term debt obligations for State Fleet operations. The Department's borrowings are all obtained through the WATC and are at fixed rates and varying maturities. The risk is managed by WATC through portfolio diversification and variation in maturity dates. Other than as detailed in the interest rate sensitivity analysis table at note 40(c), the Department is not exposed to interest rate risk because apart from minor amounts of restricted cash, all other cash and cash equivalents and restricted cash are non-interest bearing, and have no borrowings other than WATC, the Treasurer's advance (non-interest bearing) and finance leases (fixed interest rate).

(b) Categories of Financial Instruments

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

Financial Assets

	2009 \$'000	2008 \$'000
Cash and cash equivalents	104,918	9,150
Restricted cash and cash equivalents	11,697	892
Receivables ^(a)	81,137	4,181
Finance Lease Receivables	4,156	-
Amounts receivable for services	74,564	31,771
	<u>276,472</u>	<u>45,994</u>

Financial Liabilities

Payables ^(b)	3,563	1,999
WATC borrowings	240,636	-
Prepayments - construction projects in progress	92,812	-
Other payables	892	-
	<u>337,903</u>	<u>1,999</u>

^(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivables), accrued revenue and other assets.

^(b) The amount of payables excludes GST payable to the ATO, accrued salaries and accrued expenses.

(c) Financial instrument disclosures*Credit risk and interest rate risk*

The following tables disclose the Department's maximum exposure to credit risk, interest rate exposures and the ageing of financial assets. The Department's maximum exposure to credit risk at balance sheet date is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired financial assets. The table is based on information provided to senior management of the Department.

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

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

Interest rate exposures and ageing analysis of financial assets

	Interest rate exposure				Past due		
	Weighted Average Effective Interest Rate	Carrying Amount	Variable Interest Rate	Non-Interest Bearing	Up to 3 months	3-12 months	1-2 years
<u>Financial Assets</u>							
2009							
Cash and cash equivalents	-	104,918	-	104,918	-	-	-
Restricted cash and cash equivalents	-	11,697	-	11,697	-	-	-
Receivables ^(a)	-	81,137	-	81,137	34,433	412	153
Finance Lease Receivables	6.16%	4,156	4,156	-	-	-	-
Amounts receivable for services	-	74,564	-	74,564	-	-	-
	-	276,472	4,156	272,316	34,433	412	153
2008							
Cash and cash equivalents	-	9,150	-	9,150	-	-	-
Restricted cash and cash equivalents	-	892	-	892	-	-	-
Receivables(a)	-	4,181	-	4,181	-	-	-
Loans and advances	-	-	-	-	-	-	-
Amounts receivable for services	-	31,771	-	31,771	-	-	-
	-	45,994	-	45,994	-	-	-

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable), accrued revenue and other assets.

Liquidity risk

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

Interest rate exposures and maturity analysis of financial liabilities

	<u>Interest rate exposure</u>				<u>Maturity dates</u>		
	Weighted Average Effective Interest Rate	Carrying Amount	Variable Interest Rate	Non-Interest Bearing	Up to 3 months	1-2 years	
<u>Financial Liabilities</u>							
2009							
Payables ^(b)	-	3,563	-	3,563	3,563	-	-
WATC borrowings	5.9207%	240,636	240,636	-	-	-	-
Prepayments – construction projects in progress	-	92,812	-	92,812	92,812	-	-
Other payables	-	892	-	892	-	-	-
	-	337,903	240,636	97,267	96,375	-	90,294
2008							
Payables	-	1,999	-	1,999	-	-	-
Other payables and borrowings	-	-	-	-	-	-	-
Finance lease liabilities	-	-	-	-	-	-	-
Amounts due to the Treasurer	-	-	-	-	-	-	-
	-	1,999	-	1,999	-	-	-

^(b) The amount of payables excludes GST payable to the ATO, accrued salaries and accrued expenses.

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities

Interest rate sensitivity analysis

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

2009		-1% change	+1% change		
	Carrying amount \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<u>Financial Assets</u>					
Cash and cash equivalents	104,918	(1,049)	(1,049)	1,049	1,049
Restricted cash and cash equivalents	11,697	(117)	(117)	117	117
Receivables	81,137	(811)	(811)	811	811
Finance Lease Receivables	4,156	(42)	(42)	42	42
Amounts receivable for services	74,564	(746)	(746)	746	746
<u>Financial Liabilities</u>					
Payables	3,563	(36)	(36)	36	36
WATC borrowings	240,636	(2,406)	(2,406)	2,406	2,406
Prepayments - construction projects in progress	92,812	(928)	(928)	928	928
Other payables	892	(9)	(9)	9	9
Total Increase/(Decrease)	(61,430)	614	614	(614)	(614)
2008		-1% change	+1% change		
	Carrying amount \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<u>Financial Assets</u>					
Cash and cash equivalents	9,150	(92)	(92)	92	92
Restricted cash and cash equivalents	892	(9)	(9)	9	9
Receivables	4,181	(42)	(42)	42	42
Amounts receivable for services	31,771	(318)	(318)	318	318
<u>Financial Liabilities</u>					
Payables	1,999	(20)	(20)	20	20
Total Increase/(Decrease)	43,995	(440)	(440)	440	440

41.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

	2009 Estimate \$'000	2009 Actual \$'000	Variation \$'000
Total appropriations provided to deliver services			
(1) Appropriations provided to deliver services	149,097	153,471	4,374
(2) Section 25 Transfer to DOIR for the transfer of a procurement officer		(44)	
(3) Section 25 Transfer from Department of Housing and Works		14,273	
(4) Section 25 Transfer in relation to Pilbara Housing Study		(150)	
(5) Section 25 Transfer in from Department of Health		641	
(6) Section 25 Transfer in DOC in relation to procurement services		63	
(7) Section 25 Transfer in relation to State Supply Commission		256	
(8) Section 25 Transfer in relation to procurement from Police		74	
		<u>168,584</u>	

The key variations from budget include additional funding of \$2.857 million to meet the 2008 wages outcomes, supplementary funding of \$3.163 million to meet legal costs (\$2.363 million) for appeals to duty assessments and the cost associated with the economic audit review election commitment (\$0.8 million) and offset by funding reductions of \$2.585 million to meet government savings initiatives.

Capital contribution	51,804	125,370	73,566
The increase in capital contribution mainly reflects the transfer of the capital program from the Department of Housing and Works.			
(1) Financial Management and Reporting	6,871	9,333	2,462
The increased costs in this service mainly reflects 2008 wage outcome funding, higher than budgeted leave liability expense reflecting actuarial changes and internal redistribution to meet key priorities of government.			
(2) Financing and Managing the State Fleet	79,838	82,334	2,496
The increased costs associated with this service mainly reflect higher than budgeted depreciation expenses associated with the vehicle fleet.			

	2009 Estimate \$'000	2009 Actual \$'000	Variation \$'000
(3) Development of Economic and Revenue Policies	8,522	10,816	2,294
The increased costs in this service mainly reflects additional funding for the 2008 wage outcome, higher than budgeted leave liability expense reflecting actuarial changes, internal redistribution to meet key priorities of government and the cost of the new Superannuation functions transferred from GESB.			
(4) Management of the State Budget's Aspects	10,347	14,916	4,569
The increased costs in this service mainly reflects 2008 Wage outcome funding, higher than budgeted leave liability expense reflecting actuarial changes, internal redistribution to meet key priorities of government and the costs associated with the Economic Audit Review election commitment.			
(5) Revenue Assessment and Collection	39,649	42,447	2,798
The increased costs in this service mainly reflects 2008 wage outcome funding, higher than budgeted leave liability expense reflecting actuarial changes, supplementary funding to meet the legal cost for duty assessment appeals and offset by service reductions to meet savings initiatives and other internal distributions to meet key priorities of government.			
(6) Grants and Subsidies Administration	2,846	4,405	1,559
The increased costs in this service mainly reflects 2008 wage outcome funding, higher than budgeted leave liability expense reflecting actuarial changes, offset by service reductions to meet the savings initiatives and other internal distributions to meet key priorities of government.			
(7) Facilitate the Development and Management of Agency Specific contracts	18,998	18,432	(566)
The reduced cost of this service mainly reflects reduction in funding to meet the savings initiative, offset by additional funding associated with wages outcomes and higher than budgeted leave liability expense.			
(8) Development, Management and Promotion of WOG common use contracts	9,141	8,722	(419)
The reduced cost of this service mainly reflects reduction in funding to meet the savings initiative and internal reprioritisations to meet key priorities of government, offset by additional funding associated with wages outcomes and higher than budgeted leave liability expense.			
(9) Development, Management and Promotion of WOG Procurement Systems and Standards	5,025	6,136	1,111
The increased cost associated with this service mainly reflects additional funding for wages outcomes, higher than budgeted leave liability expense offset by reduction in funding to meet the saving initiatives and other internal redistributions to meet key priorities of government.			
(10) Facilitate the Centre for Excellence and Innovation in Infrastructure Delivery	4,163	2,899	(1,264)
The reduced cost of this service mainly reflects reduction in funding to meet the saving initiatives and other internal reprioritisations to meet key priorities of government, offset by additional funding associated with wages outcomes and higher than budgeted leave liability expense.			
(11) Project Management, Co-ordination and Implementation of whole-of-government shared corporate services	15,366	14,215	(1,151)
The reduced cost of this service reflects reduction in funding to meet savings initiative and lower than budget depreciation expense.			
(12) Provision of financial, human resources and online services	58,055	58,384	329
The higher than budget cost in this service reflects additional funding for wage outcomes, higher leave liability expense reflecting actuarial changes and offset by savings in depreciation expense.			

	2009 Estimate \$'000	2009 Actual \$'000	Variation \$'000
(13) Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation	472,463	439,540	(32,923)
The lower than budget cost in this service reflects lower than budgeted managed building works undertaken on behalf of client agencies			
Revenue	569,683	553,246	(16,437)
The lower than budgeted revenue mainly reflects lower revenue from client agencies in respect of construction and maintenance works.			

	2009 Actual \$'000	2008 Actual \$'000	Variation \$'000
Total appropriations provided to deliver services			
(1) Appropriations provided	168,584	125,566	43,018
The increased funding in 2008–09 compared to 2007–08 mainly reflects the transfer of the works function from the Department of Housing and Works with effect from 1 February 2009 and also additional accrual appropriations for depreciation costs, additional funding to meet 2008 wage outcomes, supplementary funding to meet legal costs associated with duty assessment appeals, the economic audit election commitment and higher operating costs of Shared Services reflecting increased agency roll-ins.			
(2) Capital contribution	125,370	19,561	105,809
The additional capital contribution compared to 2007–08 mainly reflects the transfer of the works function from the Department of Housing and Works, including capital funds for the Perth Arena project, and increased cash flows for the Shared Services establishment project consistent with the approved cashflow timelines.			
(1) Financial Management and Reporting	9,333	7,504	1,829
The increased cost associated with this service compared to 2007–08 reflects general cost increases, including wages costs and higher leave liability costs associated with actuarial changes.			
(2) Financing and Managing the State Fleet	82,334	-	82,334
New service reflecting the transfer of the State Fleet function from the State Supply Commission with effect from 1 July 2008.			
(3) Development of Economic and Revenue Policies	10,816	7,535	3,281
The increased cost associated with this service compared to 2007–08 reflects general cost increases, including wages costs and higher leave liability costs associated with actuarial changes and increased services to government.			
(4) Management of the State Budget's Aspects	14,916	9,873	5,043
The increased cost associated with this service compared to 2007–08 reflects general cost increases, including wages costs and higher leave liability costs associated with actuarial changes and increased services, including the economic audit review.			
(5) Revenue Assessment and Collection	42,447	39,891	2,556
The increased cost associated with this service compared to 2007–08 mainly reflects general cost increases, including wages costs and higher leave liability costs associated with actuarial changes and additional legal cost associated with appeals to duty assessments.			

	2009 Actual \$'000	2008 Actual \$'000	Variation \$'000
(6) Grants and Subsidies Administration	4,405	2,805	1,600
The increased cost associated with this service compared to 2007–08 mainly reflects general cost increases, including wages costs and higher leave liability costs associated with actuarial changes and additional resources to meet increased First Home Owner Grant applications.			
(7) Facilitate the Development and Management of Agency Specific contracts	18,432	15,206	3,226
The increased cost associated with this service compared to 2007–08 mainly reflects general cost increases, including wages costs, higher leave liability costs associated with actuarial changes and service realignment to better reflect the delivery of procurement services.			
(8) Development, Management and Promotion of WOG Common Use Contracts	8,722	6,359	2,363
The increased cost associated with this service compared to 2007–08 mainly reflects general cost increases, including wages costs, higher leave liability costs associated with actuarial changes and service realignments to better reflect the delivery of procurement services.			
(9) Development, Management and Promotion of WOG Procurement Systems and Standards	6,136	8,267	(2,131)
This is a new service and the 2007–08 actuals have been re-aligned from services 7 and 8. The lower costs are mainly impacted by savings initiatives to meet priorities of government and service realignments to better reflect the delivery of procurement services.			
(10) Facilitate the Centre for Excellence and Innovation in Infrastructure Delivery	2,899	3,859	(960)
This is a new service and the 2007–08 actuals have been re-aligned from services 7 and 8 – the lower costs are mainly impacted by savings initiatives and service realignment to better reflect the delivery of procurement services.			
(11) Project Management, Co-ordination and Implementation of Whole of Government shared corporate services	14,215	4,210	10,005
The increased operating costs in this service compared to 2007–08 reflects the roll-in of additional agencies to the shared service environment and general cost increases associated with wage outcomes and higher leave liability costs reflecting actuarial changes.			
(12) Provision of financial, human resources and Online services	58,384	47,076	11,308
The increased operating costs in this service compared to 2007–08 reflect the roll-in of additional agencies to the shared service environment, general cost increases associated with wage outcomes, higher leave liability costs reflecting actuarial changes and increased depreciation costs.			
(13) Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation	439,540	-	-
This service was transferred from the Department of Housing and Works with effect from 1 February 2009.			
Revenue	543,406	13,580	529,826
The additional revenue mainly reflects vehicle fleet revenues following the transfer of the State Fleet function from State Supply Commission with effect from 1 July 2008 and revenues for rents for government office accommodation and managed building works following the transfer of the works function from the Department of Housing and Works with effect from 1 February 2009.			

2009 \$'000	2008 \$'000
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42. Supplementary financial information

a) Write offs by Category		
Public Assets	-	53
Debts due to the State	4,696	2,583
	4,696	2,636
b) Write off by Authority		
Accountable Officer	2,777	172
Minister	1,615	1,778
Executive Council	304	686
	4,696	2,636

43. Service delivery arrangements Indian Oceans Territories

Revenue		
Commonwealth Receipts	90	62
Expenditure	28	-
Administration	21	13
Payroll and Business franchise	1	20
Stamp duties, land taxes and financial taxes	2	1
Compliance	1	48
	53	82
Surplus deficit for the period	36	(20)
Balance Brought forward	5	25
Balance Carried Forward	41	5

44. Special Purpose Accounts

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

Special Purpose Accounts

2009 \$'000	2008 \$'000
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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	44,005	27,983
Receipts	22,216	16,435
Payments	-	(413)
Balance at the end of the year	66,221	44,005

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	12,901	12,007
Receipts	2,372	3,175
Payments	(5,103)	(2,281)
Balance at the end of the year	10,170	12,901

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	98	40
Receipts	1,054,547	35,283
Payments	(1,038,607)	(35,225)
Balance at the end of the year	16,038	98

2009
\$'000

2008
\$'000

Fiona Stanley Hospital Construction Account

The purpose of the special purpose account is to hold funds appropriated from the Consolidated Account for the construction and establishment of the Fiona Stanley Hospital in accordance with the provisions of the Fiona Stanley Hospital Construction Account Act 2007

Balances at the start of the year	1,107,151	-
Receipts	304,629	1,125,602
Payments	(91,904)	(18,451)
Balance at the end of the year	1,319,876	1,107,151

Independent Schools – General Building Grants

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	17,652	30,775
Payments	(17,652)	(30,775)
Balance at the end of the year	-	-

Independent Schools – Recurrent Grants Schools Assistance Acts

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	650,161	588,478
Payments	(650,161)	(588,478)
Balance at the end of the year	-	-

Jervoise Bay Infrastructure Development Trust Account

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.

	2009 \$'000	2008 \$'000
Balances at the start of the year	9,542	8,942
Receipts	635	600
Payments	(2,184)	-
Balance at the end of the year	7,993	9,542

Local Authorities Tax Sharing Entitlements Account

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	277,080	205,000
Payments	(277,080)	(205,000)
Balance at the end of the year	-	-

Commonwealth Payments For Specific Purposes Account

The purpose of the special purpose account is to receive National Specific Purpose Payments and National Partnership Payments from the Commonwealth Government pursuant to the Intergovernmental Agreement on Federal Financial Relations for disbursement to relevant Government agencies and the Consolidated Account.

Balances at the start of the year	-	-
Receipts	976	-
Payments	(886)	-
Balance at the end of the year	90	-

2009
\$'0002008
\$'000**Mortgage Moneys Under Transfer of Land Act**

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	46	43
Receipts	3	3
Payments	-	-
Balance at the end of the year	49	46

Non-Government Schools – Other Recurrent Grants

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	16,575	14,353
Payments	(16,575)	(14,353)
Balance at the end of the year	-	-

Petroleum Subsidy Scheme Account

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. The account was closed in 2007 and the balance was paid out to the Commonwealth in 2008.

Balances at the start of the year	-	40
Receipts	-	-
Payments	-	(40)
Balance at the end of the year	-	-

Public Bank Account Interest Earned Account

The purpose of the special purpose account is to hold funds in accordance with section 10(d) of the Financial Management Act.

	2009 \$'000	2008 \$'000
Balances at the start of the year	40,179	17,669
Receipts	221,247	236,470
Payments	(240,859)	(213,960)
Balance at the end of the year	20,567	40,179

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	139,768	122,847
Receipts	22,179	18,421
Payments	(3,400)	(1,500)
Balance at the end of the year	158,547	139,768

Tariff Equalisation Fund

The purpose of the special purpose account is 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 in accordance with the provisions of the Electricity Industry Act 2004

Balances at the start of the year	-	-
Receipts	72,000	65,633
Payments	(72,000)	(65,633)
Balance at the end of the year	-	-

2009
\$'0002008
\$'000**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	1
Receipts	273	13,395
Payments	(273)	(13,395)
Balance at the end of the year	1	1

Royalties For Regions Fund

The purpose of the special purpose account is to facilitate investment in regional Western Australia in the areas of infrastructure and headworks, local government and community services

Balances at the start of the year	-	-
Receipts	334,000	-
Payments	(308,094)	-
Balance at the end of the year	25,906	-

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	94	582
Receipts	1,602	1,359
Payments	(1,085)	(1,847)
Balance at the end of the year	611	94

45.Administered Expenses and Revenues

	2009 \$'000	2008 \$'000
Expenses		
Superannuation	1,794,245	834,136
Borrowing Costs	143,762	141,201
Appropriations	13,964,217	12,427,501
Capital contributions	1,767,753	1,797,496
Grants, subsidies and transfers	2,255,418	1,169,403
Transfer Payments	72,000	65,633
Other expenses	244,137	43,625
Collections transferred to other agencies	2,609	28,532
Total administered expenses	20,244,141	16,507,527
Revenues		
Taxation	4,747,961	5,573,819
Commonwealth grants	5,523,804	5,043,937
Government enterprises		
- Dividends	466,114	512,388
- Tax equivalent receipts	357,471	365,893
Capital user charge	-	-
Interest	281,942	303,470
Pension recoups	15,502	15,214
Loan guarantee fees	22,925	16,036
Consolidated Fund (Superannuation Reimbursement)	126,684	123,495
Revenue for transfers	72,000	65,633
Other revenue	74,894	32,296
Collections raised on behalf of other agencies	2,609	28,532
Community funding	133,847	120,962
Total administered revenues	11,825,753	12,201,675

46.Administered Assets and Liabilities

	2009	2008
	\$000	\$000
Cash resources	4,036,162	3,808,037
Investments	81,529	23,913
Treasurer's advances	5,218	6,122
Taxation receivable	254,415	377,538
Government enterprises		
- Dividends receivable	1,505	1,505
- Tax equivalents receivable	113,706	170,120
Recoverable advances	8,050	4,865
Other receivables	97,497	67,166
Total administered current assets	4,598,082	4,459,266
Non-current Assets		
Investments	94,054	176,527
Recoverable advances	73,436	87,678
Other receivables	51,300	-
Total administered non-current assets	218,790	264,205
Total administered assets	4,816,872	4,723,471
Current liabilities		
Borrowings	-	-
Superannuation	41,953	37,383
Interest payable	22,513	43,185
Appropriations payable	140,583	138,201
Special purpose account liabilities	1,964,987	1,353,299
Other payables	160,798	15,617
Total administered current liabilities	2,330,834	1,587,685

	2009 \$'000	2008 \$'000
Non-current liabilities		
Borrowings	871,901	
Superannuation	7,038,783	5,750,158
Appropriations payable	3,910,502	3,162,250
Other payables	23,013	20,799
Total administered non-current liabilities	11,844,199	8,933,207
Total administered liabilities	14,175,033	10,520,892

47. Supplementary funding approved and expended during 2008–09 was as follows:

Item 13 – Water Corporation of Western Australia

Additional funding of \$112,000 was provided for the Community Service Obligation to the Water Corporation for construction of a storage tank to support increased demand and population in Toodyay.

2009 Amount Approved \$'000	2009 Amount Expended \$'000
112	-

Item 15 – Aerial Surveillance Program

Additional funding of \$102,000 was provided for the 2008–09 summer to expand aerial shark surveillance to include weekday patrols until the end of February 2009. This was in addition to previously approved funding of \$185,000. The additional \$102,000 was fully expended on the weekday patrols, however of the \$185,000 an amount of \$75,000 was not fully utilised. This is primarily due to the quote for the Shark Monitoring Network Project only recently being submitted and therefore not actioned upon in 2008–09.

102	27
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Item 22 – First Home Owners' assistance

An amount of \$140.7 million was provided to accommodate the Commonwealth Government's decision to boost First Home Owner Grant payments over the period 14 October 2008 to 31 December 2009. \$138 million (or 94%) of this supplementation was drawn.

140,700	137,989
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Item 25 – Office of Health Review

An amount of \$74,000 was provided for increases in wages and rising rental and associated outgoings for the Office of Health Review over 2008–09.

74	74
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	2009 Amount Approved \$'000	2009 Amount Expended \$'000
Item 30 – Refund of Past Years Revenue Collections – Public Corporations		
Under the 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. Additional funding of \$20.0 million was provided to meet higher than anticipated refunds. \$16.2 million of this was drawn including refunds for Synergy, Western Power and the Bunbury Port Authority.	20,000	16,241
Item 31– Refund of Past Years Revenue Collections – All Other		
An amount of \$95.8 million was provided to cover a number of large unanticipated refund claims throughout the year.	95,800	90,666
Item 33 – State Property – Emergency Services Levy		
Reflecting stronger than expected assessment of gross rental values, additional funding of \$389,000 was provided to meet the emergency service levy on State owned property. However, this funding was not drawn down by 30 June 2009 but is expected to be paid during 2009–10.	389	-
Item 38 – All Other Grants, Subsidies and Transfer Payments		
\$2.2 million was provided to cover unavoidable payments arising before the end of the financial year in participating trust accounts held on behalf of a number of agencies. Only \$506,000 of this was drawn down reflecting lower drawdowns for other sub-items, particularly on-road diesel subsidies.	2,200	506
Item 126 – Forest Products Commission		
An additional \$15 million was approved to deal with the damage to State owned pine plantations from bushfires in February 2009 and from the Varanus Island explosion (as a result of timber mills operating at limited capacity).	15,000	15,000
Royalties For Regions Fund		
The Royalties for Regions program was approved by the new Government upon election to office. The annual contribution for the Royalties for Regions program is set at 25% of the annual royalty income projection, with the amount for 2008–09 transferred under the authority of the Treasurer's Advance. The original allocation of \$337 million was calculated as 25% of the projection for royalty income contained in the 2008–09 Pre-election Financial Projections Statement, pro-rata (half-year). As the forecast for 2008–09 royalty income was revised down in the 2009–10 Budget, this calculation was revised to a slightly lower \$334 million.	337,000	334,000

48. Lease incentives received from building owners for rent and fitout costs associated with Government occupied building leases is \$33.888 million.

49. Explanatory Statement For Administered Items

The summary of Administered Items discloses appropriations and other statutes expenditure, the actual expenditures made and the revenue estimates and revenue earned. The following table compares budget estimates and actual results for 2009 of items having significant variations, and explanations for the variations are given below. A significant variation is one that is in excess of 10% of the principal figure and \$10 million.

		2009 Estimate \$'000	2009 Actual \$'000	Variation \$'000	2008–09 Actual \$'000	2007–08 Actual \$'000	Variation \$'000
ADMINISTERED							
RECURRENT ADMINISTERED							
Community Service Obligations							
Item 12	Regional Power Corporation (Horizon Power)	37,108	33,623	(3,485)	33,623	21,138	12,485
Item 13	Water Corporation of Western Australia	445,784	443,521	(2,263)	443,521	399,363	44,158
Item 14	Western Australian Land Authority	25,846	22,139	(3,707)	22,139	34,097	(11,958)
Grants Subsidies and Transfer Payments							
Item 18	Department for Child Protection	15,300	15,300	-	15,300	4,288	11,012
Item 22	First Home Owners' Assistance	111,000	248,989	137,989	248,989	109,779	139,210
Item 28	Provision for the Outcome of CSA EBA Negotiations	52,025	-	(52,025)	-	-	-
Item 30	Refunds of Past Years Revenue Collections - Public Corporations	5,000	21,241	16,241	21,241	88	21,153
Item 31	Refunds of Past Years Revenue Collections - All Other	39,800	130,466	90,666	130,466	34,587	95,879
	Matrix Fleet Leasing Liability	-	-	-	-	14,000	(14,000)
	Royalties For Regions Fund	-	334,000	334,000	334,000	-	334,000
Authorised by Other Statutes							
	State Superannuation Act 2000	658,376	482,588	(175,788)	482,588	546,472	(63,884)

		2009 Estimate \$'000	2009 Actual \$'000	Variation \$'000	2008–09 Actual \$'000	2007–08 Actual \$'000	Variation \$'000
Government Equity Contributions							
Item 123	WA Health	242,137	86,969	(155,168)	86,969	94,096	(7,127)
Item 126	Forest Products Commission	1,200	16,200	15,000	16,200	2,200	14,000
Item 128	Regional Power Corporation (Horizon Power)	19,976	-	(19,976)	-	5,597	(5,597)
Item 130	Verve Energy	11,210	-	(11,210)	-	-	-
Item 132	Western Australian Building Management Authority	62,724	62,724	-	62,724	8,200	54,524
	Housing Authority	-	-	-	-	108,000	(108,000)
	Western Australian Coastal Shipping Commission	-	-	-	-	17,500	(17,500)
Other							
Item 135	Perry Lakes Trust Account	70,937	51,658	(19,279)	51,658	24,571	27,087
Item 136	Fiona Stanley Hospital Construction Account	221,000	221,000	-	221,000	1,088,585	(867,585)
DETAILS OF INCOME ESTIMATES							
Sale of Goods and Services							
	Sale of Goods and Services	7,985	9,898	1,913	9,898	23,590	(13,692)
Taxation							
	Mortgage Duty	9,700	4,409	(5,291)	4,409	108,344	(103,935)
	Vehicle Licence Duty	376,300	317,625	(58,675)	317,625	392,799	(75,174)
	Transfer Duty	1,947,000	1,101,553	(845,447)	1,101,553	2,264,723	(1,163,170)
	Landholder Duty	143,900	24,318	(119,582)	24,318	-	24,318
	Payroll tax	2,126,500	2,241,433	114,933	2,241,433	1,935,930	305,503
	Land tax	561,500	566,926	5,426	566,926	419,581	147,345
Commonwealth grants							
	Goods and services	3,956,800	3,529,322	(427,478)	3,529,322	3,984,030	(454,708)
	Compensation (companies regulation)	17,910	-	(17,910)	-	17,508	(17,508)
	Non-Government Schools	605,847	684,387	78,540	684,387	633,607	50,780
	Other	690	1,054,163	1,053,473	1,054,163	157,976	896,187

	2009 Estimate \$'000	2009 Actual \$'000	Variation \$'000	2008–09 Actual \$'000	2007–08 Actual \$'000	Variation \$'000
Dividends and Taxes						
Government Enterprises – Dividends	476,349	466,114	(10,235)	466,114	512,388	(46,274)
Other Revenue						
Consolidated Account revenue received from agencies	5,204,899	5,285,403	80,504	5,285,403	4,201,911	1,083,492
Interest	283,887	281,942	(1,945)	281,942	303,470	(21,528)
Other	27,962	66,710	38,748	66,710	71,801	(5,091)

Explanation of Variances in DTF Administered Items*Community Service Obligations***Item 12 – Regional Power Corporation (Horizon Power)**

The \$33.6 million outturn for 2008–09 represents a \$12.5 million increase over the 2007–08 outturn. This increase reflects Government approval of higher concessions as a result of electricity tariff increases.

Item 13 – Water Corporation of Western Australia

The \$443.5 million outturn for 2008–09 represents an increase of \$44.2 million on the 2007–08 outturn. The increase reflects: higher costs for capital infrastructure; the price-path for South-West irrigators being currently below cost recovery; Cabinet approved country water restrictions, along with upgrades to country water and wastewater services; and the rebasing of the country loss portion of the community service obligation.

Item 14 – Western Australian Land Authority

The \$22.1 million outturn for 2008–09 is \$12 million lower than the 2007–08 outturn. This primarily reflects the completion of funding for the townsite acquisitions with remaining on-going funds supporting the rural acquisition component of the Hope Valley Wattleup Redevelopment project.

*Grants, Subsidies and Transfer Payments***Item 18 – Department for Child Protection**

The \$15.3 million outturn for 2008–09 represents an increase of \$11 million over the 2007–08 outturn. The increase reflects additional funding for the reform and expansion of residential care (\$7.4 million), an increase in foster care subsidies, and attraction and retention benefits for field staff.

Item 22 – First Home Owners' Assistance

The \$249 million outturn for 2008–09 represents an increase of \$138 million and \$139.2 million over the 2008–09 Budget estimate and 2007–08 outturn respectively. This reflects an increase in both the value of the grants as well as a significant pull-forward in first home buyer activity resulting from the Commonwealth's First Home Owners' Boost.

Item 28 – Provision for the Outcome of Civil Service Association (CSA) EBA Negotiations

This item represented the Government's EBA offer to the CSA as at the cut-off date for the 2008–09 Budget (7 April 2008). These funds were subsequently transferred to individual agency budgets during 2008–09 following settlement of EBA negotiations.

Item 30 – Refunds of Past Years Revenue Collections – Public Corporations

The \$21.2 million outturn for 2008–09 represents an increase of \$16.2 million and \$21.2 million over the 2008–09 Budget estimate and 2007–08 outturn respectively. This increase included payment of some 2007–08 refunds delayed until after the start of 2008–09. The largest refund applied to Western Power (\$13.9 million), and was primarily driven by accelerated tax depreciation of new assets and a one-off deduction for the payout of an unfunded superannuation provision.

Item 31 – Refunds of Past Years Revenue Collections – All Other

The \$130.5 million outturn for 2008–09 represents an increase of \$90.7 million and \$95.9 million over the 2008–09 Budget estimate and 2007–08 outturn respectively. Refunds are subject to significant variation through the year and between years, due to changing activity levels and economic conditions impacting the range of tax bases managed by the Office of State Revenue.

Matrix Fleet Lease Liability

This item provided for a non-recurring \$14 million payment to the Australian Taxation Office for the full and final settlement of all tax matters relating to the termination of the Matrix fleet leasing transaction in 2007–08.

Royalties for Regions Fund

The Royalties for Regions program was approved by the new Government upon election to office in September 2008. The annual contribution for the Royalties for Regions program is set at 25% of the annual royalty projection, with the amount for 2008–09 transferred under the authority of the Treasurer's Advance, with a half-year allocation in the program's first year.

Authorised by Other Statutes

State Superannuation Act 2000

The \$482.6 million outturn for 2008–09 represents a \$63.9 million lower outcome relative to the 2007–08 outturn. This was mainly due to a combination of the deferral of retirement decisions as a result of the impact of the downturn in financial markets, the introduction of the Commonwealth's Better Super policy and the introduction of phased retirement arrangements (allowing public sector employees who have reached preservation age to access their superannuation benefits without having to retire or to reduce the number of their working hours).

The 2008–09 outturn was \$175.8 million lower than the 2008–09 Budget estimate, reflecting lower than expected retirement rates.

ADMINISTERED CAPITAL EXPENDITURES

Government Equity Contributions

Item 123 – WA Health

This item centrally provisions budget allocations for capital works approved as part of the State's Health Reform program. Funds are drawn by the Department of Health following approval of business cases by the Economic and Expenditure Reform Committee through the year. Funding of \$87 million was released in 2008–09 for Joondalup Health Campus Development (\$49.3 million); Kalgoorlie Hospital Redevelopment (\$1.2 million); ICT Framework (\$12.1 million) and a number of other capital projects worth an aggregate of \$24.4 million.

The \$155.2 million variance between the 2008–09 original budget estimate and actual outturn reflects the deferral of spending on a number of capital projects across the Department of Health's Capital Works Program, due mainly to project delays and the timing of business cases presented for approval.

Item 126 – Forest Products Commission

This item was \$15 million higher than originally budgeted and \$14 million higher than the 2007–08 outturn. This reflects an additional \$15 million for bushfire damage to State owned pine plantations in February 2009, and the impact on timber mills of the disruption to gas supplies as a result of the explosion at Apache Energy's Varanus Island plant.

Item 128 – Regional Power Corporation (Horizon Power)

None of \$20 million 2008–09 Budget estimate for the Aboriginal Remote Communities Power Supply Project (ARCPSP) 2.1 was drawn in 2008–09, reflecting delays in Commonwealth matching funds.

Item 130 – Verve Energy

The equity injection of \$11.2 million in the 2008–09 Budget estimate was provided for the development of renewable energy projects. This was not drawn due to delays in finalising joint venture arrangements and has been re-cashflowed to subsequent years.

Item 132 – Western Australian Building Management Authority

This item provided for capital repayments associated with debt held by the Western Australian Building Management Authority. The outstanding debt of the Authority was repaid in 2008–09 using surplus cash from 2006–07 ending this arrangement in future.

Housing Authority

To achieve enhanced reporting and accountability, the Housing Authority receives direct appropriation for both recurrent and capital purposes. This ends previous on-passing arrangements of appropriations through the Department of Housing and Works and Treasury and Finance.

Western Australian Coastal Shipping Commission

The residual debt of the former Stateships (left over from the Commission's trading activities which ceased in 1996) was repaid in 2007–08. Accordingly, no further equity contributions are required for this purpose.

*Other***Item 135 – Perry Lakes Trust Account**

The \$51.7 million outturn for 2008–09 represents an increase of \$27.1 million on the 2007–08 outturn, mainly reflecting the construction of the new facilities for athletics and basketball activities. The outturn for 2008–09 represents a decrease of \$19.3 million on the 2008–09 Budget estimate. This reflects delays in the construction of rugby facilities at AK Reserve and a delay in the commencement of the redevelopment of the old Perry Lakes site for housing (partially offset by additional spending on the athletics and basketball facilities noted above).

Item 136 – Fiona Stanley Hospital Construction Account

As part of the 2007–08 Budget, \$1.09 billion was appropriated to a Special Purpose Account dedicated to the construction and development of the Fiona Stanley Hospital. A further \$221 million was appropriated as part of the 2008–09 Budget to top-up the account for cost escalation announced in the 2007–08 mid-year review (which brought the total estimated cost of the project to \$1.76 billion).

ADMINISTERED REVENUE*Sales of Goods and Services***Sales of Goods and Services**

At \$9.9 million, the outturn for was \$13.7 million lower than the 2007–08 outturn. This largely reflects the cessation of the 'Better Buying' program in December 2007.

*Taxation***Mortgage Duty**

Duty on mortgages was abolished with effect from 1 July 2008.

Vehicle Licence Duty

Vehicle licence duty in 2008–09 was \$58.7 million (or 16%) lower than forecast, primarily reflecting weaker than expected economic activity and a consequential reduction in the number of motor vehicle transfers.

The 2008–09 outturn for vehicle licence duty was \$75.2 million lower than in 2007–08. This is due to both the slowdown in economic activity and the \$5,000 increase in vehicle licence duty thresholds announced in the 2008–09 Budget.

Transfer Duty

Transfer duty revenue was a substantial 43% lower than forecast in the 2008–09 Budget. This was chiefly due to the impact of the global financial market turmoil and associated decline in consumer confidence, in turn reflected in a collapse in the number of property transactions. Property prices were also slightly lower than forecast.

Transfer duty revenue fell by \$1.2 billion (or 106%) in 2008–09 relative to the 2007–08 outturn, mainly due to the same factors. The lower outcome also includes the impact of the introduction of a concessional rate scale for residential property transactions from 1 July 2008.

Landholder Duty

The new *Duties Act 2008* specifies landholder duty as a separate head of taxation. Previously, duty from land-rich transactions was reported under the conveyance duty revenue item.

The 2008–09 outturn for landholder duty was \$119.6 million lower than originally forecast. This reflects the general deterioration in economic conditions in 2008–09, as well as the lumpy nature of this tax, which is often influenced by a small number of high-value transactions.

Payroll Tax

Payroll tax increased by \$305 million or 14% in 2008–09, with Western Australia's labour market performing well despite the deterioration in global economic conditions in late 2008. In this regard, total employment grew by 3.2% in 2008–09, while annual growth in average weekly earnings in the year was 5.9%.

Land Tax

Land tax rose by \$147.3 million or 26% in 2008–09 as a consequence of the increase in land values between August 2006 and August 2007. This was partly offset by tax relief measures introduced in the 2008–09 Budget and in October 2008.

Commonwealth Grants

Goods and Services Tax

Revenue from Goods and Services Tax (GST) was \$427 million lower than the 2008–09 Budget projection, mainly reflecting a reduction in national GST collections due to the impact of unfavourable economic conditions. The 2008–09 outcome was \$455 million lower than the 2007–08 outcome, due largely to the Commonwealth Grants Commission's recommendation to lower Western Australia's share of the pool, and the reduction in national GST collections noted above.

Compensation (Companies Regulation)

The 2008–09 Budget projection for companies regulation compensation was \$18 million. The Commonwealth unilaterally cancelled this compensation in its 2008–09 Budget.

Non-Government Schools

The Commonwealth provides assistance for non-government schools via grants on-passed through the State. The 2008–09 outturn was \$78.5 million higher than budgeted reflecting the policy priorities of the Federal Government, which increased the level of support it provides to schools in 2008–09.

Other

Streamlined grants administration arrangements began in all jurisdictions from 1 January 2009. Under the new arrangements, most Commonwealth funding is now received centrally by Treasuries and then on-passed to relevant agencies. Previously, these grants were disclosed in the financial statements of the individual agencies that received the Commonwealth funding. Grants include five National Specific Purpose Payments (for Healthcare, Schools, Skills and Workforce, Affordable Housing, and Disability Services) along with other National Partnership payments such as the First Home Owners' Boost Scheme.

Dividends and Taxes

Government Enterprises - Dividends

The 2008–09 outturn was \$46.3 million lower than the 2007–08 outturn, reflecting lower profitability of the Water Corporation (\$20.1 million due to a reduction in developer contributions), Western Power (\$7.2 million reflecting increased expenditure) and the Western Australian Land Authority (\$5.5 million due to a special dividend being paid in 2007–08 for the Townsite Development Program).

Other Revenue

Consolidated Account Revenue Received From Agencies

The 2008–09 outturn increased by \$1,083.5 million relative to 2007–08. This was largely attributable to increases in mining-related revenue collected by the Department of Mines and Petroleum. Also contributing were revenue collected and on-passed to the Consolidated Account by the Departments of Health and Planning and Infrastructure.

Growth in royalty income was mainly driven by a sharp increase in the value of iron ore royalties, which rose by \$802.1 million or 71% in 2008–09. This largely reflects higher contract prices for iron ore (up by 85% on average in the 2008–09 Japanese fiscal year). The outturn for North West Shelf grant payments in 2008–09 was \$45.4 million or 6% higher than in 2007–08, mainly due to higher LNG prices and exports. Partly offsetting these increases, royalties from onshore petroleum production declined by \$30.6 million in 2008–09 due to a contraction

in exports and the price of crude oil. Nickel royalties also declined in 2008–09 (by \$68.1 million or 52%), mainly in response to lower prices.

The Department of Health received an additional \$61 million in revenue for adjustments resulting from the new National Healthcare Agreement with the Commonwealth, which took effect from 1 January 2009. This included \$50.5 million of additional base funding to assist in the long-term sustainability of health services.

Revenue from the (former) Department of Planning and Infrastructure grew by \$50 million in 2008–09. This is attributable to a rise in the stock of motor vehicles, and higher fees for both light and heavy vehicles.

Interest

Lower interest revenue from the Public Bank Account was due mainly to declines in interest rates, and to a lesser extent a lower pool balance. In 2008–09, the earning rate dropped from 7.75% to around 3.0% at June 2009. This compares to 2007–08 when the rate started at 6.25% and increased to 7.75%).

Other

The higher outturn for 2008–09 (compared to budget) primarily reflects a reduction in the provision for doubtful debts (for State taxation assessments). The budget projection was formulated on incorrect doubtful debts (see Summary of Consolidated Account Appropriations and Revenue Estimates table, note 2). Comparative data for 2007–08 has been adjusted to correct the doubtful debts error.

50. Schedule of Administered Income and Expense by Service For the year ended 30 June 2009

	Financial Management		State Fleet		Development of Economic and Revenue Policies		Revenue Assessment and Collection		Grants and Subsidies Administration		Total	
	Service 1		Service 2		Service 3		Service 5		Service 6			
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered Expenses and Income by service												
Expenses												
Superannuation	1,794,245	834,136	-	-	-	-	-	-	-	-	1,794,245	834,136
Borrowing Costs	143,762	141,201	-	-	-	-	-	-	-	-	143,762	141,201
Appropriations	13,964,217	12,427,501	-	-	-	-	-	-	-	-	13,964,217	12,427,501
Capital contributions	1,767,753	1,797,496	-	-	-	-	-	-	-	-	1,767,753	1,797,496
Grants, subsidies and transfers	-	-	-	-	-	-	-	-	2,255,418	1,169,403	2,255,418	1,169,403
Transfer payments	72,000	65,633	-	-	-	-	-	-	-	-	72,000	65,633
Other expenses (Note 1)	244,137	894	-	14,000	-	-	-	-	-	-	244,137	14,894
Collections transferred to other agencies	-	-	-	-	-	-	-	-	2,609	28,532	2,609	28,532
Total administered expenses	17,986,114	15,266,861	-	14,000	-	-	-	-	2,258,027	1,197,935	20,244,141	16,478,796
Income												
Taxation	-	-	-	-	-	-	4,747,961	5,573,819	-	-	4,747,961	5,573,819
Commonwealth grants	-	-	-	-	5,523,804	5,043,937	-	-	-	-	5,523,804	5,043,937
Government enterprises												
- Dividends	-	-	-	-	466,114	512,388	-	-	-	-	466,114	512,388
- Tax equivalent receipts	-	-	-	-	357,471	365,893	-	-	-	-	357,471	365,893
Interest	281,942	303,470	-	-	-	-	-	-	-	-	281,942	303,470
Pension recoups	15,502	15,214	-	-	-	-	-	-	-	-	15,502	15,214
Loan guarantee fees	22,925	16,036	-	-	-	-	-	-	-	-	22,925	16,036
Consolidated Account (Superannuation Reimbursement)	126,684	123,495	-	-	-	-	-	-	-	-	126,684	123,495
Revenue for transfers	72,000	65,633	-	-	-	-	-	-	-	-	72,000	65,633
Other revenue (Note 2)	26,322	32,296	-	-	-	-	48,572	34,563	-	-	74,894	66,859
Collections raised on behalf of other agencies	-	-	-	-	-	-	-	-	2,609	28,532	2,609	28,532
Community funding	133,847	120,962	-	-	-	-	-	-	-	-	133,847	120,962
Total administered income	679,222	677,106	-	-	6,347,389	5,922,218	4,796,533	5,608,382	2,609	28,532	11,825,753	12,236,238

Note The item 'Consolidated Account Revenue received from Agencies' (2008–09 \$5.205 billionn budget, 2007–08 \$4.276 billion budget) identified in the Budget Papers as Treasury Administered 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 1 - The 2008 Actual was reported as \$43.625 million. The amount should have been reported as \$14.894 million, as Doubtful Debts was reported as an expense of \$28.731 million but should have been reported as Other revenue of \$34.563 million.

Note 2 - The 2008 Actual was reported as \$32.296 million. The amount should have been reported as \$66.859 million, as Doubtful Debts was reported as an expense of \$28.731 million but should have been reported as Other revenue of \$34.563 million.

Key performance indicators

Certification of key performance indicators

For the year ended 30 June 2009

I hereby certify that the key 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 2009.



Timothy Marney
UNDER TREASURER

9 September 2009

Performance Assessment

Outcomes

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

1. Sustainable and transparent public sector finances

Treasury business

- Service 1: *Financial Management and Reporting*
- Service 2: *Financing and Managing the State Fleet Service*

2. A strong and competitive State economy

Treasury business

- Service 3: *Development of Economic and Revenue Policies*

3. Financial resources are allocated consistent with the Government's priorities

Treasury business

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

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

State Revenue business

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

5. Value-for-money from public sector procurement

Government Procurement business

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

- Service 9: *Development and Management of Whole-of-Government Procurement Systems and Standards*

- Service 10: *Facilitate the Centre for Excellence and Innovation in Infrastructure Delivery*

6. Value-for-money from shared corporate services

Shared Services business

- Service 11: *Project Management, Coordination and Implementation of the Whole-of-Government Shared Corporate Services Reform*
- Service 12: *Provision of Financial, Human Resources Services and Online Services*

7. Government buildings and accommodation delivered, managed and maintained at agreed standards

Building Management and Works business

- Service 13: *Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation*

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 measures in regards to Service 7 and 8 are based on client surveys and statistical based information relating to contracting services.

Key Effectiveness Indicators

Treasury business

Outcome 1 Sustainable and transparent public sector finances

The Department seeks to maintain sustainable and transparent public sector finances. Commitment to this key role is reflected in the Department's advice to the Government on its fiscal strategy and targets; publication of reports on the State's finances; advice to Government and its agencies on the legislative framework underpinning financial management and accountability; management of the Public Ledger; management of the investment of the public bank account; and management of the Government's light vehicle fleet.

The key indicators of effectiveness demonstrate measurable outcomes of the Department's effectiveness in this role.

Key indicators of effectiveness	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual
Maintenance of the State's credit rating ⁽¹⁾	Triple A	Triple A	Triple A	Triple A
Unqualified audit opinion on the Annual Report on State Finances	Yes	Yes	Yes	Yes
Provision of vehicles for the State's light vehicle fleet is financially sustainable (profit in \$'000)	\$8,994	\$11,703	\$6,318	\$12,433

(1) Standard and Poor's and Moody's currently assess the credit rating for Western Australia.

In terms of the State's credit rating and financial reporting outcomes, 2008–09 saw the Department devote substantial effort in support of regular public sector financial reporting disclosures, and the provision of additional products including the 2008–09 *Pre-election Financial Projections Statement* and advice supporting the analysis and understanding of the financial impact of implementing the new Government's election commitments, changes to whole of government fiscal targets, and measures responding to the impact of the global financial downturn.

The Department's efforts were reflected in continued triple A credit rating outcomes for the State, and an unqualified audit opinion on the 2007–08 *Annual Report of State Finances* (released in September 2008).

In 2008–09, State Fleet's profit was higher than anticipated, due to the variability in second hand vehicle values and increased revenue from lease term overrun adjustments caused by vehicle supply difficulties.

Outcome 2 A strong and competitive State economy

Western Australia's economic growth in the five-year period to 2007–08 was fuelled by demand for its natural resources. As a result, the State's five-year average GSP growth outpaced the average for the other States by 2.4 percentage points over that period. However, the global financial crisis of the past year has precipitated a severe deterioration in the world's economy, with commodity prices falling and world trade contracting sharply. This downturn had a severe impact on tax revenue, with transfer duty falling by around 50 per cent in 2008–09.

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 other issues affecting the Western Australian economy.

Key indicators of effectiveness	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual*
State's tax competitiveness:				
• (a) Western Australian taxation revenue as a percentage of Gross State Product (GSP)	4.11	4.11	3.51	3.37
• (b) Weighted average of other States' taxation revenue as a percentage of GSP	4.81	4.85	4.78	4.55
• (c) Western Australian taxation revenue as a percentage of GSP minus weighted average of other States [(a) minus (b)]	-0.70	-0.73	-1.27	-1.18
• Five year average GSP growth compared with average of other States (percentage point difference)	+2.1	+2.4	>=0.0	N/A

* GSP data for 2008–09 are not yet available, and are scheduled for release by the Australian Bureau of Statistics towards the end of 2009. GSP data and taxation revenue are based on latest available estimates, and will be updated once the actual data are released. Note that key indicators for previous years have been revised to reflect the release of actual tax data and the release by the Australian Bureau of Statistics of updated State Accounts data.

Tax as a share of the economy was lower than forecast in 2008–09, mainly due to the substantial reduction in transfer duty revenue. A similarly large reduction in transfer duty was observed in other States.

Outcome 3 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 and Training, and Health.

Key indicators of effectiveness	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual
Percentage of the Department's resource allocation recommendations accepted by the Economic and Expenditure Reform Committee	89%	94%	80%	86%
Share of general government expenses allocated to priority areas	57%	56%	55%	56%

During 2008–09, the Department made 1,229 recommendations to the Economic and Expenditure Reform Committee, of which 1,063 were accepted. As such, the actual result for 2008–09 more than meets the target 80%.

Consistent with outcomes in recent years, and with the target for 2008–09 (55%), the proportion of 2008–09 general government sector expenses accounted for by the priority areas of health, education, and law and order was 56%.

State Revenue business

Outcome 4 Due and payable revenue is collected and eligible grants, subsidies and rebates paid

The Department, through the Office of 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 key 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.

Key indicators of effectiveness	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual
Extent to which due revenue is collected	87%	88%	89%	88%
Extent to which correct grants, subsidies and rebates are claimed	99%	99%	99%	99%

The actual results for both effectiveness indicators are consistent with the target and prior year actuals.

Government Procurement business

Outcome 5 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;
- Client agencies agree that common use contracting arrangements were awarded and managed on a value-for-money basis;
- Client agencies agree that the Department's procurement reports and education programs have facilitated improved value-for-money; and
- Client agencies agree that the CEIID program has resulted in improved value-for-money outcomes in infrastructure delivery.

Key indicators of effectiveness	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual
1. Extent to which client agencies agree that common use contract arrangements achieved value-for-money	86%	83%	85%	92%
2. Extent to which client agencies agree that their contract arrangements achieved value-for-money	83%	86%	85%	82%
3. Extent to which client agencies agree that the Department's procurement reports and education programs have facilitated improved value-for-money	N/A	N/A	85%	87%
4. Extent to which client agencies agree that the CEIID program has resulted in improved value-for-money outcomes in infrastructure delivery	N/A	N/A	85%	73%

Indicator 1

During 2008–09, 10 common use contract arrangements were surveyed compared to 11 from the previous year. There were 959 survey responses to this question out of a total of 2,060 surveyed, giving a survey response value of 47% for this indicator, which achieves an error ratio not exceeding 5% at the 95% confidence level.

With the 47% response rate, when the surveys are conducted, the company conducting the surveys has been instructed to meet

the target based on the error ratio not exceeding 5% at the 95% confidence level for each survey. For example, with a list of 200 valid contacts, 132 must complete the survey to meet the above criteria. Once 132 people have been surveyed, the survey company will stop calling more people for this survey. So while the 47% response seems to be low, this is partially due to the instruction the survey company is adhering to.

Also, the 47% response rate has been skewed because of the large number of valid contacts provided in the Metropolitan Courier Services CUA survey, which had 1,114 valid contacts. To meet an error ratio not exceeding 5% at the 95% confidence level, only 286 people needed to be surveyed. Hence, this would have impacted on the 47% response rate.

Indicator 2

There were 792 survey responses to this question out of a total of 918 surveyed, giving a survey response rate of 86% for this indicator, which achieves an error ratio not exceeding 5% at the 95% confidence level.

Indicator 3

New indicator. This indicator is the combined result from responses gathered from the 7 Better Buying and 10 Professional Advisory Services sessions.

Indicator 4

New indicator. There was an 88% response rate (22 surveys achieved out of 25 surveys sent out) for this indicator. The CEIID initiative is in its early stages of delivery and most stakeholders have indicated that it is still too soon to make a judgment of the benefits that may have resulted from what has been introduced and whether they can be considered value-for-money.

Shared Services business

Outcome 6 Value-for-money from shared corporate services

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.

The focus of these KPIs is therefore to provide some measure as to the extent to which progress is being made in establishing this Shared Service Centre and the Shared Service Centre is meeting desired service delivery standards.

With the migration of a number of client corporate service functions to the Shared Service Centre, timely and accurate delivery of these services 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.

Where the Centre 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.

Key indicators of effectiveness	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual
Progress with the reform of the Western Australian public sector for shared services by achievement of the following milestone:				
- Number of agencies rolling in by financial quarter	Qtr 1 – 1 Qtr 2 – 3 Qtr 3 – 3 Qtr 4 – 8	Qtr 1 – 1 Qtr 2 – 6 Qtr 3 – 2 Qtr 4 – 0	Qtr 1 – 3 Qtr 2 – 2 Qtr 3 – 3 Qtr 4 – 0	Qtr 1 – 2 Qtr 2 – 3 Qtr 3 – 3 Qtr 4 – 2
Percentage of services provided within established timeframes	94%	83%	90%	99%
Accuracy of services provided	100%	100%	100%	100%
Average resolution rate of enquiries (within six days)	76%	79%	99%	89%

Number of agencies rolling in by financial quarter

The target for the number of agencies to roll-in is based on an integrated plan which details the planned roll-in date of the approximately 90 agencies that are scheduled to roll-in up until mid 2012. The number of roll-ins includes two roll-ins for an agency where they rolled in separately to finance and HR/payroll functionality on different dates.

Percentage of services provided within established timeframes

This indicator relates to the percentage of reconciliations completed within five working days after the close of the general ledger.

Accuracy of services provided

This indicator measures the accuracy of the monthly reconciliations undertaken.

Average resolution rate of enquiries

The Customer Service Centre has a target of closing queries received from client agencies within six days for 99 per cent of the queries received and the actual result was 89 per cent for 2008–09. Even so, this result is an improvement on the 2007–08 actual.

Building Management and Works business

Outcome 7 Government buildings and accommodation delivered, managed and maintained at agreed standards

Through ongoing partnerships, the Department is working closely with its key client agencies to improve its services to the satisfaction of clients.

The Department has undertaken independent research among executive and senior level officers at agencies. The research monitors the changes in attitudes and perceptions of these officers towards the Department. The agreed standards are benchmarks defined as per the requirements of the Department of Treasury and Finance and other agencies. The surveys have been conducted by an independent research agency and are a measure of client satisfaction.

There were 73 responses to the question from a total of 89 surveyed, resulting in an 82 per cent response rate for this indicator. The survey achieved the required sampling accuracy at the 95 per cent confidence level.

Key indicators of effectiveness	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual
The extent to which the Department has delivered and maintained government buildings and accommodation to agreed standards ⁽¹⁾	75%	67%	75%	62%

⁽¹⁾ The outcome and associated services transferred to the Department of Treasury and Finance with effect from 1 February 2009. Prior to this date responsibility rested with the Department of Housing and Works. For comparability purposes the full year KPI (target and actual results) and prior year results have been reported.

Some survey respondents identified potential for improved performance in a number of areas including project management and timeliness. These and other service delivery issues identified by Government and agencies will be addressed through the Works Reform program that commenced in June 2009.

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. Key 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 and reporting

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.

This service contributes to the desired outcome of sustainable and transparent public sector finances.

Key indicators of efficiency	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual
Cost of financial management and reporting per million dollars general government sector expenses	\$453 ⁽¹⁾	\$427 ⁽¹⁾	\$381	\$488
Percentage of financial reports released as per agreed timeframes	67%	64%	100%	53%

⁽¹⁾ These figures have been recast following an amalgamation of the financial management and reporting services.

Just over half of all whole of government financial reports were released by the target production dates in 2008–09. This reflects a combination of: persistent high staff vacancy rates during most of 2008–09 with a commensurate delay in completing report preparation; and the impact of review of the finalised reports prior to release by the new Government.

Of the 15 reports included in this measure, seven reports are subject to statutory reporting dates (specified by the *Government Financial Responsibility Act 2000*) with all these reports released on or before the required deadlines. The remaining eight reports are Monthly Reports on General Government Finances which are not subject to any statutory publication requirements or deadlines – the Department works to finalise these within 42 days of the reporting month and seven of the eight monthly reports were released around an average of just one week beyond the 42 day target in 2008–09.

The actual cost compared to budget has been impacted by an internal restructure in the delivery of services associated with this indicator.

The increase in costs is also impacted by additional leave liability expenses, which can be attributed to a decrease in the discount rate and two pay increases occurring in the same year.

Service 2 Financing and managing the State Fleet service

This service entails the financing and leasing of some 11,700 passenger and light commercial vehicles to State Government agencies and the management of Government vehicle fleet policy.

Key indicators of efficiency	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual
Average cost per vehicle of financing and managing the State Fleet Service	\$156	\$145	\$120	\$142

The above indicator relates to the cost of administering the fleet business. One-third of the cost is incurred within DTF and two-thirds by an external contractor. The 2008–09 actual did not meet the lower target due to delays in re-integrating the external function.

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 key efficiency indicator is the accuracy of the forecasts. This service contributes to the desired outcome of a strong and competitive State economy.

Key indicators of efficiency	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual*
Accuracy of key economic and general government revenue forecast:				
<ul style="list-style-type: none"> Tax and mining revenue (percentage difference in how much actually received by State compared to forecast) 	7.3%	9.5%	+/-5%	-10.5%
<ul style="list-style-type: none"> GST revenue grants (percentage difference in how much actually received by State compared to forecast) 	1.0%	0.8%	+/-3%	-10.8%
<ul style="list-style-type: none"> Economic growth (percentage point difference) 	-0.3	2.3	+/-1.0	N/A
<ul style="list-style-type: none"> Consumer Price Index (CPI) growth (percentage point difference) 	-0.3	-0.35	+/-0.5	-0.25
<ul style="list-style-type: none"> Employment growth (percentage point difference) 	-0.23	0.15	+/-0.5	+0.7
Percentage of briefing requests and other Ministerials responded to within agreed timeframes	97%	91%	80%	85%

* GSP data for 2008–09 are not yet available, and are scheduled for release by the Australian Bureau of Statistics towards the end of 2009. GSP and revenue data are based on latest estimates and will be updated once the actual data are released. Note that key indicators for previous years have been revised to reflect the release of actual tax data and the release by the Australian Bureau of Statistics of updated State Accounts data.

Taxation revenue was significantly lower than forecast in 2008–09, mainly due to a substantial collapse in transfer duty. In this regard,

the cyclical decline in the State's housing market was compounded by the onset of the global financial crisis and the slowdown in economic activity. Mining revenue was broadly in line with expectations, with the decline in US dollar commodity prices being offset by the lower than projected value of the Australian dollar.

GST grant revenue was also lower than forecast in 2008–09. This reflects an unexpected decline in national economic activity and household spending, which detracted from growth in the national pool of GST revenue.

The key reason for the 2.3 percentage point differential in economic growth (7.5 per cent growth forecast compared with 5.2 per cent actual) was unexpectedly low growth in export volumes in 2007–08. Commodity prices grew significantly during the resource boom period, and were an important trigger for further expansion in Western Australia's mining sector. However, the increased production from the State's mining industry resulting from this expansion did not happen in 2007–08 to the extent expected.

Australian Bureau of Statistics data released in late 2008 show growth in Western Australian export volumes was 3.5 per cent over 2007–08, whereas growth of 8.25 per cent was forecast in the 2008–09 Budget. This meant exports added only 1.7 percentage points to the State's overall GSP growth rate in 2007–08, whereas the forecast contribution was 3.5 percentage points (a 1.8 percentage point difference).

Providing timely advice to Government is a key aspect of the Department's performance. In 2008–09, the percentage of briefing requests and other ministerials responded to within agreed timeframes was above target and only marginally lower than the previous year.

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 key efficiency indicators in this regard have been designed to measure the unit cost and other performance related measures of services.

Key indicators of efficiency	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual
Cost of expenditure budget management per million dollars general government sector expenses	\$581	\$591	\$574	\$780
Percentage of briefing requests and other Ministerials responded to within agreed timeframes	95%	97%	90%	98%

The actual cost compared to budget has been impacted by an internal restructure in the delivery of services associated with this indicator. A major focus of the restructure was an expansion in infrastructure management to facilitate improved value-for-money outcomes in service delivery. The increase also includes the cost of the Economic Audit Secretariat.

Providing timely advice to Government is a key aspect of the Department's performance. In 2008–09, the percentage of briefing requests and other ministerials responded to within agreed timeframes was above target and consistent with the previous year.

State 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 duties, land tax and pay-roll tax, and those that are collected on behalf of other agencies (e.g. Perth Parking Licence fees on behalf of the Department for Planning and Infrastructure) or other jurisdictions (e.g. collection of a range of taxes for the Commonwealth in the Indian Ocean Territories).

This service contributes to the desired outcome that due and payable revenue is collected and eligible grants, subsidies and rebates paid.

Key indicators of efficiency	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual
Average cost per land item assessed	\$8.79	\$11.10	\$11.18	\$10.79
Average cost per duty return issued ⁽¹⁾	\$103.52	\$154.00	\$183.75	\$175.31
Average cost per pay-roll tax return issued	\$123.03	\$66.35	\$70.73	\$61.71
Average cost per instrument assessed	\$15.54	\$18.34	\$63.68	\$86.76

⁽¹⁾ Stamp Duties was replaced by Duties when the *Duties Act 2008* was enacted on 1 July 2008.

The decrease in the average cost of payroll tax return issued mostly reflects a proportionate increase in the number of pay-roll tax clients.

The increase in the average cost per instrument assessed mostly reflects the substantial decrease in the number of duty instruments following the abolition of duty on mortgages, leases and deeds from 1 September 2008 due to effect of the Duties Act. The downturn in the economy has also significantly impacted on the number of duty instruments assessed.

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.

This service contributes to the desired outcome that due and payable revenue is collected and eligible grants, subsidies and rebates paid.

Key indicators of efficiency	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual
Average cost per application/claim processed	\$5.56	\$6.85	\$7.06	\$10.86

The additional cost represents an increased number of compliance officers utilised to check First Home Owner Grant applications during the 2008–09 period. These additional officers were required to address a build-up in post-grant checking required to confirm compliance with residency requirements associated with the grant.

Government 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.

Key indicators of efficiency	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual
Client satisfaction with the timeliness of agency specific contract development	85%	86%	85%	88%
Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value ⁽¹⁾	2.4%	1.5%	1.6%	1.3%

⁽¹⁾ Figures have been recast due to the reallocation of Corporate and Government Procurement costs for Services 9 and 10.

The variance between 2008–09 target and actual is attributed to a reduction in service costs and an increase in the value of non-ICT contracts awarded.

Service 8 Development and management of whole-of-government common use contract arrangements

Leads a whole-of-government approach to procurement that efficiently meets the business needs of Government agencies, manages risk and delivers value-for-money.

Key indicators of efficiency	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual
1. Percentage of re tendered/ redesigned common use contract arrangements developed and awarded prior to the expiry of the previous arrangement	92%	62%	90%	100%
2. 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	1.1%	1.1%	1.0%	1.0%

Indicator 1

A major factor in the delivery of Common Use Arrangements is to ensure they are reviewed, developed and awarded in a timely manner. This also ensures government is maintaining a 'Best Price' in renewing existing contracts. In 2008–09 all three contracts and four panels were delivered within the required timeframe.

Indicator 2

The management and development of Common Use Arrangements has a cost. These costs need to be measured and controlled. This is measured against the throughput of the Common Use Arrangement. The more throughput the better the value of the Common Use Arrangement to government in terms of return on development and management costs.

Figures have been recast due to the reallocation of Corporate and Government Procurement costs for Services 9 and 10. The variance between 2008–09 target and actual is attributed to a reduction

in service costs and a small increase in use of CUAs within the Government Sector.

Service 9 Development and management of whole-of-government procurement systems and standards

Delivers, maintains and deploys whole-of-government procurement systems, provides reporting and information services, manages standardised contract documentation and procurement education services that efficiently meet the business needs of Government agencies, manage risk and deliver value-for-money.

Key indicators of efficiency	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual
Cost of deploying and managing procurement systems and standards as a percentage of agency specific contract award values and the annual throughput of CUAs	N/A	N/A	0.2%	0.3%

This is a new Indicator. An indicative target of 0.2% was established as an initial benchmark. The actual figure was higher than target due to the following factors:

- An increase in Full-Time Equivalents through the merger of the State Supply Commission and the Department of Treasury and Finance in late 2008–09;
- The alignment of the Strategy and Business Development team to the Procurement Systems and Standards also increased the number of Full-Time Equivalents; and
- The outcomes resulting from the application of the Government's efficiency dividend and a Department of Treasury and Finance re-prioritisation of its resources.

Service 10 Facilitate the Centre for Excellence and Innovation in Infrastructure Delivery

Provides strategic leadership and facilitation to CEIID to support it in its development of improved approaches to the delivery of infrastructure across Government.

The Department of Treasury and Finance facilitates the interaction of CEIID member agencies in their delivery of the CEIID program specified in the CEIID Strategic Plan 2008–11. CEIID member agencies' satisfaction with the timeliness of delivering CEIID initiatives to the agreed plan is considered a measure of efficiency for Department of Treasury and Finance's facilitation.

Key indicators of efficiency	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual
Client satisfaction with the timeliness of the Department's facilitation of CEIID initiatives	N/A	N/A	85%	77%

This is a new indicator in 2008–09 and comparatives are not available. The small survey population (25 agencies) means that the results are sensitive to small changes in response rates. Only three respondents (13.6%) indicated dissatisfaction that was attributed to the availability of resourcing provided by CEIID agencies and the extent of deliverables produced.

Shared Services business

Service 11 Project management, coordination and implementation of the whole-of-government shared corporate services reform

This service involves building the Oracle 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 Shared Service Centre. This service contributes to the desired outcome of quality, value-for-money corporate services within a whole-of-government shared services framework.

The costs shown in this indicator not only includes the recurrent allocation but an amount in respect of the capital contribution for the project build.

Key indicators of efficiency	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual
Progress with the reform of the Western Australian public sector for shared corporate services within budget:				
• Delivery of project within budgeted target (\$ million)	\$22.849	\$18.676	\$56.699	\$56.961

The increase is a result of the acceleration of the project expenditure compared to the previous year. In particular, the approval of a revised project plan in November 2007 has resulted in a substantial increase in the number of projects undertaken in 2008–09, such as the build of the payroll awards and the project accounting modules.

Service 12 Provision of financial, human resources and online services

The Shared Service Centre 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. The provision of HR/payroll services utilising the Oracle system commenced during 2007–08, while the Centre is also providing payroll services to various agencies utilising their existing payroll system.

Online services (e.g. video conferencing and Internet services) are provided to a range of entities, including various local government authorities.

This service contributes to the desired outcome of quality, value-for-money corporate and online services within a whole-of-government shared services framework.

Key indicators of efficiency	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual
Cost of financial services per client agency (\$ million)	\$1.42	\$1.25	\$1.32	\$1.25
Cost of human resources services per client agency (\$ million)	\$0.76	\$1.15	\$1.17	\$1.05
Cost of online services per client agency	N/A	\$39,259	\$40,610	\$50,995

The reduction in the cost of human resources services per client agency is a result of the roll-in of additional agencies into the Shared Services environment.

The increase in the cost of online services per client agency is mainly a result of:

- The change in leave provision for staff transferred into the section following actuarial assessment;
- The secondment-in of staff from external agencies to cover long term sick leave clearances which were invoiced late in the year; and
- The allocation of staff from the trainee program, which increased staffing numbers and costs.

Building Management and Works business

Service 13 Delivery, management and maintenance of government buildings, projects and office accommodation

The Department provides management services involving construction of public buildings, infrastructure assets, the Government's office accommodation portfolio, projects and the ongoing management of government properties. Also included are policy development and advice to government with regard to its building construction activities. The Department measures its efficiency in delivering these services to its clients at the lowest cost through the indicators: cost per million dollars of value of capital works projects delivered; cost per million dollars of gross rentals of buildings and office accommodation managed; and cost per million dollars of value of minor works and maintenance services delivered.

The cost for project delivery includes the total costs allocated to this service, including overheads. The total cost is taken as a proportion of the value, in millions of dollars, of works delivered by the Department. The efficiency measure is a key factor in evaluating the cost of the service provided to client (government) agencies in relation to the value of works projects managed.

The cost for property management includes the total costs allocated to this service, including all overheads. The total cost is taken as a proportion of the gross rental payments, in millions of dollars, of buildings and accommodation managed. Within the cost for property management, the Department also provides management services for precincts (places where ownership is unclear or transitional), properties or contiguous sites where several agencies may have an interest or presence.

The cost for maintenance includes the total costs allocated to this service, including all overheads. The total cost is taken as a proportion of the value, in millions of dollars, of minor works and maintenance delivered by the Department. Included in the total costs are those associated with a call centre; contract development and management for minor works; breakdown repairs; and maintenance.

Key indicators of efficiency	2006–07 Actual	2007–08 Actual	2008–09 Target	2008–09 Actual ⁽¹⁾
Cost per million dollars of value of capital works projects delivered	\$22,727	\$19,828	\$23,620	\$20,853
Cost per million dollars of gross rentals of buildings and office accommodation managed	\$272,141	\$100,899	\$141,814	\$107,038
Cost per million dollars of value of minor works and maintenance services delivered	\$85,785	\$84,810	\$91,379	\$84,165

⁽¹⁾ The outcome and associated services transferred to The Department of Treasury and Finance with effect from 1 February 2009. Prior to this date responsibility rested with the Department of Housing and Works. For comparability purposes the full year KPI (target and actual results) and prior year results have been reported.

The 2008–09 actual figure versus the target figure particularly reflects an underspend on the budget for associated staffing costs due to difficulties with attracting and retaining staff.

The number of leases administered increased by 20 per cent in 2008–09 and the office accommodation market achieved record low vacancy rates with resulting high rental costs. However, the overall cost of delivering the program remained less than the target total.

The value of the maintenance program delivered was greater than anticipated, while the cost of delivering the service was less than the target total. In effect, the Department delivered a larger than expected program without an increase in costs. The value of the actual measure for 2008–09 is similar to the value of the actual measure for 2007–08.

Ministerial directives

No Ministerial directives were received during the financial year.

Other financial disclosures

Pricing policies

DTF operates in an environment where a significant proportion of operating revenues is received from sources other than the Consolidated Account.

DTF provides a number of diverse services for which fees and charges are applied. The pricing policies reflect the type of service that is being provided and include the following services:

- Construction of new government buildings – DTF provides services to government agencies to support the planning and delivery of their non-residential building programs. Charges for project management services for individual projects are a percentage of the cost of the project. The percentages are on a sliding scale inversely proportional to the value of the project and adjusted for locality and project complexity. The total charges represent around two per cent of the annual works program.
- Maintenance and minor works – DTF charges for managing the planning and delivery of maintenance and minor works on behalf of agencies. The charges are determined in order to achieve full cost recovery, and are either fixed or a percentage depending on the service provided.
- Accommodation – DTF charges government agencies rent, based on market rates, for the use of multi-tenanted government buildings owned by the Minister for Works.
- Fremantle Prison offers a range of tours to the public. Tour prices are reviewed annually, with price increases maintained around the Consumer Price Index.

- State Fleet – DTF charges agencies monthly vehicle rentals fixed at the commencement of lease and based on a forecast residual outlook to the end of the lease term. The residual risk at the conclusion of the lease term is borne by State Fleet and mitigated by commercially based leasing agreements with agencies. Over time State Fleet seeks to remain profitable.
- Shared Services – DTF charges for the provision of corporate services to client agencies. The fees are based on data supplied by agencies as part of the original Shared Service Business Case (eg number of transactions processed). These charges have been indexed annually. When all agencies have rolled in, it is proposed that a pricing and charging model will be implemented which will be based on a full cost recovery approach.

Employment and industrial relations

During 2008–09, DTF employed an average 1,450 full-time equivalent (FTE) staff, compared with 1,173 reported last year. The increase is due mainly to the transfer of staff from the former Department of Housing and Works to the DTF's new Building Management and Works. Excluding Building Management and Works, DTF's FTE total was down by 55 FTE on average in 2008–09 from 2007–08.

Business	Average FTE
Treasury	202
State Revenue	224
Government Procurement	273
Shared Services	228
Corporate Services	191
Building Management and Works	332
Total	1,450

Capital Works

In 2008–09, \$275 million was spent on capital investments. The key capital projects are detailed in the table below.

Project	Expected Completion Date	Actual Expenditure 2007–08 \$'000	Actual Expenditure 2008–09 \$'000	Estimated Cost to Complete \$'000	Estimated Total Cost \$'000
Perth Arena	2011	86,435	58,664	321,217	466,316
Shared Services Establishment	2013	84,174	43,127	73,853	201,154
Revenue Collection Information System	2012	198	1,365	19,114	20,677
Strategic Information Management System	2011	384	894	4,313	5,591
Centre of Excellence in Infrastructure Delivery	2013	-	352	3,648	4,000
State Fleet Annual Vehicle Acquisition Program	2009	-	171,308	-	-

Perth Arena

The Perth Arena was a significant capital project commenced by the former Department of Housing and Works. On 1 February 2009, client status and budget responsibility for this project transferred to the Department of Treasury and Finance. With effect from 1 July 2009, client status and budget responsibility for the Perth Arena project transferred to Venues West.

Shared Services Implementation

The HR/Payroll component of the Shared Services Oracle Business System went live in 2007–08 and work is continuing on building further payroll awards to enable more agencies to roll-in to this system. In 2008–09, \$43 million was spent on enhancing payroll functionality and facilitating the award build. The project accounting module was also implemented and facilitated the roll-in of the Main Roads Western Australia in December 2008. Agencies are progressively being rolled in to shared service arrangements with 32 agencies currently receiving services and this body of work will continue until 2012–13.

Revenue Collection Information System

State Revenue is reliant upon the Revenue Collection Information System (RCIS), the primary tool used to assess and collect State taxes and duties, and disburse grants, subsidies and rebates. The system is a mission critical asset and therefore an essential element in enabling Government to fund its operations on a year-by-year basis.

A project commenced in 2008 to redevelop the RCIS into a contemporary web-based technology for the user presentation layer and also address longevity issues. The system will continue to be underpinned by an Oracle relational database system.

Development work planned for 2008–09 was rescheduled during the preparation and lead-up to the State Budget due to potential changes in requirements. Following the handing down of the Budget, critical land tax measures were identified which impacted the project deliverables originally planned for 2008–09. These changes will now be undertaken and delivered by 2009–10.

Total project cost and schedule have not changed and the target completion date for the project is 2012.

Strategic Information Management System

The SIMS project will deliver a replacement for the existing Treasury Information Management System (TIMS), which currently provides DTF with the critical business tools to support whole-of-government economic management, budget management and financial reporting business requirements. While some delays were experienced in 2008–09 due to IT specialist availability the project is progressing on schedule and is due for completion in 2011.

Centre of Excellence and Innovation in Infrastructure Delivery

The CEIID commenced a project in 2008 to provide a common software solution for agencies to develop and manage contracts associated with infrastructure delivery. The software product will enable a more consistent and risk-managed approach to be applied in what is a complex contracting area. The product is now operational at the Fiona Stanley Hospital construction project and at the Public Transport Authority. Additionally, work has commenced on an improved capital works program reporting tool.

State Fleet Annual Vehicle Acquisition Program

State Fleet purchases passenger and light commercial vehicles for government use. Vehicles are purchased from the proceeds of vehicles sales and receipts from agency vehicle lease charges, and the acquisition of vehicles is based on agency needs. During 2008–09 State Fleet expended \$171.3 million under its vehicle acquisition project against a budget of \$181.1 million. Variability in supply and agency needs contribute to the variance between actual outcome and budget.

Other legal requirements

Compliance with Public Sector standards and ethical codes

Compliance with Public Sector Management Act Section 31(1)

1. In the administration of the Department of Treasury and Finance, I have complied with the Public Sector Standards in Human Resource Management, the Western Australia Public Sector Code of Ethics and our Code of Conduct.
2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal assessments to satisfy myself that the statement made in paragraph 1 is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:
 - number lodged 2
 - number of breaches found, including details of multiple breaches per application 0
 - number still under review 0



Timothy Marney
Under Treasurer
10 September 2009

Advertising

	\$
Advertising	380,627
Adcorp	156,685
Marketforce Express	94,311
Curtin	7,404
UWA	5,371
Media Decisions	113,832
Curtin	1,856
Murdoch	1,169
Market Research Organisations	50,639
Advantage Communications & Marketing	50,639
Media Advertising Organisations	59,555
Marketforce	50,530
Graduate Careers Australia	9,025

Disability Access and Inclusion Plan outcomes

DTF 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. DTF is committed to ensuring the following six outcomes continue to be met.

People with disabilities:

- have the same opportunities as other people to access the services of, and any events organised by DTF
- have the same opportunities as other people to access the buildings and other facilities of DTF
- receive information from DTF in a format that will enable them to readily access the information as readily as other people are able to access it
- receive the same level and quality of service from DTF staff
- have the same opportunities as other people to make complaints to DTF
- have the same opportunities as other people to participate in any public consultation by DTF.

The DTF Parking Policy was updated to provide clarity on the provision of parking bays for staff with ACROD stickers and additional parking bays have been provided.

Progress on the Disability Access and Inclusion Plan (DAIP) implementation plan was reported to the Disability Services Commission on 31 July 2009. The DAIP can be accessed through the DTF website and all timelines in the Implementation Plan have been met.

Recordkeeping plans

The addition of Building Management and Works, State Supply Commission and Superannuation Management Branch placed an additional workload on the DTF recordkeeping function.

Work was undertaken to prepare the transition of records from The Office of Native Title to the Department of the Attorney General from the 1 July 2009. DTF progressed the upgrade of the current Electronic Document Records Management System (EDRMS)

including identification, development and planned implementation of an upgrade for the EDRMS, Microsoft suite of products and the Revenue Collection Information System (which is linked to the EDRMS).

As per State Records Office training requirements, DTF trained 285 new staff and 250 new Building Management and Works staff on records obligations and EDRMS requirements. The DTF file plan was also redeveloped in consultation with the businesses to allow easier accessibility for users. A review of the current Recordkeeping Plan is underway with a scheduled completion in March 2010.

Government policy requirements

Corruption prevention

Accountability Framework and Misconduct Prevention Policy

The Accountability Framework and Misconduct Prevention Policy, developed this year, is aimed to communicate and build values, leadership and workplace behaviour. It emphasises how leaders within DTF are expected to set an example of integrity with their own behaviour, their communication and their responses to misconduct by others.

It focuses on establishing a culture that generates high standards with appropriate internal controls that aims to ensure integrity and accountability to protect and promote the public interest.

The Accountability Framework sets the parameters of accountability within the relevant legislation and the Misconduct Prevention Policy gives overarching guidance on the expected standards of personal behaviour.

To ensure that staff receive relevant training in accountable and ethical decision making (as outlined by Premier's Circular 2008/06), the Accountability Framework and Misconduct Prevention Policy will be introduced to staff in the form of three-hour training workshops over a 12 month period and will be supported in the induction training provided for all new employees.

This year has also seen the development of the Corporate Governance Framework, which embeds the core values of accountability and transparency into the organisation. The framework is based on four fundamental principles:

- planning and clear direction;
- appropriate and timely information;
- sound resource management; and
- adequate controls.

Code of Conduct

The Accountability Framework and the Misconduct Prevention Policy are supported by DTF's *Code of Conduct (Code)*. The Code has been redeveloped to assist staff in understanding the behaviour that constitutes misconduct. The Code provides a practical guide on what to do when faced with an ethical decision. The Code draws from the standards of the *Western Australian Public Sector Code of Ethics* but also reflects our values of excellence, teamwork, flexibility and fun.

Risk Management

Misconduct and corruption prevention has been integrated into our risk management processes with the capture of data on relevant risks in our risk registers and management database. This will ensure that risks and controls are continually identified, re-evaluated and managed.

Substantive Equality

DTF is committed to achieving substantive equality by eliminating systemic racial discrimination in the provision of our services and by promoting sensitivity to the different needs of client groups.

In the past year a needs assessment was undertaken to explore ways to effectively train our staff and develop their understanding of different groups' needs. Substantive Equality training is now under way to increase staff capacity to deliver services that respond sensitively to diversity.

DTF continues to work closely with the Substantive Equality Unit at the Equal Opportunity Commission.

Occupational Safety and Health

DTF is committed to promoting the health and wellbeing of all its employees. It is committed to assessing workplace risks and providing a work environment in which employees are not exposed to hazards.

A self-evaluation assessment was undertaken during the year. The results provided valuable information about current procedures, reporting measures and baseline data on occupational safety and health (OSH) systems within DTF. The assessment included a gap analysis, to allow measurement of continuous improvement of OSH outcomes.

The assessment is aligned with the WorkSafe Plan issued by the Department of Commerce.

A joint consultative committee provides a forum to discuss and promote occupational safety and health issues. The committee performs a fundamental role in improving health and safety by facilitating communication about workplace safety, monitoring and promotion of safe work practices.

Compliance with the injury management requirements of the *Workers' Compensation and Injury Management Act 1981*

DTF has in place a documented injury management system in accordance with the *Workers' Compensation and Injury Management Act 1981*. This system and return to work programs are managed by the People Strategy and Performance unit on a case-by-case basis. Work is undertaken in conjunction with RiskCover to facilitate the employee's return to work.

OSH performance for 2008–09

Indicator	Actual 2008–09
Number of fatalities	0
Lost time injury/disease (LTI/D) incidence rate	0.13%
Lost time injury severity rate	0%
Percentage of injured workers returned to work within 28 weeks	100%
Percentage of managers trained in occupational safety, health and injury management responsibilities	10%

Appendix 1: Amendments to legislation administered

Revenue Laws Amendment Act 2009

The *Revenue Laws Amendment Act 2009* received Royal Assent on 14 May 2009. The Act implemented changes to the land tax and metropolitan region improvement tax scales for the 2008-09 land tax year and subsequent financial years, following an announcement by the Government on 21 October 2008.

Western Australian Building Management Authority Annual Report 2008-09

Overview

The Western Australian Building Management Authority (WABMA) was established under the *Public Works Act 1902* as a body corporate. The Authority was responsible for servicing borrowings dating from the capital works program of 1984–85 and the borrowings to construct the Peel Health Campus in 1996.

The Authority held the residual borrowings from the amalgamation of the former Ministry of Housing and the Department of Contract and Management Services.

Statutory reporting requirements including staffing and compliance with the public sector standards and codes, were previously integrated into the Department of Housing and Works (DHW) annual report.

The responsibility for the Authority was transferred to the Department of Treasury and Finance by Cabinet approval on 15 December 2008 with an effective date of February 2009.

Opinion of the Auditor General



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2009

I have audited the accounts, financial statements, controls and key performance indicators of the Western Australian Building Management Authority.

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

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

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.

Opinion of the Auditor General

Western Australian Building Management Authority Financial Statements and Key Performance Indicators for the year ended 30 June 2009

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Western Australian Building Management Authority at 30 June 2009 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Authority provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended 30 June 2009.



COLIN MURPHY
AUDITOR GENERAL
5 August 2009

Financial statements

Certification of financial statements

For the year ended 30 June 2009

The accompanying financial statements of the Western Australian Building Management Authority 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 2009 and the financial position as at 30 June 2009.

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.



Ruth Leslie
Chief Finance Officer
31 July 2009



Timothy Marney
Accountable Authority
31 July 2009

Income statement

For the year ended 30 June 2009

	Note	2009 \$'000	2008 \$'000
COST OF SERVICES			
Expenses			
Finance costs	4	1,941	7,819
Supplies and services	5	674	17
Total cost of services		2,615	7,836
Income			
Revenue			
Interest revenue	6	2,309	6,659
Total revenue		2,309	6,659
Total income other than income from State Government		2,309	6,659
NET COST OF SERVICES		306	1,177
INCOME FROM STATE GOVERNMENT	7		
Service appropriation		312	4,000
Total income from State Government		312	4,000
SURPLUS/(DEFICIT) FOR THE PERIOD		6	2,823

The income statement needs to be read in conjunction with the accompanying notes

Balance sheet

For the year ended 30 June 2009

	Note	2009 \$'000	2008 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	12	-	421
Receivables	8	-	41,874
Total Current Assets		-	42,295
Non-Current Assets			
Receivables	8	-	-
Total Non-Current Assets		-	-
TOTAL ASSETS		-	42,295
LIABILITIES			
Current Liabilities			
Payables		-	17
Borrowings		-	105,008
Total Current Liabilities		-	105,025
Non-Current Liabilities			
Borrowings		-	-
Total Non-Current Liabilities		-	-
TOTAL LIABILITIES		-	105,025
NET LIABILITIES			(62,730)
EQUITY			
Contributed equity		83,311	20,587
Accumulated deficit		(83,311)	(83,317)
TOTAL EQUITY		-	(62,730)

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

Statement of changes in equity

For the year ended 30 June 2009

	Note	2009 \$'000	2008 \$'000
Balance of equity at start of period		(62,730)	(73,753)
CONTRIBUTED EQUITY	11		
Balance at start of period		20,587	12,387
Capital contribution		62,724	8,200
Balance at end of period		83,311	20,587
ACCUMULATED DEFICIT	11		
Balance at start of period		(83,317)	(86,140)
Surplus for the period		6	2,823
Balance at end of period		(83,311)	(83,317)
Balance of equity at end of period		-	(62,730)

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

Cash flow statement

For the year ended 30 June 2009

	Note	2009 \$'000	2008 \$'000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		312	4,000
Capital contributions		62,724	8,200
Non-retained revenue distributed to owner		(674)	-
Net cash provided by State Government		62,362	12,200
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Finance costs		(2,804)	(8,178)
Supplies and services		(17)	(17)
Receipts			
Interest received		2,762	3,969
Net cash used in Operating Activities	12	(59)	(4,226)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		41,421	2,259
Repayment of borrowings		(104,145)	(10,621)
Net cash used in Investing Activities		(62,724)	(8,362)
Net decrease in cash and cash equivalents		(421)	(388)
Cash and cash equivalents at the beginning of the period		421	809
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	12	-	421

The cash flow statement should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2009

1. Australian equivalents to International Financial Reporting Standards

The Authority's financial statements for the year ended 30 June 2009 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 Authority has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Authority 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 Authority for the annual reporting period ended 30 June 2009.

2. Summary of significant accounting policies

(a) General Statement

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

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

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

(b) Basis of Preparation

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

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

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

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.

(c) Reporting entity

The reporting entity comprises the Western Australian Building Management Authority.

(d) Contributed Equity

AASB Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers, other than as a result of a restructure of administrative arrangements, in the nature of equity contributions to be designated by the Government (the owner) 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

Revenue Recognition

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

Service Appropriations

Service appropriations are recognised as revenues at nominal value in the period in which the Authority gains control of the appropriated funds. The Authority gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the holding account held at Treasury. (See note 7 'Income from State Government').

Interest

Revenue is recognised as the interest accrues.

(f) Leases

Finance lease rights and obligations are initially recognised, at the commencement of the lease term, as assets and liabilities equal in amount to the fair value of the leased item or, if lower, the present value of the minimum lease payments, determined at the inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability, according to the interest rate implicit in the lease.

The Western Australian Building Management Authority (WABMA) completed construction of the Peel Health Campus in 1998–1999. WABMA funded the project from borrowings through the Western Australian Treasury Corporation (WATC).

The fully operational Peel Health Campus is leased to a private health services provider. WABMA reports this asset as a lease receivable.

WABMA, as a lessor, has entered into a finance lease for the use of the Peel Health campus facility. WABMA's rights and obligations under finance leases, which are leases that effectively transfer to the lessee substantially the entire risks and benefits incident to ownership of the leased items, are initially recognised as a lease receivable asset equal to the cost of constructing Peel Health Campus (see note 8 'Receivables').

The lease receivable asset is allocated between current and non-current components. The finance revenue resulting from the lease is allocated between interest revenue and reduction of the lease receivable, according to the interest rate implicit in the lease.

The Peel Health Campus loan Agreement was finalised on 1 July 2008 by receiving the full lease payment from the Health Department of Western Australia. The WATC also received full payment on 1 July 2008.

See note 2(K) 'Borrowings'.

(g) Financial Instruments

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

- Loans and receivables; and
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables

Financial Liabilities

- Payables
- WATC Borrowings

Initial recognition and measurement of financial instruments is at fair value, which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest rate method.

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

(h) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash, and which are subject to insignificant risk of changes in value, and bank overdrafts.

(i) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See note 2(g) 'Financial Instruments' and note 8 'Receivables'.

(j) Payables

Payables are recognised at the amounts payable when the Authority becomes obliged to make future payments as a result of a purchase of assets, services or repayment of loans. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See note 2(g) 'Financial Instruments' and note 9 'Payables'.

(k) Borrowings

All loans are initially recognised at cost, being the fair value of the net proceeds received. Subsequent measurement is at amortised cost using the effective interest rate method.

Borrowings arranged through the WATC were to meet funding for Capital Works programs (1984–1987 financial years) and to provide funding for the construction of the Peel Health campus.

The 1984–1987 borrowings were initially matched in the statement of financial position with building assets that the WABMA had procured. These buildings are no longer controlled by WABMA and were written-back in the 1995–1996 financial year resulting in an abnormal loss of \$156 million in that year. WABMA was carrying an equity deficit that was diminishing each year as the borrowing was repaid.

The Peel Health Campus borrowings were restructured on 15 June 2001 by agreement between WABMA and WATC. No change to WABMA's liability for the Peel Health campus borrowings occurred. The loan repayment schedule and the maturity date were altered to better match with the primary revenue stream associated with the leasing of Peel Health Campus.

The Peel Health Campus loan agreement was finalised on 1 July 2008 by receiving the full balance of borrowings from the Health Department of Western Australia of \$41.421 million. WABMA also received the full balance of borrowings on 1 July 2008 of \$41.421 million. See note 2(f) 'Leases'.

Borrowings from WATC for the funding of the Capital Works programs were also finalised, with the full balance of borrowings of \$63.586 million paid by the 16 July 2008. See note 2(g) 'Financial Instruments' and note 10 'Borrowings'.

(l) Comparative Figures

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

3. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

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

Review of AAS 27 'Financial Reporting by Local Governments', AAS 29 'Financial Reporting by Government Departments' and AAS 31 'Financial Reporting by Governments'. The AASB has made the

following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:

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

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

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and revised topic-based Standards and Interpretation. These requirements remain substantively unchanged. The new and revised Standards and Interpretation make some modifications to disclosures and provide additional guidance; otherwise there is no financial impact.

Future impact of Australian Accounting Standards not yet operative

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

- i. AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Authority 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 2009.

4. Finance costs

	2009 \$'000	2008 \$'000
Interest on 1984 - 1987 borrowings	2,762	4,304
Interest on Peel Health Campus borrowings	(821)	3,515
	<u>1,941</u>	<u>7,819</u>

See note 10 and note 2(k) 'Borrowings'

5. Supplies and services

Accrued Audit Fees	-	17
Treasury Consolidated Account Repayment ^(a)	674	-
	<u>674</u>	<u>17</u>

^(a) Payment made to Department of Treasury and Finance Consolidated Account. See note 12 'Notes to the Cash Flow Statement'.

6. Interest revenue

Interest on lease payments in respect of Peel Health Campus	<u>2,309</u>	<u>6,659</u>
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7. Income from State Government

Appropriation received during the year:		
Service appropriation	<u>312</u>	<u>4,000</u>

Financial statements

	2009 \$'000	2008 \$'000
8. Receivables		
Leases		
Current	-	41,874
Non-current	-	-
Total Lease Receivables	<u>-</u>	<u>41,874</u>

(a) Terms and conditions

Leases receivable represents the investment in a direct finance lease of the Peel Health Campus, net of unearned revenue, and is allocated between current and non-current elements. The principal component of the lease rental due within one year is shown as current and the remainder as non-current.

The lease was initially valued at \$55.9 million and the lease term was originally 20 years commencing on 13 August 1998. There is no unguaranteed residual value associated with the lease. Payments were received quarterly. See note 2(f) 'Leases'.

(b) Finance lease commitments

Minimum lease payments receivable not later than one year	-	41,874
Minimum lease payments receivable later than one year and not later than five years	-	-
Minimum lease payments receivable later than five years	-	-
Minimum lease payments receivable	<u>-</u>	<u>41,874</u>
Discounting of lease receivable ⁽ⁱ⁾	<u>-</u>	<u>-</u>
Gross investment in lease receivable as at 30 June	<u>-</u>	<u>41,874</u>

(i) Discounting is at implicit interest rate of lease.

9. Payables

Accrued audit fees	-	17
	<u>-</u>	<u>17</u>

10. Borrowings

WABMA had two separate borrowings through the WATC:

	2009 \$'000	2008 \$'000
1984 - 1987 borrowings	285,074	285,075
Less: Repayments of borrowings	(285,074)	(221,488)
	-	63,587
Peel Health Campus borrowings	55,923	55,923
Less: Repayments of borrowings	(55,923)	(14,502)
	-	41,421
Total borrowings	-	105,008
Current	-	105,008
Non-current	-	-
Total borrowings	-	105,008

(i) Significant Terms and Conditions

	<u>1984 - 1987 borrowings</u>	<u>Peel borrowings</u>
Nature of borrowings	debt portfolio	fixed principal and interest repayments
Composition	short and long stock lines	single loan contract
Face value	\$285,074,300	\$55,500,000
Premium	n/a	\$422,910
Date of maturity	15/10/2017	15/08/2018
Interest rate	variable	8.621%
Interest repayment schedule	quarterly	quarterly
Capital repayment schedule	quarterly fixed amounts	quarterly compounding
Repricing dates	monthly	n/a
Guaranteed by the Treasurer	yes	yes
Readily traded on organised markets	yes	no

(ii) Interest Rate Risk Exposure

WABMA's exposure to interest rate risk and repricing maturities on its borrowings as at 30 June 2009 are:

	2009 \$'000	2008 \$'000
<u>Carrying amounts of financial liabilities exposed to interest rate risk</u>		
1 year or less	-	63,587
1 to 5 years	-	-
Over 5 years	-	-
Total borrowings with interest rate risk	-	63,587

The weighted average effective interest rates are:

	2008 %
1984 - 1987 borrowings:	6.63
Peel Health Campus borrowings:	9.02

See note 15 'Financial Instruments', note 2(f) 'Leases' and note 2(k) 'Borrowings'

11. Equity

Liabilities exceeded assets for the Authority and therefore there was no residual interest in the assets of the Authority. The deficiency arose from the construction and deployment of assets to other Government agencies while the Authority retained the undertaking to service the financial costs of that construction activity.

	2009 \$'000	2008 \$'000
Contributed Equity		
Balance at start of year	20,587	12,387
Contributions by owners		
Capital Contribution	62,724	8,200
Balance at end of year	<u>83,311</u>	<u>20,587</u>
Accumulated deficit		
Balance at start of year	(83,317)	(86,140)
Result for the period	6	2,823
Balance at end of year	<u>(83,311)</u>	<u>(83,317)</u>

(a) Capital Contributions (appropriations) and non-discretionary (non-reciprocal) transfers of net assets from other State Government agencies have been designated as contributions by owners in Treasurer's Instruction TI 955 'Contributions by Owners Made to Wholly Owned Public Sector Entities' and are credited directly to equity.

12. 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:

Cash and cash equivalents	-	421
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Reconciliation of net cost of services to net cash flows used in operating activities

Net cost of services	(306)	(1,177)
Decrease / (Increase) in assets:		
Current receivables	453	(2,690)
(Decrease) in liabilities:		
Current Liabilities	(17)	-
Non-Current Liabilities	(863)	(359)
Treasury Consolidated Account Repayment (a)	674	-
Net cash used in operating activities	<u>(59)</u>	<u>(4,226)</u>

(a) Payment made to Department of Treasury and Finance Consolidated Account. See note 5 'Supplies and Services'

	2009 \$'000	2008 \$'000
13. Remuneration of Auditor		
Remuneration payable to the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and performance indicators Indicative fee of \$19,150 (excl. GST) has been quoted and will be paid by Department of Treasury and Finance - Building Management and Works for the 2008-09 financial year.	-	17

14. Remuneration of members of the accountable authority and senior officers

The remuneration for the Accountable Authority and Senior Officers of the WABMA has been disclosed within the Housing Authority annual report.

No senior officers are members of the Pension Scheme.

15. Financial instruments

(a) Financial Risk Management Objectives and Policies

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

Credit risk

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority. The Authority measures credit risk on a fair value basis and monitors risk on a regular basis.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

The carrying amount of lease receivables recorded in the financial statements, net of any provisions for losses, represents WABMA's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained. These amounts are owing from a single debtor.

Credit risk associated with the Authority's financial assets is minimal. For receivables other than government, the Authority trades only with recognised, creditworthy third parties. The Authority 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 Authority's exposure to bad debts is minimal. There are no significant concentrations of risk.

Market risk

The Authority does not trade in foreign currency and is not materially exposed to other price risks. The Authority's exposure to market risk for changes in interest rates relate primarily to the long-term debt obligations. The Authority's borrowings are all obtained through the WATC. (See note 10 and note 2(k) 'Borrowings') The risk is managed by WATC through portfolio diversification and variation in maturity dates. Other than as detailed in the Interest rate sensitivity analysis table, the Authority is not exposed to interest rate risk as all other cash and cash equivalents are either non interest bearing or at a fixed rate and the Authority had no borrowings other than the WATC borrowings.

(b) Categories of Financial Instruments

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

	2009 \$'000	2008 \$'000
Financial Assets		
Cash and cash equivalents	-	421
Loans and receivables	-	41,874
	-	42,295
Financial Liabilities		
Financial liabilities measured at amortised cost	-	105,025

(c) Financial Instruments Disclosure

Credit Risk, Liquidity Risk and Market Risk Exposures

The following table details the exposure to liquidity risk as at balance sheet date. The Authority's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial liabilities as shown on the following table. The table is based on information provided to senior management of the Authority. The contractual maturity amounts in the table are representative of the undiscounted amounts at the balance sheet date. An adjustment for discounting has been made where material.

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

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

Liquidity Risk

Contractual Maturity Analysis:

	Within 1 Year	1 -2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	More than 5 Years	Adjustment for discounting	Carrying Amount
2009	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities								
Payables	-	-	-	-	-	-	-	-
WATC Borrowings	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
2008	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Liabilities								
Payables	17	-	-	-	-	-	-	17
WATC Borrowings (a)	106,490	-	-	-	-	-	(1,482)	105,008
	106,507	-	-	-	-	-	(1,482)	105,025

(a) WABMA had two separate borrowings through the WATC. (See note 10 and Note 2(k) 'Borrowings')

Market Risk

The Authority does not consider there to be any exposure to material market risks.

Key performance indicators

Certification of key performance indicators

For the year ended 30 June 2009

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Western Australian Building Management Authority's performance, and fairly represent the performance of the Western Australian Building Management Authority for the financial year ended 30 June 2009.



Timothy Marney
UNDER TREASURER

31 July 2009

Performance indicators

Outcome: WABMA borrowings are serviced in accordance with the WATC repayment schedule.

The WABMA is a body corporate established under the *Public Works Act 1902*. WABMA was responsible for servicing borrowings dating from the 1984–85 Capital Works Program and the 1996 borrowings for construction of the Peel Health Campus.

The previous output measures of the WABMA were managed by DHW, as DHW was made responsible for the procurement of the Government's building works from 2002–03. The responsibility for the WABMA was transferred to DTF effective from 1 February 2009.

The loan repayment had no effect on the cost of producing DHW or DTF services and therefore an efficiency indicator relating to total cost per unit of output is not provided.

Similarly, the costs of servicing borrowings made during the period 1984 to 1987, to fund the State capital works building program, are excluded. These costs were covered by a direct appropriation from DTF.

The balance of WATC loans as at 30 June 2009 is nil, reduced from \$105 million in 2007-08.

The Peel Health Campus loan agreement was finalised on 1 July 2008 by receiving the full lease payment from the Health Department of Western Australia. WATC also received full payment on 1 July 2008.

Borrowings from the WATC for the funding of the capital works programs was also finalised, with the full balance of borrowings of \$63.6 million paid by 16 July 2008.

Efficiency and effectiveness indicator

The percentage of loan repayments made by the scheduled payment date specified in the WATC's loan repayment schedule.

This indicator provides information on how WABMA managed its borrowings by providing data on the timeliness in which the Authority makes its loan repayments in relation to borrowings for the 1984–85 capital works program and the Peel Health Campus as stipulated in the WATC loan repayment schedule. It also shows whether all loans that should have been processed in relation to the financial year have been processed.

Note that the full balance of both loans was repaid to WATC in July 2008.

Effectiveness Indicator	Actual for 2007-08	Target for 2008-09	Actual for 2008-09
Percentage of loan repayment transactions processed in accordance with the WATC loan repayment schedule.	100%	100%	100%