



Department of Treasury and Finance

# Annual Report 2009-10

Inspired professional people | Independent advice | Innovative services

## Statement of compliance

For the year ended 30 June 2010

**Hon Colin Barnett MLC MLA**  
**Premier; Treasurer; Minister for State**  
**Development**

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 2010.

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  
 13 September 2010

ISSN 1443-1602

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## Under Treasurer's Review

### Our challenges in 2009-10

If 2008-09 was a year of change for the Department of Treasury and Finance (DTF), 2009-10 was a year of finding new, efficient and effective ways to do business.

The 2009-10 year proved to be a challenging one for DTF. Once again, the dedication and professionalism of DTF's staff has enabled the agency to deliver quality outcomes for the State of Western Australia, against a backdrop of changing economic circumstances and a very full Government agenda at both state and federal level.

### Our economic environment

The 2009-10 financial year saw the global economy start to recover from the financial crisis of 2008-09. The global economy grew, and financial markets functioned much better than they did during 2008-09.

The Western Australian economy was in a period of transition, moving away from the effects of the global financial crisis and into the early stages of recovery. Consumer and business confidence started to return, helped by the State's resource sector, with flow-on effects across the economy.

At a national level, the Reserve Bank of Australia reflected the nation's economic recovery through a number of interest rate rises. Public infrastructure spending boosted demand, as did an upturn in housing construction.

Investment in the resources sector was strong, and the national rate of unemployment peaked at a much lower level than earlier expected.

### Refining the DTF business

2009-10 was the first full year of operation of DTF in its present form, featuring six businesses that now cover an array of economic, financial, procurement, capital works, property, shared services and corporate service activities.

To better reflect this, the composition of DTF's Corporate Executive group was adjusted to enable better representation of each business.

DTF's structure and range of activities saw it entering new areas of policy and administration with a view to providing quality economic, financial, asset and business service management for Western Australia.

### Commonwealth-State issues

Commonwealth-State issues presented growing challenges to Western Australia during 2009-10.

The Council of Australian Government's reform agenda that commenced in 2008 presented both opportunities and challenges for Western Australia. DTF assisted the State Government in protecting and enhancing the State's economic and financial interests, particularly in regard to the Commonwealth's national health reform proposals and the Commonwealth's response to the recommendations of the [Henry Tax Review](#), released in May 2010.

DTF provided extensive analysis, research and advice to the State Government on these issues, and is continuing to do so.

## Commonwealth Grants Commission

The [Commonwealth Grants Commission's 2010 Review](#) determined a cut of \$503 million – the equivalent of \$216 per person – would be made to Western Australia's share of the national Goods and Services Tax (GST) grant pool in 2010-11. In percentage terms, Western Australia's share of national GST revenue has declined from 8.1% in 2009-10 to 7.1% in 2010-11, despite having 10.3% of the nation's population.

DTF has forecast that Western Australia's GST share will continue to decline over the next few years, to just 5.7% by 2013-14.

This disproportionate allocation of Commonwealth funding will impose greater budget management challenges for the State in the coming years.

## A new Treasurer

In April 2010 the then Treasurer, Hon Troy Buswell MLA, resigned from the position. The role of Treasurer was assumed by the Premier, Hon Colin Barnett MLA and in that capacity, the new Treasurer took responsibility for the Treasury business of DTF. The State Revenue, Building Management and Works, Strategic Projects, Shared Services and Government Procurement businesses of DTF became the responsibility of the newly appointed Minister Assisting the Treasurer, Hon Bill Marmion MLA.

## Our achievements in 2009-10

### Reducing Government spending

A series of measures led by DTF over the last 18 months has helped reduce spending growth across Government and restored the structure of the State's finances to a more sound position. These initiatives have included implementation of the three per cent efficiency dividend, a new public sector wages policy, a ceiling on public sector staff numbers and two rounds of voluntary severances.

### Retaining the State's triple-A credit rating

International ratings agency Moody's confirmed Western Australia's triple-A credit rating in August 2009. Standard and Poor's also reconfirmed the State's triple-A credit rating in September 2009 and again in May 2010. These ratings rank the State at the lowest possible level of risk.

### Economic Audit implementation

The State Government's Economic Audit Committee's Final Report [Putting the Public First: Partnering with the Community and Business to Deliver Outcomes](#) was released by the Premier on 15 December 2009. The Report made 43 recommendations for reform across a diverse range of public sector functions and activities, 18 of which are the responsibility of DTF for implementation.

An Economic Audit Implementation Coordination Unit has been established within the Under Treasurer's Office, bringing together program managers from the Treasury, Government Procurement, Building Management and Works and Strategic Projects businesses.



This will ensure that the recommendations are implemented in the spirit of the report, in partnership with key people and organisations from across the public, community and private sectors as well as other levels of government.

## Shared Services reform program

DTF's Shared Services reform program achieved several milestones during 2009-10. DTF Shared Services now provides financial services to 41 agencies and of these, 20 agencies are also receiving payroll and human resources services. At the end of 2010, there will be around 50 agencies receiving a combination of financial, payroll and human resources services through the Shared Services reform program.

## Managing the delivery of Federal Government programs

DTF engaged with the Department of Education to deliver the [Building the Education Revolution \(BER\) program](#) - part of the Federal Government's economic stimulus package - to construct additional building infrastructure for State Government schools in Western Australia.

The Building Management and Works business led the procurement process for the program, establishing a dedicated program management office for the BER program. The program management office managed \$1.16 billion worth of works at 773 schools across the State, awarding contracts to no less than 168 building and maintenance contractors.

Implementation of this initiative was notable for the value-for-money achieved when compared to other jurisdictions.

## Improvement in revenue administration

A range of revenue administration initiatives were progressed:

- land tax capping and [First Home Owner Grant \(FHOG\)](#) capping arrangements;
- the Council of Australian Governments' initiative to enable pay-roll tax reporting through the [Commonwealth's Standard Business Reporting \(SBR\)](#) interface;
- improved consistency with other jurisdictions in pay-roll tax administration; and
- the ongoing rebuild of the Revenue Collection Information System (RCIS).

## Reducing red tape

The State Government's [Red Tape Reduction Group](#) delivered its final report to the Treasurer in December 2009, and the report was publicly released in February 2010.

The report's recommendations were an ambitious blueprint to significantly reduce the burden of excessive regulation and red tape on Western Australian businesses and consumers, by improving the culture, performance and accountability of government agencies.

DTF is playing a critical role in maintaining the impetus of reducing red tape, and introduced regulatory impact assessments in December 2009. The aim of this process is to improve the quality of regulation by providing decision makers with a comprehensive examination of the more significant proposals and their impacts.

The [Regulatory Gatekeeping](#) unit undertake assessment of all proposals for regulation - new and amended - submitted to State Cabinet, with particular focus on consultation with stakeholders to ensure proposed regulation is both necessary and is designed to efficiently address the problem.

## Public sector superannuation reform

Throughout 2009-10 DTF continued to provide advice to the Treasurer and State Government in support of on-going work on public sector superannuation reform. The Government accepted the recommendations of the Whithear review into public sector superannuation, which emphasised not proceeding with mutualisation of the Government Employees Superannuation Board (GESB), the introduction of 'choice of superannuation fund' for State Government employees and refocussing GESB back onto its core function of delivering superannuation services to public servants and State employers.

## Governance

A vital initiative was commenced in 2009-10 to identify and put in place the 'foundations' of good governance for DTF. These foundations allow DTF to make proper and timely decisions, manage risk and allocate resources. They assist in project controls, communications, consultation, relationships, performance, behaviours and culture.

The DTF Foundations of Governance are:

- co-ordinated prioritising of projects and allocation of resources;
- efficient and effective management of performance for the agency, businesses and staff; and
- clear and concise communication to build and maintain positive relationships with stakeholders, businesses and staff.

Good governance encourages our businesses to co-operate, our teams to think ahead, our decision makers to have the right information to make fair unbiased decisions and our staff to be included and involved in the success of DTF.

## Looking ahead

For DTF, the challenge is to build the foundations for long term economic growth for Western Australia.

## Public Private Partnerships

A key activity unit has been formed within the Treasury business to examine the potential of [Public-Private Partnerships](#) (PPPs) for the Government of Western Australia. The Government has announced that it is planning a number of infrastructure projects in the areas of health, education, corrective services and utilities to be delivered as PPPs.

PPPs will be pursued where they deliver value-for-money and are in the public interest in delivering savings, better services or both.

The role of the PPP unit is to:

- advise the Treasurer on PPP opportunities to optimise value-for-money for the State;
- assess and monitor implementation of PPP projects on behalf of the Government; and
- develop and implement a whole-of-government PPP policy.

The approach to the development and implementation of PPPs taken by the Government is consistent with Infrastructure Australia's National PPP Guidelines.

## Major capital works projects

The Strategic Projects business has carriage of the planning, development and delivery of no less than 15 high-value, high-risk Government building and infrastructure projects, many of which will reach critical stages in 2010-11.

These projects include the Fiona Stanley Hospital, Perth Arena, the new children's hospital, the State Theatre Centre, the QEII Medical Centre car park and the Albany Entertainment Centre.

## Office accommodation

As part of the [State Government's 'master planning'](#) approach to office accommodation, the Department of Treasury and Finance will relocate two of its businesses - Government Procurement and Building Management and Works - from their current premises in West Perth and East Perth to a new facility, the Optima building, in Herdsman in early 2011.

The Optima building is new, featuring modern design and construction and forms part of a proposed 'business park' development in Herdsman. This relocation matches an undertaking given by the State Government to position more agencies away from the Perth CBD, with a view to attaining cheaper leases. The floorspace will be fitted out to DTF's standard specifications.

## In summary

DTF now employs over 1600 people across six businesses, in eight locations in the metro area and five regional offices. The areas DTF is involved in are disparate, but all pursue the ambitions of quality economic, financial, corporate service, building and infrastructure management for Western Australia.

All our achievements and challenges in the 2009-10 year occurred against a backdrop of a Western Australian economy in the early stages of recovery. All our work maintained a focus on financial responsibility and value-for-money outcomes for Western Australians.

I believe DTF's commitment to these goals has served the state well, and the agency is committed to continuing in this vein in the year to come. To facilitate this, DTF will commit to its foundations of governance: co-ordinated prioritising of projects, better allocation of resources, efficient and effective management of performance and clear and concise communication.

Western Australia is fortunate to have the expertise, commitment and dedication of DTF's people working for it, and I am fortunate to head such an agency.

The dedicated people of DTF will continue to seek value-for-money outcomes for the Government and the people of Western Australia.



Timothy Marney  
Under Treasurer



# OPERATIONAL STRUCTURE

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

- Treasury
- State Revenue
- Shared Services
- Corporate Services
- Building Management and Works
- Strategic Projects
- Government Procurement
- 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;
- *Financial Management Act 2006*, along with associated Treasurer's Instructions, provides the powers for staff to operate in government finance, control and accountability matters;
- *Government Financial Responsibility Act 2000* provides reporting obligations on DTF in respect to the State's finances;
- *Judges' Salaries and Provision Act 1950*;
- *Parliamentary Superannuation Act 1970*;
- *Public Works Act 1902* provides Building Management and Works with the power to do all things necessary to construct public works and buildings;

- *State Superannuation Act 2000*, provides for the approval powers, responsibilities of the Treasurer and the Treasurer's guidelines and powers; and
- *State Supply Commission Act 1991*, through a delegation to the Under Treasurer, provides the power to establish and manage contracts.

## Responsible Minister

Hon Troy Buswell BEc MLA  
Treasurer; Minister for Commerce; Science and Innovation; Housing and Works (to April 2010).

Hon Colin Barnett MEc MLA  
Premier; Treasurer; Minister for State Development (from April 2010).

Hon Bill Marmion BE MBA MLA  
Minister for Commerce; Science and Innovation; Housing; Minister Assisting the Treasurer (from April 2010).

# ORGANISATIONAL CHART



## Corporate executive team

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

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

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

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

Michael has been Deputy Under Treasurer since July 2008.

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

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

### **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.

### **Brian Roche** Bachelor of 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 for Workplace Agreements.

### **Sue Jones** R.N, 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 of Operations of Country Health.

### **John Tondut** Bachelor of Engineering (Honours), Master of Business Administration **Executive Director Building Management and Works**

John joined DTF in 2003, and was appointed Executive Director Government Procurement in September 2007.

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 has 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 Strategic Projects**

In February 2008, Richard was appointed Executive Director of the (then) Office of Strategic Projects within the former Department of Housing and Works. He continued in this role when the Office moved to DTF in February 2009 to create the Strategic Projects business.

Richard is a Civil Engineer with more than 20 years experience managing building and infrastructure projects throughout Western Australia. Richard was a member of the former State Supply Commission Board and is currently a board member of the Sustainable Built Environment National Research Centre.

**Rod Alderton** Master of Business Administration, Master of Strategic Procurement  
**Executive Director Government Procurement**

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

He is the Chair of the Australian Procurement and Construction Council's Leadership Group (procurement stream), and is also a member of the State Supply Commission Board.

## Administered legislation

In 2009-10, 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)*
- *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*
- *Debits Tax Act 2002*
- *Debits Tax Assessment Act 2002*
- *Duties Act 2008*
- *Electricity Industry Act 2004 (Part 9A only)*
- *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*
- *Fiona Stanley Hospital Construction Account Act 2007*
- *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*
- *Loan Acts (various)*
- *Parliamentary Superannuation Act 1970*
- *Pay-roll Tax Act 2002*
- *Pay-roll Tax Assessment Act 2002*
- *Pay-roll Tax Rebate Act 2010*
- *Perth Building Society (Merger) Act 1986*
- *Public Works Act 1902*
- *Railways (Access) Act 1998*
- *Rates and Charges (Rebates and Deferments) Act 1992*
- *Royalties for Regions Act 2009 (Part 2 only, except sections 9 and 10)*
- *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 Superannuation Act 2000*
- *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*
- *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 impacting the Department's 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 2009-10, 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 Australia Tax Act 2003*
- *Commonwealth Places (Mirror Taxes) Act 1998*
- *Commonwealth Places (Mirror Taxes Administration) Act 1999*
- *Commonwealth Places (Mirror Taxes Administration) Regulations 2002*





DTF collected taxes, duties and fees, and paid subsidies and rebates during 2009-10, in accordance with the legislation listed below:

- 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

## Outcome Based Management Framework

### Government goal: Financial and Economic Responsibility

Responsibly managing the State's finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector.

Desired outcomes	Effectiveness indicators	Services provided	Efficiency indicators
Sustainable and transparent public sector finances	<ul style="list-style-type: none"> <li>Status of the State's credit rating<sup>1</sup></li> <li>Unqualified audit opinion on the Annual Report on State Finances</li> <li>Profitability of the State's light vehicle fleet</li> </ul>	<ul style="list-style-type: none"> <li>Financial management and reporting</li> </ul>	<ul style="list-style-type: none"> <li>Cost of financial management reporting per million dollars general government sector expenses</li> <li>Percentage of financial reports released as per agreed timeframes<sup>2</sup></li> </ul>
		<ul style="list-style-type: none"> <li>State Fleet Service</li> </ul>	<ul style="list-style-type: none"> <li>Average cost per vehicle of financing and managing the State Fleet Service</li> </ul>
A strong and competitive State economy	<ul style="list-style-type: none"> <li>Accuracy of key general government revenue forecasts:                             <ul style="list-style-type: none"> <li>Tax and mining revenue</li> <li>GST revenue</li> </ul> </li> <li>Accuracy of key economic forecasts:                             <ul style="list-style-type: none"> <li>Employment level</li> <li>Real State Final Demand (SFD) growth</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Economic and revenue forecasts and policy development</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of ministerials, briefings or reports provided on economic issues within agreed timelines</li> <li>Percentage of regulatory impact statements assessed within agreed timeframes</li> </ul>
Due and payable revenue is collected and eligible grants, subsidies and rebates paid	<ul style="list-style-type: none"> <li>Extent to which due revenue is collected</li> <li>Overdue debt as a percentage of revenue raised</li> <li>Extent to which correct grants, subsidies and rebates are paid</li> </ul>	<ul style="list-style-type: none"> <li>Revenue assessment and collection</li> </ul>	<ul style="list-style-type: none"> <li>Average cost per land tax item assessed</li> <li>Average cost per insurance duty client</li> <li>Average cost per pay-roll tax client</li> <li>Average cost per duties instrument assessed manually</li> <li>Average cost per duties instrument assessed electronically</li> </ul>
		<ul style="list-style-type: none"> <li>Grants and subsidies administration</li> </ul>	<ul style="list-style-type: none"> <li>Average cost per application/claim processed</li> </ul>

## Government goal: Results-Based Service Delivery

Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.

Desired outcomes	Effectiveness indicators	Services provided	Efficiency indicators
Value-for-money outcomes in service delivery and infrastructure provision	<ul style="list-style-type: none"> <li>Percentage of the Department's material resource allocation recommendations complying with the service provision analysis framework</li> <li>Percentage of highest value agencies complying with the Strategic Asset Management framework or equivalent accredited mechanism</li> </ul>	<ul style="list-style-type: none"> <li>Evaluation and planning of government service delivery and infrastructure provision</li> </ul>	<ul style="list-style-type: none"> <li>Cost of expenditure budget management per \$ million general government sector expenses</li> <li>Percentage of ministerials, briefings or reports provided on service delivery and infrastructure within agreed timeframes</li> <li>Cost of infrastructure management per \$ million of forward estimates capital program</li> </ul>
Value-for-money from public sector procurement	<ul style="list-style-type: none"> <li>Extent to which client agencies agree that common use contract arrangements achieved value for money</li> <li>Extent to which client agencies agree that their contract arrangements achieved value for money</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate the development and management of agency-specific contracts</li> <li>Development and management of whole-of-government common use contract arrangements</li> </ul>	<ul style="list-style-type: none"> <li>Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value</li> <li>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</li> </ul>
Provision of effective shared corporate services	<ul style="list-style-type: none"> <li>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"> <li>number of agencies rolling in by financial quarter</li> <li>percentage of agencies rolled in compared to the total number to be rolled in</li> </ul> </li> <li>Percentage of services provided within established timeframes</li> <li>Accuracy of services provided</li> <li>Average resolution rate of enquiries (within six working days)</li> </ul>	<ul style="list-style-type: none"> <li>Project management, coordination and implementation of the whole-of-government shared corporate services reform</li> <li>Provision of financial and human resources services</li> </ul>	<ul style="list-style-type: none"> <li>Progress with the reform of the Western Australian public sector for shared corporate services within budget: <ul style="list-style-type: none"> <li>Delivery of project within budgeted target</li> </ul> </li> <li>Cost of processing financial services per transaction</li> <li>Cost of providing human resource/ payroll services per agency headcount</li> </ul>

## Government goal: State Building – Major Projects

Building strategic infrastructure that will create jobs and underpin Western Australia's long-term economic development.

Desired outcomes	Effectiveness indicators	Services provided	Efficiency indicators
Value-for-money from the management of the Government's non-residential buildings and public works	• Extent to which client agencies agree that the planning and delivery of their new buildings has achieved value-for-money	• Leads the planning and delivery of new government buildings	• Cost as a percentage of the total annual value of the planning and delivery of capital works projects
	• Extent to which client agencies agree that the planning and delivery of their building maintenance has achieved value-for-money	• Leads the planning and delivery of government building maintenance	• Cost as a percentage of the annual value of maintenance services delivered
	• Extent to which client agencies agree that their office accommodation has achieved value-for-money	• Leads the planning and delivery of government office accommodation	• Cost as a percentage of the value of gross rentals of buildings and office accommodation managed

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); and
  - Monthly Reports of General Government Finances – six weeks from the end of the month (non-legislative internal goal). These Monthly Reports are to cease from the end of the 2009-10 financial year reporting cycle.

## Changes to Outcome Based Management Framework

A new Outcome Based Management structure took effect from 1 July 2009. All business units within the Department - with the exception of State Revenue - sought minor amendments to their existing outcomes, services and performance indicators. These new outcomes more effectively align the services with performance indicators.

The **Treasury** effectiveness indicator related to the accuracy of key economic forecasts has been revised to replace Gross State Product growth with Real State Final Demand growth. This new measure is considered to be more timely and relevant to revenue forecasting processes as it is published on a quarterly basis and more closely linked to the State's taxation base.

An effectiveness indicator for **Government Procurement** regarding procurement reports and education programs has been removed to better reflect Government Procurement's core business activity. The service "Development and management of whole-of-government procurement systems and standards" and its associated efficiency indicator have also been removed. In addition, efficiency indicators related to agency specific contracts and common use arrangements have been removed as they are no longer considered to be appropriate measures.

The service and performance indicators tied to the Centre for Excellence and Innovation in Infrastructure Delivery have been removed as this service has now been incorporated into the 'new Government buildings' service of **Building Management and Works**.

Shared Services' outcomes have been updated to reflect more appropriately the core Shared Services' functions that relate to the "Provision of effective shared corporate services". Given the transactional nature of services provided by Shared Services, the efficiency indicators for financial and human resource services have been amended to measure the cost per transaction or per agency headcount rather than per client agency.

## Shared responsibility 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.



## Financial targets: actual performance compared to budget

	2009-10 Target \$'000	2009-10 Actual \$'000	Variation \$'000
Total cost of services (Expense Limit)	2,230,735	2,129,802	(100,933)
Net cost of service	191,354	272,606	81,252
Total Equity	812,229	725,398	(86,831)
Net Increase / (Decrease) in cash held	20,704	157,516	136,812
Approved full time equivalent (FTE) staff level – average over the full year	1,647	1,631	(16)

## Total cost of services

The Department of Treasury and Finance commenced 2009-10 with an initial expense limit of \$1,476.6 million. This limit was increased during the year to take into account of the Building the Education Revolution (BER) Program funding (\$758.9 million).

The final approved expense limit for DTF in 2009-10 was \$2,230.7 million. The actual outturn for DTF of \$2,129.8 million was \$100.9 million below the approved target and mainly reflects lower than budgeted construction and maintenance work by the Building Management and Works business on behalf of client agencies, including the BER program. This lower than budgeted expense outcome was matched with lower than budgeted client agency revenue.

The DTF expense result in 2009-10 also includes unbudgeted non-cash expenditure of \$94.8 million resulting from the revaluation of land and buildings in the Building Management and Works business. This represents a 19% reduction in the fair value of land and buildings and mainly reflect the impact of the global financial crisis on the value of these assets.

Other issues impacting the 2009-10 cost of service include the transfer of the Building Industry Development function to the Department of Commerce, State Fleet expenditure reductions in line with the Government's vehicle reduction initiative and the provision of termination funding under the Government's voluntary severance scheme.


Compared to 2008-09, the total cost of service increased by \$1,358 million. This reflects mainly the full-year cost of operations of the Works function transferred from the former Department of Housing and Works in February 2009, and the BER program.

## Net cost of services

The actual net cost of services for 2009-10 was \$272.6 million, approximately \$81.3 million higher than the 2009-10 budget estimate. The budget variance mainly reflects unbudgeted asset revaluation write downs of \$94.8 million. General cost increases and severance payments under the voluntary severance scheme are also impacting the net cost of services in 2009-10.

## Financial position

The Department's net asset position in 2009-10 is \$725.4 million. This is a decrease of \$259 million when compared to the 2008-09 position of \$984.4 million in net assets.



This decrease includes the transfer of assets and cash of \$243 million for the Perth Arena to VenuesWest and the write-down of \$94.8 million in the value of land and buildings.

These decreases have in part been offset by asset increases, including \$46.8 million spent on system developments (intangible assets) associated with the continued development of the integrated finance, procurement and human resources payroll system necessary to implement the Shared Services reform agenda. It also includes the redevelopment of the Revenue Collection Information System and the development of Strategic Information Management System, which are 'mission-critical' systems for the management of the State's revenue base and support whole-of-government economic management, budget management and financial reporting requirements.

The \$157.5 million increase in the net cash position compared with the budget target mainly reflects funds received for Works services, including the BER program where payments to contractors and suppliers are pending.

## Summary of key performance indicators

The summary of key performance indicators as detailed below reflect the 2009-10 targets as published in the 2009-10 Budget Statements. For details of variations between target and actual results please refer to note 41 of the 2009-10 Financial Statements.

### Treasury business

#### Outcome 1: Sustainable and transparent public sector finances

Key indicators of effectiveness	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Status of the State's credit rating <sup>(1)</sup>	triple-A	triple-A	triple-A	triple-A	triple-A
Unqualified audit opinion on the Annual Report on State Finances	Yes	Yes	Yes	Yes	Yes
Profitability of the State's light vehicle fleet (profit in \$'000)	\$8,994	\$11,703	\$12,433	\$9,319	\$22,225

<sup>(1)</sup> Standard and Poor's and Moody's currently assess the credit rating for Western Australia.

Both Moody's and Standard and Poor's reaffirmed the State's triple-A credit rating during 2009-10 and the Auditor General provided an unqualified audit opinion on the 2008-09 Annual Report on State Finances.

State Fleet's profit for 2009-10 is also substantially better than forecast, primarily due to an increase in sales revenue, additional income from overdue leases and interest earned on equity.

## Outcome 2: A strong and competitive State economy

Key indicators of effectiveness <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Accuracy of key general government revenue forecasts <sup>(2)</sup>					
- Tax and mining revenue	7.3%	9.5%	-10.5%	+/-5%	0.6%
- GST revenue	1.0%	0.8%	-10.3%	+/-3%	7.6%
Accuracy of key economic forecasts <sup>(3)</sup>					
- Employment level (percentage point difference)	0.19	0.22	0.25	<0.5	0.25
- Real State Final Demand (SFD) growth (percentage point difference)	2.0	2.5	2.8	<2.0	3.5

<sup>(1)</sup> Indicators have been recast to be consistent with the revised Outcome-Based Management Structure with effect from 1 July 2009.

<sup>(2)</sup> tax, mining and GST revenue data for 2009-10 will not be available until September 2010. The latest available estimates have been used.

<sup>(3)</sup> The methodology for calculating the accuracy of the real State Final Demand and Employment growth forecasts represent the average deviation of the forecasts over a five-year period, with a one-year lag. These average deviations are expressed as the percentage point difference between the forecasts and published Australian Bureau of Statistics actuals, in absolute terms.

In 2009-10, GST revenue was higher than projected, mainly due to national household spending and the national GST pool exceeding Commonwealth Treasury forecasts.

## Outcome 4: Value-for-money outcomes in service delivery and infrastructure provision

Key indicators of effectiveness <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Percentage of the Department's material resource allocation recommendations complying with the service provision analysis framework	N/A	N/A	N/A	90%	79%
Percentage of highest value agencies complying with the Strategic Asset Management framework or equivalent accredited mechanism	N/A	N/A	N/A	75%	75%

<sup>(1)</sup> Indicators have been recast to be consistent with the revised Outcome-Based Management Structure with effect from 1 July 2009.

The 79 per cent outcome represents the percentage of papers that underwent analysis consistent with the Service Provision Analysis Framework, while 75 per cent of the highest value agencies' asset investment programs have been subject to thorough analysis under the Strategic Asset Management Framework or equivalent accredited mechanism.

## State Revenue business

### Outcome 3: Due and payable revenue is collected and eligible grants, subsidies and rebates paid

Key indicators of effectiveness	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Extent to which due revenue is collected	87%	88%	88%	90%	90%
Overdue debt as a percentage of revenue raised <sup>(1)</sup>	N/A	0.92%	1.42%	1.82%	1.47%
Extent to which correct grants, subsidies and rebates are paid	99%	99%	99%	99%	99%

<sup>(1)</sup> Incorrect data was used for this indicator and the figures reported in the 2009-10 and 2010-11 budget papers have been corrected. This has had the effect of reducing the percentage for the actuals in 2007-08 and 2008-09, which were previously reported as 1.08% and 1.46% respectively..

The extent to which revenue is collected within the required timeframe for payment in 2009-10 met our target. The increase in overdue debt as a proportion of revenue raised from 2008-09 to 2009-10 was not as great as anticipated, while the extent to which correct grants, subsidies and rebates are paid reflects the continued high standard of delivery.

## Government Procurement business

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

Key indicators of effectiveness	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Extent to which client agencies agree that common use contract arrangements achieved value-for-money	86%	83%	92%	85%	83%
Extent to which client agencies agree that their contract arrangements achieved value-for-money	83%	86%	82%	85%	92%

During 2009-10, eight Common Use Arrangements (CUAs) were surveyed. The decrease in the value-for-money from 92 per cent in 2008-09 to 83 per cent in 2009-10 was due to six of the eight CUAs being surveyed in the final months before expiry.



## Shared Services business

### Outcome 6: Provision of effective shared corporate services

Key indicators of effectiveness	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Progress with the reform of the Western Australian public sector for shared services by achievement of the following milestones:					
- Number of agencies rolled in by financial quarter <sup>(1)</sup>	Qtr 1 – 1	Qtr 1 – 1	Qtr 1 – 2	Qtr 1 – 2	Qtr 1 – 3
	Qtr 2 – 3	Qtr 2 – 6	Qtr 2 – 3	Qtr 2 – 3	Qtr 2 – 6
	Qtr 3 – 3	Qtr 3 – 2	Qtr 3 – 3	Qtr 3 – 6	Qtr 3 – 2
	Qtr 4 – 8	Qtr 4 – 0	Qtr 4 – 2	Qtr 4 – 2	Qtr 4 – 1
- Percentage of agencies rolled in compared to the total number to be rolled in	17%	26%	33%	43%	45%
Percentage of services provided within established timeframes	94%	83%	99%	90%	86%
Accuracy of services provided	100%	100%	100%	100%	100%
Average resolution rate of enquiries (within 6 working days)	76%	79%	89%	80%	85%

<sup>(1)</sup> Includes agencies that have re-joined for payroll services after initially only rolling in for finance services..

While the percentage of services provided is slightly below the 2009-10 target, the higher levels achieved in 2008-09 was due to the lower number of agencies being provided services by a similar number of staff.

## Building Management and Works and Strategic Projects businesses

### Outcome 7: Value-for-money from the management of the Government's non-residential buildings and public works

Key indicators of effectiveness <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Extent to which client agencies agree that the planning and delivery of their new buildings has achieved value-for-money	N/A	N/A	N/A	85%	39%
Extent to which client agencies agree that the planning and delivery of their building maintenance has achieved value-for-money	N/A	N/A	N/A	85%	32%
Extent to which client agencies agree that their office accommodation has achieved value-for-money	N/A	N/A	N/A	85%	49%

<sup>(1)</sup> New indicators implemented following the revised Outcome-Based Management Structure effective from 1 July 2009.

The survey scores indicate the level of satisfaction in December 2009, after six months of the four-year reform program. They therefore represent a baseline for improvement.

## Summary of key efficiency indicators

### Treasury business

#### Service 1: Financial management and reporting

Key indicators of efficiency	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Cost of financial management reporting per million dollars general government sector expenses	\$453	\$427	\$421 <sup>(1)</sup>	\$358	\$311
Percentage of financial reports released as per agreed timeframes	67%	64%	53%	100%	43%

<sup>(1)</sup> The 2008-09 actual has been recalculated to be consistent with current methodology.

The 2008-09 actual is higher than the 2009-10 target and the 2009-10 actual is lower than the 2009-10 target. This is due to lower direct expenditure, mainly attributable to vacancies. Additionally, general government expenditure is higher for 2009-10 target compared to 2008-09 actual and higher for 2009-10 actual compared to 2009-10 target.

For 2009-10, 43 per cent of financial reports were released on-time, compared with the 2009-10 target for all reports to be released on time.

#### Service 2: State Fleet Service

Key indicators of efficiency	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Average cost per vehicle of financing and managing the State Fleet Service	\$156	\$145	\$139 <sup>(1)</sup>	\$126	\$85

<sup>(1)</sup> The 2008-09 actual has been recalculated to be consistent with current methodology.

From 2006-07 to 2008-09, State Fleet's cost base remained relatively constant. A growth in vehicle numbers over the past three years has resulted in a reduction in 'average cost per vehicle'.

## Service 3: Economic and revenue forecasts and policy development

Key indicators of efficiency <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Percentage of ministerials, briefings or reports provided on economic issues within agreed timelines	97%	91%	85%	90%	93%
Percentage of regulatory impact statements assessed within agreed timeframes	N/A	N/A	N/A	90%	100%

<sup>(1)</sup> Indicators have been recast to be consistent with the revised Outcome-Based Management Structure with effect from 1 July 2009.

In 2009-10, the percentage of briefing requests and other ministerials responded to within agreed timeframes was above target. All Regulatory Impact Statements were assessed within the agreed timeframe for 2009-10.

## Service 6: Evaluation and planning of government service delivery and infrastructure provision

Key indicators of efficiency <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Cost of expenditure budget management per million dollars general government sector expenses	\$581	\$591	\$577 <sup>(2)</sup>	\$509	\$532
Percentage of ministerials, briefings or reports provided on service delivery and infrastructure within agreed timeframes	95%	97%	98%	90%	98%
Cost of infrastructure management per million dollars of forward estimates capital program	N/A	N/A	\$178 <sup>(2)</sup>	\$212	\$236

<sup>(1)</sup> Indicators have been recast to be consistent with the revised Outcome-Based Management Structure with effect from 1 July 2009.

<sup>(2)</sup> The 2008-09 actual has been recalculated to be consistent with current methodology.

The cost of expenditure budget management per million dollars of general government sector expenses has remained stable from 2006-07 to 2008-09. The 2009-10 target is lower than 2008-09 actual, with the 2009-10 actual back to a level broadly consistent with previous actuals. These variations can be attributed to movements in the targets and actual expenditure of the general government sector.

In 2009-10, the cost of infrastructure management per million dollars of forward estimates capital program is higher than budget projections. This can be mainly attributed to expanded infrastructure management activity, including additional resourcing for the review of the Strategic Asset Management Framework.

## State Revenue business

### Service 4: Revenue assessment and collection

Key indicators of efficiency	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Average cost per land tax item assessed	\$8.79	\$11.10	\$10.79	\$11.99	\$9.83
Average cost per insurance duty client	N/A	\$1,846.89	\$1,196.84	\$1,203.14	\$642.02
Average cost per pay-roll tax client	N/A	\$634.22	\$579.84	\$644.58	\$600.98
Average cost per duties instrument assessed manually	N/A	\$46.25	\$101.88	\$81.85	\$67.27
Average cost per duties instrument assessed electronically	N/A	\$3.74	\$26.17	\$77.48	\$44.73

The average costs of a range of revenue assessment and collection activities are below budget expectations due to a number of factors including lower than expected costs, an increase in the client base and reductions in corporate cost allocations due to a change in methodology associated with FTE calculations.

### Service 5: Grants and subsidies administration

Key indicators of efficiency	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Average cost per application/claim processed	\$5.56	\$6.85	\$10.86	\$9.45	\$8.31

The average cost of grants and subsidies applications/claims processed in 2009-10 decreased relative to the budget target due to an increase in the number of pensioner and senior concession applications and an increase in FHOG applications.



## Government Procurement business

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

Key indicators of efficiency <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value	2.7%	1.9%	1.6%	1.5%	2.0%

<sup>(1)</sup> Indicators have been recast to be consistent with the revised Outcome-Based Management Structure with effect from 1 July 2009.

There was a drop in direct costs due to FTE vacancies which resulted in the difference between the 2009–10 Target and Actual. This was mostly offset by a reduction in the number and value of contracts awarded for the period.

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

Key indicators of efficiency <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Cost of developing and managing whole-of-government common use contract arrangements as a percentage of the total annual value of purchases through the arrangements	1.3%	1.3%	1.4%	1.0%	1.2%

<sup>(1)</sup> Indicators have been recast to be consistent with the revised Outcome-Based Management Structure with effect from 1 July 2009.

The downward trend associated with the cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value is an indication that our CUAs are delivering value-for-money outcomes.

## Shared Services business

### Service 9: Project management, coordination and implementation of the whole-of-government shared corporate services reform

Key indicators of efficiency <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 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	\$43.127 <sup>(1)</sup>	\$41.581	\$42.189

<sup>(1)</sup> The 2008-09 actual cost has been revised to reflect only the capital cost of providing the build and implementation of the Oracle system.

The earlier engagement of agencies in 2009-10 to ready them for roll in to Shared Services has contributed to the actual expenditure being over the 2009-10 capital works budget cashflow allocation by 1.5%. The overall \$209 million capital works Shared Services Establishment Project, which is due for completion in 2011-12, continues to be on schedule and on budget.

### Service 10: Provision of financial and human resources services

Key indicators of efficiency <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Cost of processing financial services per transaction <sup>(1) (2) (3)</sup>	N/A	N/A	N/A	\$64.14	\$57.17
Cost of providing human resource/payroll services per agency headcount <sup>(1) (2) (3)</sup>	N/A	N/A	N/A	\$5,332	\$5,901

<sup>(1)</sup> New indicators implemented following the revised Outcome-Based Management Structure effective from 1 July 2009.

<sup>(2)</sup> Indicators exclude the cost of Online Services (\$3.4 million) which is for the provision of internet and video conferencing services which are undertaken on a cost recovery basis.

<sup>(3)</sup> Cost per transaction and per head includes an allocation of non-cash items such as depreciation (\$16.6 million).

The estimated number of transactions used to establish the 2009-10 target was understated as the volume of transactions for a number of agencies was unclear when the target was established.

The cost of providing human resource/payroll services per agency headcount is greater than the target by around 11 per cent due to a larger than anticipated allocation of corporate costs, which have been impacted by changes in FTE methodology, and a slight reduction in agency headcount.

## Building Management and Works and Strategic Projects businesses

### Service 11: Leads the planning and delivery of new Government buildings

Key indicators of efficiency <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Cost as a percentage of the total annual value of the planning and delivery of capital works projects	N/A	N/A	N/A	5.0%	4.4%

<sup>(1)</sup> New indicators implemented following the revised Outcome-Based Management Structure effective 1 July 2009.

As this is a newly-created service there are no comparative figures available for previous financial years.

The better than target improvement is the result of a significantly higher turnover and the resulting economies of scale due to the Commonwealth's economic stimulus package (BER program).

The result excluding the BER program would have been around 4.6 per cent, with the BER program itself at 3.9 per cent.

### Service 12: Leads the planning and delivery of Government building maintenance

Key indicators of efficiency <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Cost as a percentage of the annual value of maintenance services delivered	N/A	N/A	N/A	10.7%	8.8%

<sup>(1)</sup> New indicators implemented following the revised Outcome-Based Management Structure effective 1 July 2009.

As this is a newly-created service there are no comparative figures available for previous financial years.

The 2009-10 actual significant improvement over the 2009-10 target is due to the additional funding applied as a result of the Commonwealth's economic stimulus package (BER program) and the resulting economies of scale.

The result excluding the BER program would have been around 10.8 per cent, with the BER program itself at 3.9 per cent.

## Service 13: Leads the planning and delivery of Government office accommodation

Strategic leadership and facilitation in the planning, project management and procurement of government office accommodation is provided by the Building Management and Works business of DTF.

Key indicators of efficiency <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Cost as a percentage of the value of gross rentals of buildings and office accommodation managed	N/A	N/A	N/A	8.2%	6.7%

<sup>(1)</sup> New indicators implemented following the revised Outcome-Based Management Structure effective 1 July 2009.

The variance between the 2009-10 target and 2009-10 actual is due to an adjustment of expenditure to recognise capital improvements to Government owned buildings.

## **Treasury**

### **Role of Treasury**

At Treasury, we:

- provide advice and analysis in relation to the development, implementation and ongoing monitoring of the State's budget (including revenue policy, evaluation of agencies service delivery performance, and whole-of-government financial reporting);
- deliver economic and revenue forecasting;
- provide analysis and advice on financial arrangements with the Commonwealth;
- provide advice on infrastructure policy and planning;
- manage the State Fleet operation; and
- manage the Public Ledger.

### **Economic outlook**

The global economic downturn of 2008-09 presented a number of challenges. With the Western Australian economy reliant on commodity exports, the unprecedented uncertainty and volatility in the State's economic environment has had significant implications for the State's finances over the past year or so. This environment framed much of our advice to government during 2009-10.

Even with the recovery in the State's economy - with further strengthening expected next year - current conditions and the near-term outlook are still very dynamic. While risks to the State's outlook are less acute than they were a year ago, the global economic recovery remains fragile.

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

### **2010-11 Budget**

Within a context of constrained State finances, we played a lead role in assisting the Government develop the [2010-11 State Budget](#) by providing timely advice based on rigorous evaluation and a strong value-for-money focus.

We assisted the Government in developing financial strategies and corrective measures, such as the move towards cost-reflective charging for government utilities and a second round of voluntary severances for public servants. Maintaining the State's triple-A credit rating was a major focus.

The 2010-11 Budget demonstrated that our efforts to rein in the rate of spending growth over the last 18 months are starting to bear fruit. In this regard, general government sector salaries growth in 2009-10 is expected to be the lowest in six years (after abstracting from the one-off cost of voluntary severances). The 2010-11 Budget also provides for a forecast operating surplus of \$286 million. Had the corrective measures coordinated by Treasury not been taken, it is estimated that the operating balance in 2010-11 would have been in deficit by nearly \$1 billion.

## Commonwealth-State relations

In February 2010, the [Commonwealth Grants Commission](#) reported on the results of its review of the methods it uses to calculate State shares of GST revenue grants. Treasury had primary responsibility for Western Australia's input to this review, which extended over a period of about five years.

While Western Australia's share of the GST is continuing to fall sharply, we were for the first time successful in our arguments for recognition that high population growth states such as Western Australia have a relatively high need to spend on capital infrastructure.

We also provided policy advice on other high-profile issues in Commonwealth-State relations that impact particularly on Western Australia, including funding arrangements for the Commonwealth's proposed national health reforms and the proposed resource super profits tax/minerals resource rent tax. Each of these policies threatens further erosion of the State's autonomy and the benefits that should flow from a federal system of government.

## Strategic Asset Management Framework

In 2009-10, the Department of Treasury and Finance commenced a review of the [Strategic Asset Management Framework](#) (SAMF) to take account of changes in the environment since it was last updated five years ago. The SAMF provides a sound basis for decisions on the investment in, and the management and disposal of, assets required by government to deliver services.

The review was prompted by a number of factors, including increasing diversity in project procurement methods (such as Public Private Partnerships); the recommendations of the Economic Audit Committee; the Government's Works Reform program; and generally poor agency compliance, leading, in some cases, to significant variations in cost and completion dates on significant projects.

It is anticipated that the roll-out of the revised SAMF, commencing early in 2010-11, will help ensure projects meet government needs and demonstrate value-for-money.

Agencies' compliance with SAMF is monitored through a DTF Key Performance Indicator that measures the percentage of highest-value agencies complying with the Framework or an equivalent, accredited mechanism.

## Leadership

In line with Treasury's strategic goal of 'skilled, happy and motivated people', a number of cultural and leadership initiatives have been undertaken throughout 2009-10. Organisational culture has continued to be a strong focus, with the second phase of our culture planning process to commence in August. This will build upon the self-analysis and development goals identified by managers through the 'Four Key Behaviours of Treasury Leaders' program, an initiative that is contributing to the development of a consistent set of leadership behaviours in our management group.





## Skill development

The Treasury training needs analysis, conducted in 2009, has been a major step forward in building the skill base and capacity of our workforce and will continue in 2010-11. This comprehensive review has led to the development of specific training programs including a business induction program and critical skill-based programs in policy and management of correspondence and workflow.

Further initiatives in 2009-10 to broaden our staff knowledge base have included internal and external information forums, with 20 internal forums presented by representatives from across the business and, in conjunction with the Department of the Premier and Cabinet, four forums presented by high-profile guests, including the Governor of the Reserve Bank of Australia.

Twelve graduates joined us in January 2010 on two, six-monthly rotations. The program has provided graduates with a mixture of Treasury-specific training, general skills training and opportunities to network with graduates from other agencies. Combined with informal workplace mentoring and training, this program has given these graduates a solid foundation to pursue a career within our business and the broader Department of Treasury and Finance.

## State Revenue

### Role of State Revenue

At State Revenue, we:

- assess revenues including land tax, pay-roll tax, and duties;
- assess and collect a range of statutory based revenues on behalf of other government agencies and the Commonwealth;
- assess and pay 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
- conduct audits and investigation programs to detect non-compliance with the legislation by taxpayers and grant recipients.

### Highlights 2009-10

#### Revenue assessment and payment administration

During 2009-10, we raised over \$5.3 billion in revenue and paid out over \$430 million in grants and subsidies. In doing so, nearly 92 per cent of our [Customer Charter](#) monthly performance targets were either met or exceeded.

This high standard of service provision was recognised by our customers with 80 per cent of those responding to a November 2009 customer perceptions survey indicating that they were either 'satisfied' or 'very satisfied' with the level of service provided. This was an improvement on the 74 per cent level recorded a year earlier.

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

#### Duties lodgment and payment reforms


Progress continued during the year on the design and implementation of 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 Online](#) (ROL) system by settlement agents.

Legislation to support the new arrangements gained passage through the Parliament in June 2010 and customer education of settlement agents intending to lodge through ROL also commenced. While the required computing enhancements are still in train, the new arrangements are still expected to commence operation in 2010-11.

#### First Home Owners Boost administration and FHOG Cap

The administration of the [First Home Owners Boost](#) (FHOB) initiative announced by the Commonwealth in October 2008 continued in 2009-10. A total of 18,294 FHOB grants worth \$176 million were paid during the year.

The phased shut-down of the scheme between 30 September and 31 December 2009 led to a spike in grant application numbers which required a reallocation of resources from other areas of State Revenue to ensure application processing targets were met.



The cessation of the FHOB also coincided with the State imposing a value cap on the \$7,000 FHOG from 1 January 2010. The legislation, system and form changes, and associated customer education and staff training ensured that this change was delivered effectively.

The cap limits the total value of properties (i.e, total value of home and land) to \$750,000 or less, or \$1 million or less should the home be located north of the 26th parallel.

### **Pay-roll tax harmonisation**

In 2008, the State Government committed to participate in a range of initiatives to improve the consistency of pay-roll tax legislation and administration across Australia. Significant progress was made during 2009-10

with the passage of legislation, with retrospective operation to 1 July 2009, which brought our legislation more into line with that operating elsewhere in Australia. The areas amended included the treatment of motor vehicle and accommodation allowances, fringe benefits, employee share acquisition schemes, superannuation contributions and grouping rules.

Work is continuing with other state and territory revenue authorities in establishing greater consistency in administrative practices for employers that operate across jurisdictional boundaries.

### **Pay-roll tax rebate**

In the 2009-10 State Budget, the Government announced a one-off pay-roll tax rebate scheme to apply for employers with Australia-wide wages in 2009-10 of less than \$3.2 million. Legislation was enacted in May 2009 to support the rebate scheme and work was undertaken over the year to design and build the system and process support to deliver the scheme.

A range of awareness-raising measures were also undertaken to ensure that employers knew of the scheme proposal to allow them to factor that into their employment decisions and to ensure all employers were registered for pay-roll tax that were required to do so. This was even more important than usual insofar as the rebate is in part conditional on the employer having been registered by 7 July 2010 in order to qualify for the rebate.

Rebate payments will be calculated on the basis of 2009-10 reconciled wage figures with the majority of rebate payments expected to issue during the September quarter of 2010.

### **Land tax capping**

The Government announced in the 2009-10 State Budget a cap on annual increases in unimproved land value for individual properties. The extent of computerisation of the land tax system meant that this change required extensive and complex system changes, as well as the design and drafting of supporting legislation.

The required amendments gained passage through State Parliament in September 2009 and the new capping arrangements were in place when 2009-10 land tax assessments were issued.

### **On-road diesel subsidy scheme closure**

As part of the 2009-10 mid-year review of the State Budget, the Government announced the closure of the on-road diesel subsidy scheme with immediate effect for fuel purchased after midnight 17 December 2009. Scheme participants were also advised that no claims made after 17 March 2010 would be processed.

The shutdown of the scheme progressed smoothly with some 177 claims for the subsidy being made after the Government's announcement and with the last payment being made on 7 April 2010.

## People development initiatives

A significant investment in staff development continued during 2009-10. This included revenue technical training, customer service training, vocational training and professional development opportunities.

The succession management program focussing on critical roles within our business was continued during the year, and the development of a more comprehensive workforce plan for the business was progressed. This included better identification of staff competencies for required roles, and the design of programs around developing key behaviours and leadership and management capabilities. These later programs are expected to be implemented early in 2010-11 along with work seeking to better articulate the various career options available within our business.

## Standard Business Reporting

Staff from State Revenue and the Information and Communications Technology Branch of Corporate Services delivered the majority of the work required to enable pay-roll tax to be rolled out as part of the [Commonwealth Government's SBR](#) initiative from 1 July 2010. The SBR compliant reporting interface, integrated with our 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.

This provides another electronic pay-roll tax lodgement channel in addition to the existing ROL system, and therefore greater flexibility for taxpayers in fulfilling their pay-roll tax obligations.

Utilisation of this functionality will be dependent on the take up by the business community of SBR along with the extent to which accounting software developers incorporate SBR enabled pay-roll tax reporting capabilities into their products.

## Revenue systems modernisation

Work continued during 2009-10 on the Revenue Systems Modernisation Project. This project 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 re-using existing system components and utilising contemporary web-based technology to extend the life and flexibility of systems, to provide capabilities and frameworks to improve the delivery of services and to improve business processes and deliver agreed new business requirements.

Working groups, technical support and user acceptance testing have involved 50-60 staff to date, with a number of phases planned and completion targeted for mid-2013.

During 2009-10, significant progress was made in a number of project areas including the acquisition, installation and configuration of WebLogic infrastructure to be used for both existing and newly developed systems, the development and deployment of a web-based look-up facility for first home purchasers and their agents, and technology upgrades to Oracle Forms and Reports, Oracle database and Autosys.

## **Shared Services**

### **Role of Shared Services**

At Shared Services, we:

- provide of shared corporate services to client agencies which will achieve economies of scale through shared technology, information and processing;
- deliver online services, including video conferencing, internet and online web application services to client agencies; and
- develop and implement the Oracle e-Business system which will ultimately be used by around 90 agencies.

### **Highlights 2009–10**

#### **Significant achievements**

Sound progress was made with our Shared Services program during 2009-10. [Forty-one agencies](#) transitioned to Shared Services by the end of 2009-10, with a further two agencies rolling in during early July 2010.

Of these, 20 agencies now receive all services from our integrated Oracle e-Business System (finance, procurement, payroll and human resources) while the other agencies currently receive finance and procurement services.

With the increase in the number of agencies receiving services, as well as the roll-in of some larger agencies, significant volumes of transactions are now being processed by the Shared Services Centre. For 2009-10, around 690,000 accounts payable and accounts receivable transactions with a value of \$2.53 billion were processed. On average Shared Services processed invoices within two days of their being received at Shared Services.

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

In addition, over 5,400 State Government staff were paid on the last pay-run of 2009-10 with a value of \$12.4 million. This equates to an annual total payroll of \$322 million.

With the increase in agencies being serviced, customer enquiries through our Customer Service Centre totalled 37,000 in 2009-10, compared with 27,000 in the preceding year.

#### **Project division operations**

Our project division is currently finalising the build of the Oracle e-Business system and the roll-in of the [remaining agencies](#) to Shared Services arrangements. The roll-in of agencies is expected to be completed by mid-2012.

During 2009-10, a further ten agencies went 'live' on the Oracle e-Business system while a further two agencies commenced receiving human resource and payroll services following their earlier roll-in to receiving finance and procurement services. An additional two agencies also rolled in during early July 2010.

Early engagement and transition planning also commenced with a large number of agencies in 2009-10. This will enable around 20 agencies to be rolled in during 2010-11.



Our program made substantial progress with the build of industrial awards in the e-Business system. The first three awards, which will cover around 25,000 of the 33,000 employees that will be paid by Shared Services, were completed during the year. We also made substantial progress with the planning and building of remaining awards which are expected to be complete by the end of 2010. Several enhancements to the payroll system are also being delivered through the award build team.

A range of other enhancements were also made to the e-Business system during the year. These included:

- i-Expenses functionality which is now being rolled out to agencies. This module is used to acquit expenditure by employees on their corporate credit cards. It also enables employees to claim a range of allowances and reimbursements on line through the e-Business portal;
- Improvements to the Customer Service Centre telephony and service support systems, with the aim of improving customer service. These enhancements assist in eliminating unnecessary queuing;
- Technical requirements for a so-called 'demilitarised zone' were implemented. This will allow the Shared Services Centre to enable access via the internet to approved content in the e-Business portal;
- 'High availability' was implemented within the Shared Services data centres. This makes the technology more resilient to component failures, thus reducing business downtime, and Shared Services is better able to 'scale' to changing processing loads as the business grows; and
- Numerous other improvements to the e-Business system that either rectified faults or extended functionality. These have brought improvements in efficiency for the Shared Services Centre.

## Shared Services Centre

Our Shared Services Centre was providing services to 41 agencies as at the end of 2009-10, and will ultimately service around 90 agencies.

Its client base will experience substantial growth over the period 2010-12 with the number of staff utilising its services increasing from around 5,400 as at June 2010 to approximately 33,000 when all agencies have rolled in.

During the year, several major initiatives were undertaken by the centre to improve the delivery of services to client agencies as outlined below.

## Onboarding

An internal 'onboarding' team was established during the year to ensure our Shared Services Centre is capable of providing a highly efficient level of service.

The rapid expansion of our customer base will accelerate in 2010-11 with the scheduled roll-in of a number of large agencies. As a result of this exponential increase, we must build on our capabilities and capacity to manage and provide a level of service which is highly efficient and effective, and in line with the Shared Services Integrated Plan.

To achieve this, the onboarding team has developed an intervention framework which works in collaboration with our business groups to identify gaps and opportunities for improvement in skills, processes and systems. This will ensure sustainable delivery of critical services to client agencies, while reducing costs and providing greater efficiencies through eliminating or reducing services that are non-standardised, agency-specific and resource-intensive.



## Client Survey

Client surveys are one of the key measurement tools for assessing overall client satisfaction with service delivery. The results are used to assess effectiveness and identify key areas for improvement. During 2009 a significant amount of work was undertaken to improve the client survey process, including strategies for improving response rates and implementing an on-line survey tool.

The survey asked respondents to rank the criteria they considered important in the provision of services. Respondents were then asked to assess those criteria in light of service received from the Shared Services Centre. An overall satisfaction rating of 74 per cent which met or exceeded expectations was achieved, based on these client rankings.

The Shared Services Centre has utilised the results of this survey to identify specific areas for improvement. The key areas of focus for 2010 were timeliness of responses, accuracy, accessibility of services and clarity over process, both internal and external.

## Whole-of-Government Balanced Scorecard

The Whole-of-Government Balanced Scorecard was developed in 2009-10 to provide a strategic 'health check' on the performance of the Western Australian Government's shared services centres, such as the Health Corporate Network, the Education and Training Shared Services Centre and DTF's Shared Services Centre.

A comparative summary of results against various key performance indicators for each Western Australian shared services centre were provided for the Whole-of-Government Balanced Scorecard.

The indicators are a combination of measures under the areas of valuing people, better services, building relationships with clients and stakeholders and outcomes for government.

The report shows the Western Australia shared services centres are performing well against the shared services reform program, achieving efficiencies and savings for Government.

The Whole-of-Government Balanced Scorecard has become a valuable strategic management tool. The impact of internal and external trends can be readily visualised across the three shared services centres to determine where intervention is appropriate. The report is presented quarterly to the Shared Services Governance Council, the Client Management council and various other forums.

## Continuous Improvement - Benchmarking

As part of an Australian consortium of government shared services providers, the Health Corporate Network, the Education and Training Shared Services Centre and DTF's Shared Services Centre joined the United States based Corporate Executive Board Shared Services Roundtable for 2009-10.

This body provides a wealth of knowledge relating to shared services, which will greatly assist Western Australia's shared services centres in identifying opportunities for benchmarking, process improvement and increased efficiencies.

Specifically, the Shared Services Roundtable provides members with online access to:

- decision-support tools including benchmarking and industry best practice for over 290 shared services centres globally;
- web-based research and tools;
- global online networking forums, and
- executive education seminars.

Western Australia's shared services centres will be collaboratively participating in Shared Services Roundtable benchmarking activities to highlight further opportunities for service delivery and process improvement.

Currently, Western Australia's shared services centres are completing the Shared Services Roundtable process organisation and functional reporting and geographical support and outsourcing benchmarking surveys which include basic information on each shared services centre.

We have also committed to Shared Services Roundtable benchmarking for accounts payable and payroll. Functional benchmarking for other 'end-to-end' processes using the Roundtable will be progressed in 2010.

Shared Services also participated in the Australian Shared Services Benchmarking Association (ASSBA) payroll mini-studies and accounts payable study. The Shared Services Centre will continue to pursue future participation in other ASSBA mini-studies such as accounts receivable and customer service centre, where possible.

## Corporate Services

### Role of Corporate Services

Corporate Services supports and enables the entire Department of Treasury and Finance to operate in a coordinated, efficient and compliant manner by providing a range of:

- financial management and reporting services to ensure DTF operates in a cost-efficient and compliant manner;
- governance and risk management services to ensure DTF meets its regulatory and reporting obligations as a State government agency, employer and business;
- human resource and organisational development services to facilitate employee satisfaction, workforce coordination and improvement;
- information and communications technology and information management services to improve efficiency and security in the agency's operations; and
- corporate communications services to promote and raise awareness of the agency's role and functions both externally and internally.

### Highlights 2009–10

#### New People Strategy and Performance team

Our organisational development and human resources units were merged in July 2009 to form the new People Strategy and Performance team, enabling a new, strategic and integrated approach to people management.

The Department's Equity and Diversity Management Plan for 2010-13 was finalised, and is held as 'best practice' across Western Australian public sector agencies. Preliminary work was also done for our Workforce Planning Framework, with a view to completing the framework in October 2010.

Providing the Department with essential support services and promoting business excellence

#### Corporate Information initiatives

Shared Services benefited from the implementation of a document management system, while a dedicated archival service for all DTF business units was rolled-out. Building Management and Works was also brought on-board as a full service Corporate Information client.

#### Information and communications technology

Our information and communications technology unit undertook several projects across DTF to facilitate the roll-in of the Building Management and Works business, the integration of DTF's intranet site across all our businesses and the collocation of a number of our businesses in new buildings. Preliminary work was also done on a network upgrade, which is expected to be completed in 2010.

#### Accountability Framework

Corporate Services established in 2009-10 a series of accountability-related initiatives, most notably the DTF Accountability Framework.

The DTF Accountability Framework is based on the Public Sector Commission's model of ethical behaviour in the public sector. It operates in conjunction with the DTF's Misconduct Prevention Policy, while the Department's Code of Conduct gives overarching guidance on the expected standards of personal behaviour. The Framework focuses on setting a culture that generates high standards and internal controls and aims to ensure integrity, accountability and protect and promote public interests.

## **Building Management and Works and Strategic Projects**

### **Role of Building Management and Works**

Building Management and Works leads the planning and delivery of:

- new Government buildings;
- government building maintenance; and
- government office accommodation.

Building Management and Works also facilitates collaboration between works agencies through the [Centre for Excellence and Innovation in Infrastructure Delivery](#) (CEIID).

Government's high-risk infrastructure projects are managed by the Strategic Projects business unit.

### **Highlights 2009-10**

#### **Works Reform Program Commences**

The launch of the [Works Reform Business Solution Plan](#) in June 2009 signalled the start of the implementation phase of the [Works Reform](#) program.

The focus for the last 12 months has been on building the foundations for the program. This included the establishment of a governance framework, creation of program and project boards, and allocation of project leaders to the 26 reform projects.

Twenty-one of the 26 projects have commenced, with several already making significant progress. The new approach to asset


Leading the planning, delivery and management of buildings for Government

management planning and business case development is starting to demonstrate the value of good planning and a partnership approach between us and the agencies that use the buildings.

The Works Reform Implementation Plan 2009-13 has been published and provides an outline of how the Department of Treasury and Finance will implement, evaluate and report on the Works Reform program. The progress and activities of the first year of the reform were captured in the Works Reform Progress Report 2009, released in February 2010.

#### **New government buildings**

Building Management and Works leads the planning and delivery of government's non-residential building program across Western Australia. This includes supporting government agencies with their strategic asset management planning and business case development for new capital investments.



The program turnover of new building works managed by Building Management and Works in 2009-10 was \$874 million, compared with \$748 million in 2008-09.

Significant Department of Health projects commenced by Building Management and Works in 2009-10 include:

- QEII Medical Centre – new facilities for PathWest Laboratory Medicine Western Australia (\$51.2 million);
- Sir Charles Gairdner Hospital Cancer Centre Stage 2 (\$44.3 million); and
- South West Health Campus new radiation oncology service (\$15.2 million).

Significant Department of Health projects completed in 2009-10 include:

- development of the Wyndham Hospital Multi-purpose Centre (\$4.4 million); and
- Princess Margaret Hospital Psychological Medicine Clinical Care Unit Services Accommodation (\$2.9 million).

There were 89 Department of Education projects undertaken in 2009-10 with a turnover of \$285 million. Significant projects completed included:

- four new primary schools (\$24.1 million);
- Karratha Senior High School redevelopment (\$32.6 million); and
- Mount Barker Community College Stage 2 (\$8.8 million).

Significant Department of Education projects commenced in 2009-10 included:

- new Karratha Primary School (\$22.0 million); and
- Ellenbrook Secondary College Stage 2 (\$21.6 million).

Significant projects completed for other agencies in 2009-10 include:

- AK Reserve – State Basketball Centre (\$53.3 million);
- replacement Livestock Centre in Muchea (\$45.3 million);
- refurbishment works at the Central Law Courts (\$37 million);
- AK Reserve – new athletics stadium (\$31.6 million);
- Pilbara District Police Complex (\$18.5 million); and
- replacement of the South Hedland Police Station (\$16.2 million).

Significant projects commenced for other agencies in 2009-10 include:

- West Kimberley Regional Prison in Derby (\$114.6 million);
- East Kimberley development package (\$96.4 million);
- Clarkson Campus Trades Workshops at the West Coast College of TAFE (\$20.8 million);
- fast-tracked Prisoner Accommodation at Albany, Hakea and Casuarina prisons (\$58.5 million); and
- new headquarters building for the Fire and Emergency Services Authority (\$37.0 million).

As part of the Works Reform program, new project management positions were created and changes implemented to our organisational structure. The Planning and Delivery division was restructured to establish specialist teams to improve project planning. This included the creation of the Planning and Practice directorate, and new teams for Land Assembly and Asset Management. In addition, the Office of the Superintendent was created to strengthen contract management and better control of contract variations.

A design quality management framework was developed through the Office of the Government Architect. State and local government organisations were assisted with design assessments and design advice for built environment project proposals.



We worked closely with DTF's Treasury business to improve the approach to strategic asset planning and business case development.

Industry liaison was strengthened through the Council of Built Environment Design Professions (BEDP) and the Master Builders' Association (MBA).

## Maintenance of Government buildings

Building Management and Works leads the planning and delivery of building maintenance and improvements for government agencies across the State. These include schools, police stations, courts and prisons.

During 2009-10, the value of the maintenance and improvements managed State-wide by Building Management and Works totalled over \$236 million, and involved around 2,100 suppliers.

This included maintenance and improvement works in the metropolitan area valued at \$157 million. Our staff directly managed \$78 million of this program, while \$79 million was managed by private sector facilities managers.

We continued to work closely with the Department of Education, including their 'Big Five Restoration' programs. Together these programs are valued at \$48 million and included reroofing, air conditioning replacements and upgrades, heater replacements, 'concrete cancer' repairs, and the replacement of 'colterra' ceilings.

Other education-related projects included sustainability initiatives such as solar panels, water tanks and energy timers. Work for these projects was completed at 188 schools, with \$7.3 million funding made available from the [National Solar Schools' Program](#) and the [Office of Energy](#).

In April 2010 our maintenance call centre, which registers and allocates breakdown repairs services to pre-qualified contractors, was extended to a State-wide service.

## Regional solutions

A [Regional Programs](#) division was established within Building Management and Works to ensure a greater focus on regional service delivery.


Their prime role is to manage the building maintenance and improvements for government agencies in country regions. During 2009-10 the value of maintenance work managed by us in country regions totalled over \$79 million, and involved around 1,300 suppliers.

Benefits of Works Reform expected for country regions include better outcomes for government asset management and further funding for local communities through a growth in local procurement. This enhanced regional presence will also ensure better responsiveness to local requirements.

These reforms will also result in more new building projects being managed from the regions rather than from Perth. During 2009-10, capital works projects with a value of over \$17 million were managed from country regional offices, involving around 90 suppliers.

Significant progress was made during 2009-10 in increasing the capability of our Regional Programs division. A new regional structure was implemented to organise the 13 offices into four regions, led by four newly-appointed regional managers. Comprehensive training programs for our regional teams were developed and implemented.





The Regional Programs division also integrated our building maintenance works function with the goods and services procurement function of the former regional buying centres of DTF's Government Procurement business.

### **Government office accommodation**

Over the last 12 months, we took a new master planning approach to the planning and procurement of government office accommodation. This was a key part of the Works Reform Business Solution Plan.

A milestone in the reform program was the publication in June 2010 of the [State Government's Office Accommodation Master Planning](#) Discussion Paper. Stakeholders have been invited to comment on the discussion paper, with submissions open until the end of August 2010.

Key principles of the Master Planning approach include a drive to decentralise some government office accommodation from the Central Business District (CBD) and CBD fringe areas to metropolitan activity centres, and the consolidation of the remaining CBD office accommodation into fewer buildings. We made some important steps in implementing these initiatives during 2009-10, with the signing of a lease for 13,250 square metres of office space in the Optima Centre in Herdsman Business Park. The Department of Treasury and Finance's Government Procurement and Building Management and Works businesses will relocate to the Optima Centre early in 2011.

As part of the push to consolidate CBD office accommodation, a lease was signed taking up all the office space - 37,600 square metres - in the new five-star green-star rated office building at 140 William Street, as the sole tenant to house some 2,500 public sector employees. The State Government also committed to retaining and refitting two major Government owned buildings, Albert Facey House and Dumas House.

We continued our role in:

- procurement and administration of leased office space;
- delivery of office fit-out services to government agencies; and
- management of the government-owned office accommodation portfolio.

During 2009-10, Building Management and Works administered 484 leases for State Government tenancies in 368 privately owned buildings. Leased office space grew by approximately 38,034 square metres over the period, to a total of 407,855 square metres.

We also managed approximately 90,000 square metres of State Government-owned office space in 20 multi-tenanted buildings controlled by the Minister for Works. A range of building improvements were 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**

As part of the Federal Government's economic stimulus package, the Department of Education is coordinating the planning of the [Building the Education Revolution](#) (BER) program, while Building Management and Works is managing the procurement. This program will bring a \$1.2 billion investment in new buildings and maintenance across Western Australian Government schools over a two year period.

During the 2009-10 financial year, we have procured for the BER program:

- 996 building projects at 663 primary schools, with 13% completed;
- 1,322 maintenance projects at 773 primary and secondary schools, with 98 per cent completed; and
- 25 science and language centre refurbishments at 25 secondary schools, with 45 per cent completed.

During 2009-10, the value of the BER program managed by us totalled \$790 million.

### Industry Training Program

Building Management and Works 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.

The ITP was established in 2006 and is responsible for the placement of building and construction industry apprentices that have been recruited by contracted group training schemes. At the end of June 2010, there were 205 apprentices participating in the program.

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

During 2009-10, the ITP expanded to the East Kimberley as part of the East Kimberley Development Package and to Derby as part of the West Kimberley Regional Prison project. Both projects have an Indigenous focus.

The ITP also supported the BER program by engaging 94 apprentices who were out of work or at risk of being unemployed due to the economic downturn.

The ITP was a finalist in the 'Developing the Economy' category of the Premier's Awards in 2009.

### Strategic Projects

Strategic Projects is responsible for the oversight of major Government non-residential building projects, focussing on driving excellent cost, time and quality outcomes.

We also review and develop business cases for significant government projects, contribute to the improvement of project management practices within government and administer the reporting process for the State Government's major capital works projects.

We work closely with Building Management and Works in achieving Works Reform program outcomes.

Our projects under construction include:

- Fiona Stanley Hospital;
- Perth Arena;
- 140 William Street Perth;
- State Rehabilitation Service;
- Joondalup Health Campus;
- State Theatre Centre; and
- Albany Entertainment Centre.

Projects at planning or tender stage include:

- New Children's Hospital;
- Midland Health Campus;
- Eastern Goldfields Regional Prison;
- Acacia Prison Expansion;
- Albany Health Campus;
- Queen Elizabeth II Medical Centre Car Parking; and
- Busselton Health campus.

Our key achievements in 2009-10 include:

- construction of the Fiona Stanley Hospital, the State's most significant health project, with \$170 million of the project completed in 2009-10;
- development of the New Children's Hospital strategic business case;
- completion of the Queen Elizabeth II Medical Centre (QEIMC) Master Plan;
- Expressions of Interest being called for the QEIMC car parking project under a 'build, own, operate, transfer' public private partnership;
- Albany Health Campus Early Contractor Involvement contract, which was progressed to request for proposals stage;
- Joondalup Health Campus construction well advanced;
- practical completion for the 140 William Street development (May 2010); and
- completion of a business case for the Department of Agriculture and Food's new saleyards developments.

## **Fremantle Prison**

Fremantle Prison welcomed 175,943 visitors in 2009-10, just below its record total of 179,302 in 2008-09.

After winning the Major Tourism Attraction category of the State Tourism Awards in 2006, 2008 and 2009, Fremantle Prison will be inducted into the Western Australian Tourism Hall of Fame in 2010.

[Fremantle Prison](#) was declared the winner at the 2010 Western Australian Heritage Awards for 'Outstanding Conservation and/or Interpretation of a Place listed on the State Register of Heritage Places' for our interpretation signage project.

Fremantle Prison's Conservation Management Plan was also reviewed as part of a nomination for World Heritage listing. The updated Conservation Management Plan ensures that correct practices are adopted to maintain the heritage fabric of the site and to protect the prison's significant heritage values.

We were also awarded \$1.8 million under the Federal Government's Jobs Fund for the restoration of the interior of the main cell block, assisting the efforts to conserve the site.

## **Centre for Excellence and Innovation in Infrastructure Delivery**

Facilitation of the CEIID was transferred from the DTF's Government Procurement business to Building Management and Works in February 2009.

CEIID is a collaborative alliance established to create a platform for knowledge exchange and to drive reform across a broad spectrum of activities associated with public works, infrastructure delivery and strategic asset management.

The realisation of CEIID's objectives is guided by an agreed Strategic Plan that sets out a comprehensive program of interrelated initiatives and projects to be undertaken progressively over a three to four year period. The CEIID Strategic Plan was reviewed in February 2010, and while the review did not alter the strategic direction of the CEIID, it did result in changes in priority for a number of CEIID initiatives.

Key CEIID projects that were completed in 2009-10 include:

- preparation for the State Asset Investment Program 2010-2014 Industry Forum. This is a major industry briefing on the Government's asset investment agenda held in July 2010;
- the trial of an Infrastructure Procurement Options Guide;
- development and implementation of a new capital works reporting system. This will improve reporting of major projects to government; and
- CEIID Knowledge Xchange forums. An annual program of master classes and forums to share knowledge and promote collaboration.

## Future directions

### Works Reform Program

The Works Reform Program is focused on achieving significant improvements in the approach to asset planning and project delivery across the whole of the non-residential building program. A key factor in this program will be an improved project management capability within Building Management and Works.

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

### New Government Buildings

The Works Reform Program will focus on supporting agencies with their ten-year Strategic Asset Plans, and business cases for new building projects.

The program will introduce a range of innovative procurement strategies for new building projects, including early contractor involvement, design and construct, and public-private partnerships. The traditional 'construct only' procurement approach will be strengthened by enhanced project and contract management capability.

We will continue to work with industry bodies to encourage positive and collaborative relationships with the building industry.



## Maintenance Services

An important component of the works reform is to develop a new framework for procuring [building maintenance services](#). A business case has been prepared and work on introducing the new framework will continue during 2010-11.

We will also in the coming year finalise a review of the Government's portfolio of non-residential buildings that will incorporate an assessment of how agencies are managing the maintenance of their building and property portfolios. We will then develop a range of options to improve the future planning and funding of the maintenance programs.

## Government Procurement

### Role of Government Procurement

At Government Procurement we:

- facilitate, develop and manage of agency-specific contracts;
- develop and manage of whole-of-government common use contract arrangements;
- develop and manage 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 2009–2010

#### Common Use Arrangements

The increasing use of [Common Use Arrangements](#) (CUAs) across Government was a feature of the 2009-10 year.

Our new Information and Communications Technology Services CUA replaced the SPIRIT framework, and will further streamline procurement processes, provide greater flexibility to meet changing needs and allow buyers to access the market quicker with a better focus on risk management.

An invitation to register interest for a computing data centre services contract for Western Australian Government agencies attracted 22 responses from industry. This project will offer agencies a high-quality service that will manage their information as well as rationalise the amount of space allocated to data centres across government.

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


We redesigned and awarded eight other CUAs during 2009-10. These redesigned contracts enhance government buying power, achieving better value-for-money and also allow buyers to 'pick and buy' from a pre-determined list of products and services. These CUAs include notebook and personal computers, business machines and consumables, telecommunications services, ICT services, temporary personnel, government purchasing card, metropolitan courier services and travel management. In addition, development and redesign is well advanced for a further seven CUAs, ranging from gases and groceries to hardware and office furniture.

#### Gateway

Our [Gateway project](#) review program completed 13 reviews of infrastructure, ICT and services projects, with a total value of \$6.2 billion. Feedback from project owners on the review outcomes was extremely positive, with benefits ranging from improved risk management to increased stakeholder engagement.

We established the investment decision process pilot during the year and this provided an opportunity for government agencies to improve their investment decision-making capabilities. One of the key aims of the investment decision process is to move the initial investment decision focus away from an asset-based solution (looking for a problem) to a service delivery problem (looking for a solution).





The pilot demonstrated the investment decision process' applicability in Western Australia as a low-cost methodology that will fit with, and supplement, existing investment management processes.

Ten investment decision-making workshops were delivered explaining the benefits of the investment decision process to government agencies. The process will be further developed over the next financial year and incorporated into the Department's strategic asset management framework.

### **Agency-specific contracts**

There has been a 19 per cent decrease in the value of agency-specific contracts awarded this year. The majority of these have been in the general goods and services contracts.

Highlights of the agency-specific contract program include the Department of Treasury and Finance working with the Department of Health to develop the procurement strategy for non-clinical services at the new Fiona Stanley Hospital. This project includes the facilities management and support services contract, at an estimated value of \$1.07 billion over 20 years. This procurement strategy provides an opportunity for the successful facilities management contractor to influence aspects of the design and construction activities, ensuring ongoing efficiencies throughout the contract. At 30 June 2010, submissions for the facilities management contract were being assessed and a preferred respondent is expected to be identified early in the new financial year. Following negotiations, a contract should be in place by late 2010.

The 'master planning' approach to government accommodation is being supported with the establishment of a contract for technology services for the One40 building at 140 William Street, Perth and the Optima-B Centre at Herdsman.

Government Procurement, with Building Management and Works as our client, is providing advisory and facilitation services for the office and technology fit-outs for both buildings. A tender for services in both buildings featuring network and telephony infrastructure, and ICT facilities management services closed in early June 2010.

We also partnered with the Western Australia Police to develop a procurement strategy to deliver a fully-equipped police helicopter. The strategy led to the project being split into a primary procurement for the basic airframe, and a number of sub-procurements for the associated accessories and role equipment required. This approach allowed Western Australia Police to have more control over the selection and integration of the equipment, as opposed to engaging the manufacturer to provide a 'turn key' off the shelf solution, and has led to savings in excess of \$1 million

### **New Common Use Arrangements**

In response to a Corruption and Crime Commission Inquiry, we joined with the Public Sector Commission in developing and hosting a number of regional training programs to increase the awareness and understanding of government supply policies, as well as reinforcing the responsibilities of public sector officers involved in purchasing.

The program covered:

- the 2009 Corruption and Crime Commission investigation into allegations of misconduct in the purchase of goods by public officers, and its findings;
- accountable and ethical decision making;
- identifying and managing conflicts of interest;
- government supply policy requirements; and
- quotes and tenders.

## Awards

We proudly received a commendation at the national procurement awards for the Chartered Institute of Purchasing and Supply Australia (CIPSA) in the best process improvement category. Our entry highlighted the development of the [Tenders WA](#) and [Contracts WA](#) websites and how they have improved the ability of agencies to purchase the goods and services they need – and enabled suppliers to be more aware of government's purchasing requirements.

## Systems

A version upgrade for Tenders WA in October enhanced the system, allowing:

- improved speed and ability to access the 'tenders' menu items and search;
- improved ability to search for awarded tenders/contracts by supplier;
- improved ability to download specification documents using Winzip; and
- new functionality for registered suppliers to view potential respondents for selected works tenders.

## Procurement Data Warehouse

Our Procurement Data Warehouse (PDW) houses three databases in a centralised and consolidated location for easily accessible reporting. Key improvements to the PDW have been under way in 2009-10.

Our customer survey and stakeholder communications database will be delivered early in the new financial year. This database is an internal system providing a one-shop-stop for stakeholder information, achieving intra-office efficiency by consolidating individual contact lists into one central location, resulting in less duplication, increased accuracy, greater search ability, and improved integration with Microsoft Office allowing users to directly email from the system.

Our supplier sales database, which gathers government buying information from CUA suppliers, is an internal system that is being redeveloped to become fully automated. The new system will utilise both business and formatting rules to ensure that only valid data is loaded into the warehouse. This will be delivered in the first half of 2010-11.

## State Supply Commission

We worked with the State Supply Commission Board to ensure the Board's responsibilities under the State Supply Commission Act continued to be met. The Department of Treasury and Finance's complaints handling unit dealt with eight complaints from suppliers with grievances regarding the actions of individual agencies. All of these were satisfactorily resolved and there was no significant non-compliance with government policies or processes identified.

# SIGNIFICANT ISSUES AFFECTING THE AGENCY

## Financial Management challenges

Western Australia's revenues were virtually stagnant in 2009-10, growing by just 0.5 per cent. Strengthening commodity prices and improvements in the property market are expected to boost revenue by 3.9 per cent in 2010-11, though this is still some way from the conditions the State enjoyed before the international downturn of 2008-09.

While the State's economic and financial outlook has strengthened relative to expectations 12 months ago, there remain a number of key risks. These include the fragility of the global economic recovery, as highlighted by sovereign debt issues in the Euro area. This poses a potential risk to global commodity demand and prices and, in turn, the State's royalty income. Royalty income has also become more volatile in recent times, with significant volatility in the US\$/AU\$ exchange rate (with each US1 cent movement in the exchange rate impacting annual royalty revenue by around AU\$47 million), and the recent shift from an annual benchmark system for iron ore prices to shorter term arrangements linked directly to the 'spot' (or current market) price of iron ore. These developments pose significant challenges for Treasury and the government from a forecasting and budgeting perspective.

We have worked over the last year to implement measures approved by the Government to rein in spending growth. These include the three per cent efficiency dividend, a ceiling on public sector staff numbers, implementation of the government's public sector wages policy, and two voluntary severance schemes. While these measures helped strengthen the State's financial outlook, the ongoing management of employee costs remains a key challenge for the State's finances, with salaries representing around 40 per cent of total general government sector expenses.

In addition, net debt levels are projected to rise over the budget period in support of record levels of infrastructure investment. Although the expected increase in net debt is consistent with maintenance of the triple-A credit rating, we will play a key role in supporting the government's objective to cap the growth in net debt levels to current projections.

This is taking place against a backdrop of increasing demands in key service delivery areas due to improved economic environment and strong population growth. We will continue to provide advice that focuses on responsible financial outcomes while supporting the development of government initiatives to ensure Western Australia benefits from the next phase of economic expansion. This will include assisting the government to address impediments to growth such as labour and skills shortages, housing affordability and infrastructure capacity constraints.

## Commonwealth-State relations

Much work was put in to negotiations between Western Australia and the Commonwealth in several areas of economic policy and operations.

We worked closely with the Department of the Premier and Cabinet and other agencies in 2009-10 on responses to contentious Commonwealth policy proposals that had potentially significant impacts on Western Australia. These included the proposed resource super profits tax/minerals resource rent tax, and national health funding reforms that proposed the Commonwealth 'claw back' around 60 per cent of Western Australia's GST revenue.

Maintaining the integrity of the major Commonwealth-State funding reforms agreed at the November 2008 Council of Australian Government's meeting also emerged as a major issue.

The original commitment to more flexibility in return for enhanced outcomes-based accountability was weakened through the proliferation of small, short-term, micromanaged funding agreements. We are participating in a Heads of Treasuries' review that is examining this issue.

### **Commonwealth Grants Commission**

In February 2010, the Commonwealth Grants Commission reported on its latest method review, which resulted in a cut of \$503 million (\$216 per person) in Western Australia's share of the GST grant pool in 2010-11. In percentage terms, Western Australia's share of national GST revenue declined from 8.1 per cent in 2009-10 to 7.1 per cent in 2010-11, despite Western Australia having 10.3 per cent of the nation's population.

We forecast that Western Australia's GST share will continue to decline over the next few years, to 5.7 per cent by 2013-14, with Western Australia's national population share estimated to be 10.6 per cent.

Western Australia's share of GST has fallen to about 70 cents in every dollar paid to the Commonwealth. By way of comparison, Queensland - a similar State - is returned more than 90 cents for every dollar of GST they pay. Over the four years from 2010-11, Western Australia's GST grants will be \$8.3 billion lower than if the State received an equal per capita share.

We will examine options for arresting Western Australia's declining share of Commonwealth grants, driven by a 'fiscal equalisation' methodology that is complex, lacks transparency, potentially reduces incentives for economic growth and fails to recognise the need to improve government services in remote areas. Governments will need to agree on the arrangements for the next review of the methods used to calculate States' GST shares.

### **Commonwealth Health Reform proposals**

The Western Australian Government did not sign-up to the Commonwealth's National Health and Hospitals Network Agreement in April 2010. Western Australia took this position because it disagreed with the Commonwealth's plan to retain a portion of GST revenue despite agreements with the Commonwealth that all GST revenue would flow to the States.


Around 60 per cent of Western Australia's GST would need to be dedicated to health spending under the Commonwealth's proposals, because Western Australia's GST share - on a per capita basis - is much lower than that of other States.

Western Australia and the Commonwealth will continue to work together to reach an acceptable agreement.

### **Proposed Minerals Resource Rent Tax**

As part of its response to the Henry Tax Review, the Commonwealth proposed a new tax on profits earned from resources.

Such a tax would be disproportionately raised from Western Australia, with only a partial offset from an associated reduction in the company tax rate and potential grants for infrastructure.



DTF estimates that in 2008-09, the Commonwealth derived around \$10.8 billion more in revenue from Western Australia than it spent on the State. The Commonwealth's proposed mining tax would significantly exacerbate this imbalance.

More specifically, the new tax could be expected to add around \$3 billion to the already large subsidy provided to the Commonwealth by Western Australia.

The resources sector is a key element of the State's revenue base. The Commonwealth is already reaping the benefits of Western Australia's resource sector through company tax on resource sector profits, which grew strongly during the resources boom of recent years.

DTF will continue to work closely with the Department of the Premier and Cabinet and other State Government agencies to protect and enhance Western Australia's economic and financial interests. On this basis, the RSPT, net of associated other measures, could be expected to add around \$2 billion to the already large subsidy provided to the Commonwealth by Western Australia.

### **Economic Audit Report implementation**

The State Government supports the Economic Audit Committee's Final Report *Putting the Public First: Partnering with the Community and Business to Deliver Outcomes* and its recommendations for reform across a diverse range of public sector functions and activities.

Of the report's 43 proposals, 18 are the responsibility of DTF for implementation and this will be done in partnership with key people and organisations from across the public, community and private sectors, as well as other levels of government.

We have been working closely with the Department of the Premier and Cabinet and the Public Sector Commission to ensure that the development of these implementation plans:

- is inclusive of line agency, community and private sector stakeholders;
- minimises duplication of resources and effort for all parties involved; and
- is scalable so as to be applied in the most effective manner to address different types of recommendations, and operates in the spirit of the Economic Audit Committee Report.

### **Superannuation reform**

Reform of public sector superannuation arrangements stalled following the decision to postpone mutualisation of the Government Employees Superannuation Board (GESB) in June 2008. The Government commissioned an independent review of the proposed public sector superannuation reforms in July 2009.

The review was completed with the Government accepting the review's recommendations in March 2010. This included confirmation that choice of superannuation fund reforms would be implemented while plans to mutualise GESB were withdrawn. The Board will remain as a statutory authority, delivering low cost, quality superannuation management services to public sector employees.

We are currently preparing an action plan to implement the reforms over the next 12 to 18 months. This includes the legislative and regulatory amendments necessary to allow public servants to access 'choice' arrangements and to refocus GESB on core superannuation services, as well as other changes supporting the Government's decision.



## Major health portfolio capital works projects

Strategic Projects is managing the highest value public works contract ever executed in Western Australian history, the \$1.63 billion Fiona Stanley Hospital Stage two construction contract. To put this financial value in perspective, this contract will surpass the Perth-Mandurah rail project, which totalled \$1.2 billion split between a number of contracts.

Stage one of the two-stage managing contractor process for the design and construction of Fiona Stanley Hospital was completed on time and on budget in June 2010. With the Stage two contract now awarded, the project is on time and on budget as set out in the business case approved in 2007.

Strategic Projects also has carriage of a series of high-value health portfolio projects which will progress over the coming years, including the new Children's Hospital, the Queen Elizabeth II Medical Centre central plant and car parking projects, the Albany Health Campus, Joondalup Health Campus and Midland Health Campus.

## Works Reform

DTF's Building Management and Works business commenced a large-scale works reform process in 2009-10.

The Works Reform process is a four-year program of initiatives to deliver better asset management through new buildings, maintenance of the existing portfolio and the provision of office accommodation for government.

The process commenced with the launch of the Works Reform Business Solution Plan. The Plan is a major step toward ensuring government building assets represent value for money and meet all the quality parameters required to deliver government services to the community, and will drive the Government's \$5 billion non-residential works program over the next four years.

## State Government office accommodation strategy

DTF's Building Management and Works business has enabled the State Government to take a 'master planning' approach to its office accommodation portfolio.

By consolidating State Government office accommodation into fewer locations, leasing space in cheaper, non-CBD buildings, employing efficient usage of office space and exploiting the Government's buying power to negotiate better leases, significant savings will be realised.

The State Government will commence the consolidation into fewer buildings by leasing the entire office space available in the 19-storey tower under construction at 140 William Street Perth.



## Financial statements

### Certification of financial statements

For the year ended 30 June 2010

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 2010 and the financial position as at 30 June 2010.

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  
13 September 2010



**Timothy Marney**  
Accountable Authority  
13 September 2010

# 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 Statement of Financial Position as at 30 June 2009, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, 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, including Administered transactions and balances.

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

#### Director General's Responsibility for the Financial Statements and Key Performance Indicators

The Director General is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards 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. This document is available on the OAG website under "How We Audit".

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

## Department of Treasury and Finance

### Financial Statements and Key Performance Indicators for the year ended 30 June 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 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  
9 September 2010

## Statement of comprehensive income For the year ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	7	135,338	115,782
Supplies and services	8	1,770,403	544,063
Depreciation and amortisation expense	9	95,327	79,738
Net Revaluation Decrement	24	94,837	-
Finance costs	10	13,325	15,594
Accommodation expenses	11	16,393	14,582
Grants and subsidies	12	149	677
Loss on disposal of non-current assets	15	4	-
Other expenses	13	4,026	1,392
<b>Total cost of services</b>		<b>2,129,802</b>	<b>771,828</b>
<b>Income</b>			
<i>Revenue</i>	14		
User charges and fees		1,841,057	596,950
Commonwealth grants and contributions		2,746	346
Interest revenue		830	565
Other revenue		3,178	4,241
<b>Total Revenue</b>		<b>1,847,811</b>	<b>602,102</b>
<i>Gains</i>	15		
Gain on disposal of non-current assets		9,385	733
<b>Total Gains</b>		<b>9,385</b>	<b>733</b>
<b>Total income other than income from State Government</b>		<b>1,857,196</b>	<b>602,835</b>
<b>NET COST OF SERVICES</b>		<b>(272,606)</b>	<b>(168,993)</b>
<b>Income from State Government</b>	16		
Service appropriation		194,224	168,584
Resources received free of charge		12,085	12,417
Royalties for Regions Fund		500	-
<b>Total income from State Government</b>		<b>206,809</b>	<b>181,001</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>(65,798)</b>	<b>12,008</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in asset revaluation surplus	31	(2,310)	-
<b>Total other comprehensive income</b>		<b>(2,310)</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(68,108)</b>	<b>12,008</b>

Refer also to the 'Schedule of Income and Expenses by Service'. The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of financial position As at 30 June 2010

	Note	2010	2009
		\$'000	\$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	17	261,112	104,918
Restricted cash and cash equivalents	18	10,953	10,424
Receivables	19	725,460	140,546
Finance lease receivables	20	1,232	259
Inventories	21	91	91
Amounts receivable for services	22	7,258	6,239
Other current assets	23	17,798	15,408
<b>Total Current Assets</b>		<b>1,023,904</b>	<b>277,886</b>
<b>Non-Current Assets</b>			
Restricted cash and cash equivalents	18	2,068	1,273
Finance lease receivables	20	13,000	3,897
Amounts receivable for services	22	89,251	68,325
Property, plant, equipment and vehicles	24	689,742	963,688
Intangible assets	25	149,532	119,914
<b>Total Non-Current Assets</b>		<b>943,593</b>	<b>1,157,097</b>
<b>TOTAL ASSETS</b>		<b>1,967,497</b>	<b>1,434,983</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	27	129,204	104,576
Borrowings	28	85,278	83,222
Provisions	29	30,597	28,266
Other current liabilities	30	826,993	33,361
<b>Total Current Liabilities</b>		<b>1,072,072</b>	<b>249,425</b>
<b>Non-Current Liabilities</b>			
Borrowings	28	129,331	157,414
Provisions	29	10,674	9,829
Lease incentive	50	30,022	33,888
<b>Total Non-Current Liabilities</b>		<b>170,027</b>	<b>201,131</b>
<b>TOTAL LIABILITIES</b>		<b>1,242,099</b>	<b>450,556</b>
<b>NET ASSETS</b>		<b>725,398</b>	<b>984,427</b>
<b>EQUITY</b>	31		
Contributed equity		799,235	987,846
Reserves		-	2,310
Accumulated surplus/(deficit)		(73,837)	(5,729)
<b>TOTAL EQUITY</b>		<b>725,398</b>	<b>984,427</b>

Refer also to the 'Schedule of Assets and Liabilities by Service'.

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

## Statement of changes in equity For the year ended 30 June 2010

	Note	Contributed equity	Reserves	Accumulated surplus/ (deficit)	Total equity
		\$'000	\$'000	.	\$'000
<b>Balance at 1 July 2008</b>	31	124,567		(17,737)	106,830
Changes in accounting policy or correction of prior period errors		-	-	-	-
<b>Restated balance at 1 July 2008</b>		<b>124,567</b>		<b>(17,737)</b>	<b>106,830</b>
Total comprehensive income for the year			2,310	12,008	14,318
Transactions with owners in their capacity as owners:					
Capital appropriations		125,370	-	-	125,370
Transfer of net assets from Department of Housing and Works (Building Management and Works)		692,172	-	-	692,172
Transfer of net assets from State Supply Commission (State Fleet)		45,737	-	-	45,737
Distributions to owners		-	-	-	-
Total		863,279	2,310	12,008	877,597
<b>Balance at 30 June 2009</b>		<b>987,846</b>	<b>2,310</b>	<b>(5,729)</b>	<b>984,427</b>
<b>Balance at 1 July 2009</b>		<b>987,846</b>	<b>2,310</b>	<b>(5,729)</b>	<b>984,427</b>
Total comprehensive income for the year			(2,310)	(68,108)	(70,418)
Transactions with owners in their capacity as owners:					
Capital appropriations		55,370	-	-	55,370
Other contributions by owners		-	-	-	-
Distributions to owners		(243,981)	-	-	(243,981)
Total		(188,611)	(2,310)	(68,108)	(259,029)
<b>Balance at 30 June 2010</b>		<b>799,235</b>	<b>-</b>	<b>(73,837)</b>	<b>725,398</b>

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

## Statement of cash flows As at 30 June 2010

	Note	2010 \$'000	2009 \$'000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		166,287	147,052
Capital appropriations		55,370	125,370
Holding account drawdowns		5,992	3,668
Receipts from Treasurer's Advance		51,000	20,000
Payments to Treasurer's Advance		(51,000)	(20,000)
Royalties for Regions Fund		500	-
<b>Net cash provided by State Government</b>		<b>228,149</b>	<b>276,090</b>
Utilised as follows:			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(147,464)	(106,028)
Supplies and services		(1,666,944)	(493,059)
Finance costs		(13,468)	(15,861)
Accommodation		(13,213)	(11,836)
Grants and subsidies		(149)	(677)
GST payments on purchases		(216,600)	(76,351)
GST payments to taxation authority		(3,843)	(978)
Other payments		(94,491)	(2,437)
<b>Receipts</b>			
Sale of goods and services		-	92,067
User charges and fees		1,998,131	451,787
Commonwealth grants and contributions		2,530	184
Interest received		872	549
GST receipts on sales		208,185	64,065
GST receipts from taxation authority		9,072	9,432
Other receipts		4,225	4,465
<b>Net cash provided by/(used in) operating activities</b>	32	<b>66,843</b>	<b>(84,678)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of non-current physical assets		76,342	79,267
Purchase of non-current physical assets		(187,790)	(245,282)
<b>Net cash provided by/(used in) investing activities</b>		<b>(111,448)</b>	<b>(166,015)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		380	22,496
Repayment of borrowings		(26,407)	(4,745)
<b>Net cash provided by/(used in) financing activities</b>		<b>(26,027)</b>	<b>17,751</b>
Net increase/(decrease) in cash and cash equivalents		<b>157,518</b>	<b>43,149</b>
Cash and cash equivalents at the beginning of period		116,615	10,042
Transferred from Department of Housing and Works (Building Management and Works)		-	54,329
Transferred from State Supply Commission (State Fleet)		-	9,096
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	32	<b>274,133</b>	<b>116,616</b>

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



## Schedule of income and expense by service For the year ended 30 June 2010

	Financial management and reporting		State Fleet Service		Economic and revenue forecasts and policy development		Revenue assessment and collection	
	Service 1		Service 2		Service 3		Service 4	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>COST OF SERVICES</b>								
Expenses								
Employee benefits expense	5,066	6,457	732	564	7,999	7,394	18,887	18,742
Supplies and services	1,392	2,188	601	1,381	1,804	2,697	12,628	20,022
Depreciation and amortisation expense	48	21	68,207	64,715	75	27	1,227	1,116
Net revaluation decrement	-	-	-	-	-	-	-	-
Finance costs	-	-	13,325	15,594	-	-	-	-
Accommodation expenses	285	560	150	47	449	648	3,148	2,379
Grants and subsidies	8	64	-	-	12	1	-	-
Loss on disposal of non-current assets	-	-	-	-	-	-	-	-
Other expenses	40	43	21	33	63	49	440	188
<b>Total cost of services</b>	<b>6,840</b>	<b>9,333</b>	<b>83,036</b>	<b>82,334</b>	<b>10,402</b>	<b>10,816</b>	<b>36,330</b>	<b>42,447</b>
Income								
User charges and fees	2	37	93,841	92,721	3	42	2,430	2,120
Commonwealth grants and contributions	-	-	-	-	-	-	862	313
Interest revenue	-	-	830	556	-	-	-	-
Other revenue	954	6	(12)	(32)	21	1,352	262	587
Gain on disposal of non-current assets	-	-	9,385	733	-	-	-	-
<b>Total income other than income from State Government</b>	<b>956</b>	<b>43</b>	<b>104,044</b>	<b>93,978</b>	<b>23</b>	<b>1,394</b>	<b>3,554</b>	<b>3,020</b>
<b>NET COST OF SERVICES</b>	<b>(5,883)</b>	<b>(9,290)</b>	<b>21,008</b>	<b>11,644</b>	<b>(10,378)</b>	<b>(9,422)</b>	<b>(32,776)</b>	<b>(39,427)</b>
<b>Income from State Government</b>								
Service appropriation	5,584	8,195	325	778	8,815	9,467	30,781	26,840
Royalties for Regions Fund	-	-	-	-	-	-	-	-
Resources received free of charge	340	115		11	145	166	9,470	10,167
<b>Total income from State Government</b>	<b>5,924</b>	<b>8,310</b>	<b>325</b>	<b>789</b>	<b>8,960</b>	<b>9,633</b>	<b>40,251</b>	<b>37,007</b>
<b>SURPLUS/DEFICIT FOR THE PERIOD</b>	<b>41</b>	<b>(980)</b>	<b>21,333</b>	<b>12,433</b>	<b>(1,419)</b>	<b>211</b>	<b>7,475</b>	<b>(2,420)</b>

## Schedule of income and expense by service (continued) For the year ended 30 June 2010

	Grants and subsidies administration		Evaluation and planning of government service delivery and infrastructure provision		Facilitate the development and management of agency specific contracts		Development and management of whole of government common use contract arrangements	
	Service 5		Service 6		Service 7		Service 8	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>COST OF SERVICES</b>								
<b>Expenses</b>								
Employee benefits expense	1,845	1,945	13,509	10,499	19,272	17,682	7,242	7,568
Supplies and services	1,234	2,077	3,047	3,211	3,860	3,397	1,491	2,308
Depreciation and amortisation expense	120	116	127	50	420	243	165	100
Net revaluation decrement	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-
Accommodation expenses	308	247	760	1,078	946	1,245	372	523
Grants and subsidies	-	-	20	-	-	-	-	-
Loss on disposal of non-current assets	-	-	-	-	-	-	-	-
Other expenses	43	20	106	78	164	161	52	65
<b>Total cost of services</b>	<b>3,549</b>	<b>4,405</b>	<b>17,569</b>	<b>14,916</b>	<b>24,662</b>	<b>22,728</b>	<b>9,321</b>	<b>10,563</b>
<b>Income</b>								
User charges and fees	237	220	4	65	473	1,337	179	54
Commonwealth grants and contributions	84	33	-	-	-	-	-	-
Interest revenue	-	-	-	-	-	-	-	-
Other revenue	26	61	24	161	41	21	10	9
Gain on disposal of non-current assets	-	-	-	-	-	-	-	-
<b>Total income other than income from State Government</b>	<b>347</b>	<b>314</b>	<b>28</b>	<b>226</b>	<b>514</b>	<b>1,358</b>	<b>189</b>	<b>63</b>
<b>NET COST OF SERVICES</b>	<b>(3,202)</b>	<b>(4,091)</b>	<b>(17,540)</b>	<b>(14,690)</b>	<b>(24,148)</b>	<b>(21,370)</b>	<b>(9,132)</b>	<b>(10,500)</b>
<b>Income from State Government</b>								
Service appropriation	3,007	2,785	14,885	13,014	21,407	21,698	7,640	10,007
Royalties for Regions Fund	-	-	-	-	-	-	-	-
Resources received free of charge	925	1,055	245	193	-	355	-	152
<b>Total income from State Government</b>	<b>3,932</b>	<b>3,840</b>	<b>15,130</b>	<b>13,207</b>	<b>21,407</b>	<b>22,053</b>	<b>7,640</b>	<b>10,159</b>
<b>SURPLUS/DEFICIT FOR THE PERIOD</b>	<b>730</b>	<b>(251)</b>	<b>(2,410)</b>	<b>(1,483)</b>	<b>(2,742)</b>	<b>683</b>	<b>(1,492)</b>	<b>(341)</b>

## Schedule of income and expense by service (continued) For the year ended 30 June 2010

	Project management, coordination and implementation of the whole of government shared corporate services reform		Provision of financial and human resources services		Leads the planning and delivery of new government buildings		Leads the planning and delivery of government building maintenance	
	Service 9		Service 10		Service 11		Service 12	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>COST OF SERVICES</b>								
<b>Expenses</b>								
Employee benefits expense	3,647	5,480	24,771	26,090	13,176	5,928	15,418	5,903
Supplies and services	3,418	7,017	23,217	17,429	1,328,444	331,132	177,128	67,999
Depreciation and amortisation expense	2,174	56	14,769	9,911	18	16	354	243
Net revaluation decrement	-	-	-	-	3,000	-	2,120	-
Finance costs	-	-	-	-	-	-	-	-
Accommodation expenses	852	1,612	5,788	4,805	1,245	658	1,687	598
Grants and subsidies	-	-	-	-	-	175	109	437
Loss on disposal of non-current assets	1	-	3	-	-	-	-	-
Other expenses	119	49	809	148	438	173	1,591	343
<b>Total cost of services</b>	<b>10,212</b>	<b>14,214</b>	<b>69,358</b>	<b>58,383</b>	<b>1,346,320</b>	<b>338,082</b>	<b>198,407</b>	<b>75,523</b>
<b>Income</b>								
User charges and fees	1,435	2,234	9,744	6,328	1,320,465	331,844	190,629	76,178
Commonwealth grants and contributions	-	-	-	-	-	-	1,800	-
Interest revenue	-	-	-	-	-	-	-	-
Other revenue	221	1,144	1,501	926	38	5	82	-
Gain on disposal of non-current assets	-	-	-	-	-	-	-	-
<b>Total income other than income from State Government</b>	<b>1,656</b>	<b>3,387</b>	<b>11,245</b>	<b>7,254</b>	<b>1,320,503</b>	<b>331,849</b>	<b>192,511</b>	<b>76,178</b>
<b>NET COST OF SERVICES</b>	<b>(8,556)</b>	<b>(10,827)</b>	<b>(58,113)</b>	<b>(51,129)</b>	<b>(25,817)</b>	<b>(6,233)</b>	<b>(5,896)</b>	<b>655</b>
<b>Income from State Government</b>								
Service appropriation	8,652	8,878	58,764	49,474	10,957	7,317	11,395	3,248
Royalties for Regions Fund	-	-	-	-	500	-	-	-
Resources received free of charge	-	-	-	-	327	65	518	116
<b>Total income from State Government</b>	<b>8,652</b>	<b>8,878</b>	<b>58,764</b>	<b>49,474</b>	<b>11,784</b>	<b>7,382</b>	<b>11,913</b>	<b>3,364</b>
<b>SURPLUS/DEFICIT FOR THE PERIOD</b>	<b>95</b>	<b>(1,949)</b>	<b>652</b>	<b>(1,655)</b>	<b>(14,033)</b>	<b>1,149</b>	<b>6,017</b>	<b>4,019</b>

## Schedule of income and expense by service (continued) For the year ended 30 June 2010

	Leads the planning and delivery of government office accommodation		Total	
	Service 13			
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
<b>COST OF SERVICES</b>				
Expenses				
Employee benefits expense	3,773	1,530	135,338	115,782
Supplies and services	212,139	83,206	1,770,403	544,063
Depreciation and amortisation expense	7,624	3,124	95,327	79,738
Net revaluation decrement	89,717	-	94,837	-
Finance costs	-	-	13,325	15,594
Accommodation expenses	403	182	16,393	14,582
Grants and subsidies	-	-	149	677
Loss on disposal of non-current assets	-	-	4	-
Other expenses	140	42	4,026	1,392
<b>Total cost of services</b>	<b>313,796</b>	<b>88,084</b>	<b>2,129,802</b>	<b>771,828</b>
Income				
User charges and fees	221,616	83,772	1,841,057	596,950
Commonwealth grants and contributions	-	-	2,746	346
Interest revenue	-	-	830	565
Other revenue	9	1	3,178	4,241
Gain on disposal of non-current assets	-	-	9,385	733
<b>Total income other than income from State Government</b>	<b>221,625</b>	<b>83,773</b>	<b>1,857,196</b>	<b>602,835</b>
<b>NET COST OF SERVICES</b>	<b>(92,171)</b>	<b>(4,310)</b>	<b>(272,606)</b>	<b>(168,993)</b>
<b>Income from State Government</b>				
Service appropriation	12,012	6,882	194,224	168,584
Royalties for Regions Fund	-	-	500	-
Resources received free of charge	115	23	12,085	12,417
<b>Total income from State Government</b>	<b>12,127</b>	<b>6,905</b>	<b>206,809</b>	<b>181,001</b>
<b>SURPLUS/DEFICIT FOR THE PERIOD</b>	<b>(80,044)</b>	<b>2,595</b>	<b>(65,798)</b>	<b>12,008</b>

## Schedule of assets and liabilities by service For the year ended 30 June 2010

	Financial management and reporting		State Fleet Service		Economic and revenue forecasts and policy development		Revenue assessment and collection	
	Service 1		Service 2		Service 3		Service 4	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>								
<b>Current assets</b>								
Cash and cash equivalents	297	235	9,391	10,112	468	272	1,053	104
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-
Receivables	396	393	2,250	3,941	625	455	1,986	201
Finance lease receivable	-	-	1,232	259	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Amounts receivable for services	148	79	19	7	234	91	527	35
Other current assets	-	-	2,467	2,405	-	-	-	-
<b>Total current assets</b>	<b>841</b>	<b>707</b>	<b>15,359</b>	<b>16,724</b>	<b>1,327</b>	<b>818</b>	<b>3,566</b>	<b>340</b>
<b>Non-current assets</b>								
Restricted cash and cash equivalents	62	43	8	6	99	49	292	19
Finance lease receivable	-	-	13,000	3,897	-	-	-	-
Amounts receivable for services	2,676	1,590	351	134	4,224	1,838	9,501	706
Property, plant, equipment and vehicles	135	108	280,073	297,952	214	135	815	84
Intangible assets	553	19	4	2	871	22	5,110	364
<b>Total Non-current assets</b>	<b>3,427</b>	<b>1,760</b>	<b>293,436</b>	<b>301,991</b>	<b>5,408</b>	<b>2,044</b>	<b>15,718</b>	<b>1,173</b>
<b>Total assets</b>	<b>4,268</b>	<b>2,467</b>	<b>308,796</b>	<b>318,715</b>	<b>6,735</b>	<b>2,862</b>	<b>19,284</b>	<b>1,513</b>
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Payables	548	577	13,376	19,724	865	660	1,970	234
Borrowings	-	-	85,278	83,222	-	-	-	-
Provisions	1,002	1,283	139	161	1,580	1,270	1,964	201
Other payables	-	-	-	-	-	-	249	-
<b>Total current liabilities</b>	<b>1,550</b>	<b>1,860</b>	<b>98,793</b>	<b>103,107</b>	<b>2,445</b>	<b>1,930</b>	<b>3,934</b>	<b>435</b>
<b>Non-current liabilities</b>								
Borrowings	-	-	129,331	157,414	-	-	-	-
Provisions	289	431	37	37	457	414	1,436	153
Lease incentive	-	-	-	-	-	-	-	-
<b>Total non-current liabilities</b>	<b>289</b>	<b>431</b>	<b>129,368</b>	<b>157,451</b>	<b>457</b>	<b>414</b>	<b>1,436</b>	<b>153</b>
<b>Total liabilities</b>	<b>1,839</b>	<b>2,291</b>	<b>228,161</b>	<b>260,558</b>	<b>2,901</b>	<b>2,344</b>	<b>5,370</b>	<b>588</b>
<b>NET ASSETS</b>	<b>2,428</b>	<b>176</b>	<b>80,634</b>	<b>58,157</b>	<b>3,834</b>	<b>518</b>	<b>13,915</b>	<b>925</b>

The Schedule of Assets and Liabilities by Service should be read in conjunction with the accompanying notes.

## Schedule of assets and liabilities by service (continued) For the year ended 30 June 2010

	Grants and subsidies administration		Evaluation and planning of government service delivery and infrastructure provision		Facilitate the development and management of agency specific contracts		Development and management of whole of government common use contract arrangements	
	Service 5		Service 6		Service 7		Service 8	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>								
Current assets								
Cash and cash equivalents	103	423	791	1,004	1,321	472	423	198
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-
Receivables	194	709	1,055	1,935	1,491	791	564	332
Finance lease receivable	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Amounts receivable for services	51	142	396	337	559	158	211	66
Other current assets	-	-	-	-	-	-	-	-
Total current assets	349	1,274	2,242	3,276	3,371	1,421	1,197	597
Non-current assets								
Restricted cash and cash equivalents	29	77	167	182	265	86	95	36
Finance lease receivable	-	-	-	-	-	-	-	-
Amounts receivable for services	928	2,864	7,136	6,800	10,085	3,193	3,811	1,340
Property, plant, equipment and vehicles	80	222	361	812	699	464	256	181
Intangible assets	499	1,197	1,470	3,506	2,336	2,123	883	910
Total non-current assets	1,536	4,360	9,134	11,300	13,384	5,866	5,045	2,467
<b>Total assets</b>	<b>1,885</b>	<b>5,634</b>	<b>11,376</b>	<b>14,576</b>	<b>16,755</b>	<b>7,287</b>	<b>6,242</b>	<b>3,064</b>
<b>LIABILITIES</b>								
Current liabilities								
Payables	192	1,132	1,462	2,254	5,030	3,062	1,895	1,294
Borrowings	-	-	-	-	-	-	-	-
Provisions	192	2,291	2,664	1,940	3,412	2,593	1,260	1,369
Other payables	-	-	-	-	-	-	-	-
Total current liabilities	384	3,423	4,125	4,194	8,443	5,655	3,155	2,663
Non-current liabilities								
Borrowings	-	-	-	-	-	-	-	-
Provisions	140	606	772	1,470	1,185	987	435	412
Lease incentive	-	-	-	-	-	-	-	-
Total non-current liabilities	140	606	772	1,470	1,185	987	435	412
<b>Total liabilities</b>	<b>525</b>	<b>4,029</b>	<b>4,897</b>	<b>5,664</b>	<b>9,627</b>	<b>6,642</b>	<b>3,589</b>	<b>3,074</b>
<b>NET ASSETS</b>	<b>1,360</b>	<b>1,605</b>	<b>6,479</b>	<b>8,912</b>	<b>7,128</b>	<b>644</b>	<b>2,653</b>	<b>(11)</b>

The Schedule of Assets and Liabilities by Service should be read in conjunction with the accompanying notes.



## Schedule of assets and liabilities by service For the year ended 30 June 2010

	Project management, coordination and implementation of the whole of government shared corporate services reform		Provision of financial and human resources services		Leads the planning and delivery of new government buildings		Leads the planning and delivery of government building maintenance	
	Service 9		Service 10		Service 11		Service 12	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>								
<b>Current assets</b>								
Cash and cash equivalents	204	739	1,388	2,206	176,593	56,891	26,906	15,170
Restricted cash and cash equivalents	-	-	-	-	314	-	1,417	-
Receivables	397	1,239	2,693	3,692	648,878	80,263	39,504	26,814
Finance lease receivable	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	91	91
Amounts receivable for services	656	2,408	4,456	2,899	-	17	-	-
Other current assets	-	-	-	-	13	-	20	-
<b>Total current assets</b>	<b>1,257</b>	<b>4,386</b>	<b>8,537</b>	<b>8,797</b>	<b>825,798</b>	<b>137,172</b>	<b>67,938</b>	<b>42,075</b>
<b>Non-current assets</b>								
Restricted cash and cash equivalents	75	134	507	396	186	95	229	119
Finance lease receivable	-	-	-	-	-	-	-	-
Amounts receivable for services	1,956	5,891	13,294	14,944	2,007	8,139	2,848	1,543
Property, plant, equipment and vehicles	222	720	1,512	1,835	23,060	179,809	32,716	35,562
Intangible assets	17,619	61,063	119,712	50,351	474	357	-	-
<b>Total non-current assets</b>	<b>19,872</b>	<b>67,808</b>	<b>135,025</b>	<b>67,526</b>	<b>25,727</b>	<b>188,400</b>	<b>35,793</b>	<b>37,224</b>
<b>Total assets</b>	<b>21,130</b>	<b>72,194</b>	<b>143,562</b>	<b>76,323</b>	<b>851,525</b>	<b>325,572</b>	<b>103,731</b>	<b>79,299</b>
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Payables	411	2,273	2,790	5,357	93,053	63,834	4,178	1,436
Borrowings	-	-	-	-	-	-	-	-
Provisions	1,532	4,416	10,409	7,807	2,770	2,078	2,964	2,313
Other payables	-	-	-	-	825,735	31,853	676	1,501
<b>Total current liabilities</b>	<b>1,943</b>	<b>6,689</b>	<b>13,200</b>	<b>13,164</b>	<b>921,558</b>	<b>97,765</b>	<b>7,818</b>	<b>5,250</b>
<b>Non-current liabilities</b>								
Borrowings	-	-	-	-	-	-	-	-
Provisions	430	862	2,922	2,382	856	710	1,462	1,194
Lease incentive	-	-	-	-	-	-	-	33,888
<b>Total non-current liabilities</b>	<b>430</b>	<b>862</b>	<b>2,922</b>	<b>2,382</b>	<b>856</b>	<b>710</b>	<b>1,462</b>	<b>35,082</b>
<b>Total liabilities</b>	<b>2,373</b>	<b>7,551</b>	<b>16,122</b>	<b>15,546</b>	<b>922,414</b>	<b>98,475</b>	<b>9,280</b>	<b>40,332</b>
<b>NET ASSETS</b>	<b>18,756</b>	<b>64,643</b>	<b>127,440</b>	<b>60,777</b>	<b>(70,889)</b>	<b>227,097</b>	<b>94,451</b>	<b>38,967</b>

The Schedule of Assets and Liabilities by Service should be read in conjunction with the accompanying notes.

## Schedule of assets and liabilities by service For the year ended 30 June 2010

	Leads the planning and delivery of government office accommodation		Total	
	Service 13			
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	42,173	17,091	261,112	104,918
Restricted cash and cash equivalents	9,222	10,424	10,953	10,424
Receivables	25,428	19,782	725,460	140,546
Finance lease receivable	-	-	1,232	259
Inventories	-	-	91	91
Amounts receivable for services	-	-	7,258	6,239
Other current assets	15,298	13,003	17,798	15,408
Total current assets	92,121	60,300	1,023,904	277,886
Non-current assets				
Restricted cash and cash equivalents	56	31	2,068	1,273
Finance lease receivable	-	-	13,000	3,897
Amounts receivable for services	30,433	19,343	89,251	68,325
Property, plant, equipment and vehicles	349,599	445,804	689,742	963,688
Intangible assets	-	-	149,532	119,914
Total non-current assets	380,088	465,178	943,593	1,157,097
<b>Total assets</b>	<b>472,209</b>	<b>525,478</b>	<b>1,967,497</b>	<b>1,434,983</b>
<b>LIABILITIES</b>				
Current liabilities				
Payables	3,433	2,740	129,204	104,576
Borrowings	-	-	85,278	83,222
Provisions	709	545	30,597	28,266
Other payables	582	7	826,993	33,361
Total current liabilities	4,724	3,292	1,072,072	249,425
Non-current liabilities				
Borrowings	-	-	129,331	157,414
Provisions	253	170	10,674	9,829
Lease incentive	30,022		30,022	33,888
Total non-current liabilities	30,275	170	170,027	201,131
<b>Total liabilities</b>	<b>34,999</b>	<b>3,462</b>	<b>1,242,099</b>	<b>450,556</b>
<b>NET ASSETS</b>	<b>437,210</b>	<b>522,016</b>	<b>725,398</b>	<b>984,427</b>

The Schedule of Assets and Liabilities by Service should be read in conjunction with the accompanying notes.

## Summary of consolidated account appropriations and income estimates For the year ended 30 June 2010

	2010 Estimate	2010 Actual	Variance	2010 Actual	2009 Actual	Variance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CONTROLLED TRANSACTIONS						
Delivery services						
Item 43 Net amount appropriated to deliver services	189,480	193,575	4,095	193,575	151,874	41,701
Section 25 transfer of Industry Dev and Building Commission to Department of Commerce		(2,504)	(2,504)	(2,504)		(2,504)
Section 25 transfer from WA police for a procurement officer		74	74	74		74
Section 25 transfer from Department of State Development for a procurement officer		106	106	106		106
Section 25 transfer from Department of Agriculture for a procurement officer		67	67	67		67
Section 25 transfer from Department of Health for procurement services		685	685	685		685
Amount Authorised by Other Statutes					15,113	(15,113)
- <i>Salaries and Allowances Act 1975</i>	1,820	2,221	401	2,221	1,597	624
<b>Total appropriations provided to deliver services</b>	<b>191,300</b>	<b>194,224</b>	<b>2,924</b>	<b>194,224</b>	<b>168,584</b>	<b>25,640</b>
Capital						
Item 134 Capital appropriations	39,190	55,370	16,180	55,370	39,956	15,414
Section 25 transfer of capital appropriation					85,414	(85,414)
<b>Total capital appropriations provided to deliver services</b>	<b>39,190</b>	<b>55,370</b>	<b>16,180</b>	<b>55,370</b>	<b>125,370</b>	<b>(70,000)</b>
ADMINISTERED TRANSACTIONS						
RECURRENT ADMINISTERED						
Community Service Obligation Payments						
Item 44 Electricity Retail Corporation (Synergy)	290,156	216,977	(73,179)	216,977	27,029	189,948
Item 45 Forest Products Commission	3,370	3,370	-	3,370	3,370	-
Item 46 Regional Power Corporation (Horizon Power)	57,439	27,022	(30,417)	27,022	33,623	(6,601)
Item 47 Water Corporation of Western Australia	500,983	500,413	(570)	500,413	443,521	56,892
Item 48 Western Australian Land Authority	44,933	38,154	(6,779)	38,154	22,139	16,015
<b>Total Community Service Obligation Payments</b>	<b>896,881</b>	<b>785,936</b>	<b>(110,945)</b>	<b>785,936</b>	<b>529,682</b>	<b>256,254</b>
Administered grants, subsidies and other transfer payments						
Item 49 Aerial Shark Surveillance Program	194	385	191	385	212	173
Item 50 Armadale Redevelopment Authority	1,790	1,790	-	1,790	1,720	70
Item 51 Broome Port Authority	372	372	-	372	390	(18)
Item 52 Department for Child Protection	14,200	14,200	-	14,200	15,300	(1,100)

	2010 Estimate	2010 Actual	Variance	2010 Actual	2009 Actual	Variance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Item 53 First Home Owners' Assistance	122,010	325,268	203,258	325,268	248,989	76,279
Item 54 Goods and Services Tax (GST) Administration	65,000	57,894	(7,106)	57,894	64,210	(6,316)
Item 55 Office of Health Review	1,672	1,933	261	1,933	1,716	217
Item 56 Pensioner Concessions - Emergency Services Levy	11,360	8,915	(2,445)	8,915	8,200	715
Item 57 Pensioner Concessions - Local Government and Water Rates	62,461	61,584	(877)	61,584	55,603	5,981
Item 58 Provision for Unfunded Liabilities in the Government Insurance Fund	2,079	4,390	2,311	4,390	4,581	(191)
Item 59 Refunds of Past Years Revenue Collections - Public Corporations	5,000	4,275	(725)	4,275	21,241	(16,966)
Item 60 Refunds of Past Years Revenue Collections - All Other	33,585	38,964	5,379	38,964	130,466	(91,502)
Item 61 Rottnest Island Authority	2,200	2,200	-	2,200	2,200	-
Item 62 Royalties for Regions Fund	289,400	338,164	48,764	338,164	269,100	69,064
Item 63 State Property - Emergency Services Levy	12,000	12,000	-	12,000	12,000	-
Item 64 Voluntary Severance Package	48,000	-	(48,000)	-	-	-
Item 65 Water Corporation of Western Australia - State Water Strategy Rebate Scheme	500	2,946	2,446	2,946	4,984	(2,038)
Item 66 Wine Equalisation Tax Rebate	3,600	-	(3,600)	-	-	-
Item 67 All Other Grants, Subsidies and Transfer Payments						
• Acts of Grace	2	8	6	8	-	8
• ANZAC Day Trust	300	300	-	300	300	-
• Consumer Utilities Program - Western Australian Council of Social Service	-	170	170	170	170	-
• Incidentals	38	31	(7)	31	-	31
• Interest on Public Moneys held in Participating Trust Fund Accounts	1,264	3,250	1,986	3,250	5,527	(2,277)
• Life Support Equipment Electricity Subsidy Scheme	569	637	68	637	454	183
• On-Road Diesel Subsidies	9,439	5,673	(3,766)	5,673	7,955	(2,282)
• Public Swimming Pools - Operating Costs Subsidy	300	291	(9)	291	279	12
• Stamp Duty Concessions on Farming Properties	-	-	-	-	31	(31)
• State Supply Commission	50	-	(50)	-	-	-
• Thermoregulatory Dysfunction Energy Subsidy Scheme	508	359	(149)	359	207	152
• Western Australian Treasury Corporation Management Fees	390	407	17	407	-	407
Department for Communities	-	-	-	-	401	(401)
HIH Insurance Rescue Package	-	-	-	-	9	(9)
Water Corporation of Western Australia - Part Reimbursement of Land Sales	-	-	-	-	138	(138)
Western Australian Building Management Authority - Interest	-	-	-	-	312	(312)
Total Administered grants, subsidies and other transfer payments	688,283	886,406	198,123	886,406	856,695	(29,711)

	2010 Estimate	2010 Actual	Variance	2010 Actual	2009 Actual	Variance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Authorised by Other Statutes						
Gold Corporation Act 1987	30	2	(28)	2	9	(7)
Judges' Salaries and Pensions Act 1950	7,615	8,767	1,152	8,767	5,477	3,290
Parliamentary Superannuation Act 1970	6,065	7,430	1,365	7,430	12,984	(5,554)
State Superannuation Act 2000	560,373	536,864	(23,509)	536,864	482,588	54,276
Tobacco Products Control Act 2006	19,596	19,596	-	19,596	19,147	449
Unclaimed Money Act 1990	750	812	62	812	831	(19)
Unclaimed Money (Superannuation and RSA Providers) Act 2003	40	24	(16)	24	1	23
Western Australian Treasury Corporation Act 1986 - Interest	28,700	42,033	13,333	42,033	-	42,033
Total Amounts Authorized by Other Statutes	623,169	615,528	(7,641)	615,528	521,037	94,491
<b>Total Recurrent Administered</b>	<b>2,208,333</b>	<b>2,287,870</b>	<b>79,537</b>	<b>2,287,870</b>	<b>1,907,414</b>	<b>380,456</b>
ADMINISTERED CAPITAL						
Government Equity Contributions						
Item 135 Armadale Redevelopment Authority	6,000	2,660	(3,340)	2,660	5,900	(3,240)
Item 136 Department of Corrective Services	53,000	15,945	(37,055)	15,945	-	15,945
Item 137 WA Health	169,977	97,782	(72,195)	97,782	86,969	10,813
Item 138 Electricity Generation Corporation (Verve Energy)	83,277	81,571	(1,706)	81,571	-	81,571
Item 139 Electricity Networks Corporation (Western Power)	651	45	(606)	45	6,651	(6,606)
Item 140 Forest Products Commission	1,200	1,270	70	1,270	16,200	(14,930)
Item 141 Fremantle Port Authority	210	209	(1)	209	212	(3)
Item 142 Port Hedland Port Authority	21,000	21,000	-	21,000	-	21,000
Item 143 Regional Power Corporation (Horizon Power)	10,612	816	(9,796)	816	-	816
Item 144 Royalties for Regions Fund	329,600	305,836	(23,764)	305,836	64,900	240,936
Item 145 Water Corporation of Western Australia	7,730	-	(7,730)	-	-	-
Item 146 Western Australian Land Authority	19,700	19,700	-	19,700	49,921	(30,221)
Broome Port Authority	-	-	-	-	350	(350)
Rottne Island Authority	-	-	-	-	7,623	(7,623)
Western Australian Building Management Authority	-	-	-	-	62,724	(62,724)
Total Government Equity Contributions	702,957	546,834	(156,123)	546,834	301,450	245,384

	2010 Estimate	2010 Actual	Variance	2010 Actual	2009 Actual	Variance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other Capital Contributions						
Item 147 Perry Lakes Trust Account	23,869	17,340	(6,529)	17,340	51,658	(34,318)
Fiona Stanley Hospital Construction Account	-	-	-	-	221,000	(221,000)
Total Other Capital Contributions	23,869	17,340	(6,529)	17,340	272,658	(255,318)
Authorised by Other Statutes						
Western Australian Treasury Corporation Act 1986 – Capital Repayments	20,200	-	(20,200)	-	-	-
Loans (Co-operative Companies) Act 2004	-	400	400	400	-	400
Total Authorised by Other Statutes	20,200	400	(19,800)	400	-	400
<b>Total Administered Capital Contributions</b>	<b>747,026</b>	<b>564,574</b>	<b>(182,452)</b>	<b>564,574</b>	<b>574,108</b>	<b>(9,534)</b>
<b>TOTAL ADMINISTERED TRANSACTIONS</b>	<b>2,955,359</b>	<b>2,852,444</b>	<b>(102,915)</b>	<b>2,852,444</b>	<b>2,481,522</b>	<b>370,922</b>
Details of Expenses by Service						
Financial management and reporting	7,336	6,840	(496)	6,840	9,333	(2,493)
State Fleet Service	94,894	83,036	(11,858)	83,036	82,334	702
Economic and revenue forecasts and policy development	8,761	10,402	1,641	10,402	10,816	(414)
Revenue assessment and collection	40,593	36,330	(4,263)	36,330	42,447	(6,117)
Grants and subsidies administration	3,857	3,549	(308)	3,549	4,405	(856)
Evaluation and planning of government service delivery and infrastructure provision	15,447	17,569	2,122	17,569	14,916	2,653
Facilitate the development and management of agency specific contracts	27,004	24,662	(2,342)	24,662	22,728	1,93
Development and management of whole of government common use contract arrangements	8,552	9,321	769	9,321	10,563	(1,242)
Project management, coordination and implementation of the whole of government shared corporate services reform	13,402	10,212	(3,190)	10,212	14,214	(4,002)
Provision of financial and human resources services	62,634	69,358	6,724	69,358	58,383	10,975
Leads the planning and delivery of new government buildings	771,548	1,346,320	574,772	1,346,320	338,082	1,008,238
Leads the planning and delivery of government building maintenance	196,675	198,407	1,732	198,407	75,523	122,884
Leads the planning and delivery of government office accommodation	225,900	313,796	87,896	313,796	88,084	225,712
Total Details of Expenses by Service	1,476,603	2,129,802	653,198	2,129,802	771,828	1,357,972
Less Total Income	(1,278,638)	(1,857,196)	(578,558)	(1,857,196)	(602,835)	(1,254,361)
Net Cost of Services	197,965	272,606	74,641	272,606	168,993	103,612
Adjustments	(6,665)	(78,382)	(71,717)	(78,382)	(409)	(77,974)
<b>Total appropriations provided to deliver services</b>	<b>191,300</b>	<b>194,224</b>	<b>2,924</b>	<b>194,224</b>	<b>168,584</b>	<b>25,638</b>



	2010 Estimate	2010 Actual	Variance	2010 Actual	2009 Actual	Variance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Details of Capital Expenditure						
Purchase of non-current physical assets	224,227	187,790	(36,437)	187,790	245,282	(57,492)
Repayment of borrowings	1,833	26,407	24,574	26,407	4,745	21,662
Adjustments for other funding sources	(186,870)	(158,827)	28,043	(158,827)	(124,657)	(34,170)
<b>Capital appropriations</b>	<b>39,190</b>	<b>55,370</b>	<b>16,180</b>	<b>55,370</b>	<b>125,370</b>	<b>(70,000)</b>
DETAILS OF ADMINISTERED INCOME ESTIMATES						
Sale of Goods and Services						
Sale of Goods and Services	7,873	11,487	3,614	11,487	9,898	1,589
	7,873	11,487	3,614	11,487	9,898	1,589
Taxation						
Betting Tax	37,284	31,573	(5,711)	31,573	31,886	(313)
Land Tax	545,863	527,067	(18,796)	527,067	566,926	(39,859)
Metropolitan Region Improvement Tax	80,800	78,311	(2,489)	78,311	82,237	(3,926)
Pay-roll Tax	2,213,050	2,299,942	86,892	2,299,942	2,241,433	58,509
Transfer Duty	1,185,164	1,551,816	366,652	1,551,816	1,101,553	450,263
Landholder Duty	36,700	87,442	50,742	87,442	24,318	63,124
Insurance Duty	388,400	404,043	15,643	404,043	376,543	27,500
Vehicle License Duty	323,400	331,571	8,171	331,571	317,625	13,946
Stamp Duty - Mortgages	-	169	169	169	4,409	(4,240)
Stamp Duty – Rental Business	-	-	-	-	26	(26)
Stamp Duty – Others	496	15	(481)	15	136	(121)
Stamp Duty – Share and Marketable Securities	-	-	-	-	869	(869)
Commonwealth Mirror Taxes	25,512	28,711	3,199	28,711	27,631	1,080
	4,836,669	5,340,660	503,991	5,340,660	4,775,592	565,068

	2010 Estimate	2010 Actual	Variance	2010 Actual	2009 Actual	Variance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Commonwealth Grants</b>						
Compensation for Condensate Exercise	60,400	50,073	(10,327)	50,073	22,909	27,164
First Home Owners' Boost <sup>(a)</sup>	31,000	168,388	137,388	168,388	100,109	68,279
GST grants	3,331,500	3,589,635	258,135	3,589,635	3,529,322	60,313
Local Government (Financial Assistance Grants)	136,700	135,668	(1,032)	135,668	131,822	3,846
Local Government (Road Funding)	91,500	90,030	(1,470)	90,030	88,874	1,156
Non-Government Schools	653,500	1,078,609	425,109	1,078,609	684,387	394,222
North-West Shelf Grants <sup>(a, c, d)</sup>	929,900	891,652	(38,248)	891,652	-	891,652
Other	4,016,063	3,870,622	(145,441)	3,870,622	940,750	2,929,872
	9,250,563	9,874,677	624,114	9,874,677	5,498,173	4,376,504
<b>Dividends and Taxes</b>						
Government Enterprises - Dividends	536,262	570,271	34,009	570,271	466,114	104,157
Income Tax – Tax Equivalent Regime	310,075	355,444	45,369	355,444	347,121	8,323
Local Government Rates – Tax Equivalent Regime	11,085	13,001	1,916	13,001	10,350	2,651
	857,422	938,716	81,294	938,716	823,585	115,131
<b>Other Revenue</b>						
Consolidated Account Revenue Received from Agencies	3,574,927	3,112,232	(462,695)	3,112,232	5,285,403	(2,173,171)
Interest <sup>(b)</sup>	129,468	211,080	81,612	211,080	281,942	(70,862)
Pension Recoups	12,875	15,416	2,541	15,416	15,502	(86)
Loan Guarantee Fees	27,044	30,418	3,374	30,418	22,925	7,493
Consolidated Account (Superannuation Reimbursement)	119,457	143,694	24,237	143,694	126,684	17,010
Other Revenue	84,024	114,220	30,196	114,220	66,710	47,510
	3,947,795	3,627,060	(320,735)	3,627,060	5,799,166	(2,172,106)
<b>TOTAL INCOME</b>	<b>18,900,322</b>	<b>19,792,600</b>	<b>892,278</b>	<b>19,792,600</b>	<b>16,906,414</b>	<b>2,886,186</b>

- (a) In the 2009 Annual Report, First Home Owners' Boost totalling \$100.109 million was reported under Commonwealth grants Other. Accordingly, the 2009 Actual of Commonwealth grants Other, which was reported as \$1.054 billion, has been adjusted in this statement to exclude the \$100.109 million, as this is now reported under First Home Owners' Boost.
- (b) The 2010 Budget did not include interest revenue from the Fiona Stanley Hospital Construction Account under this item. For comparative purposes, the Budget estimate has been revised up by \$37 million to include interest revenue from this Account.
- (c) The 2009 actual figure for Commonwealth Grants - Other, has been amended downward by \$22,909 million. This amount is now reflected in the Commonwealth Grants - Compensation for Condensate Excise. This aligns to the reporting of these grants in the 2009 Annual Report of State Finances.
- (d) In 2009 there was a line for Pensioner Concession Assistance (under Commonwealth grants) the amount reported was 9,605. In 2010 this item was included in the Other line (under Commonwealth grants), for consistency and comparative reasons the 2009 figure for Pensioner Concession Assistance has been included in Other for 2009. The Pensioner Concession Assistance line has been deleted.

# Notes to the Financial Statements

For the year ending 30 June 2010

## Note 1. Australian Accounting Standards

### General

The Department's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

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

### Early adoption of standards

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Department for the annual reporting period ended 30 June 2010.

## Note 2. Summary of significant accounting policies

### (a) General statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with 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 2006* and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

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

### (b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings and infrastructure which have been 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 at note 4 'Judgements made by management in applying accounting policies'.

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

### (c) Reporting entity

The reporting entity is the Department of Treasury and Finance.

#### Mission

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 building, 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.

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.

## Services

The Department provides the following services:

### *Service 1: Financial management and reporting*

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

### *Service 2: State Fleet Service*

This service involves the financing and leasing of some 11,300 passenger and light commercial vehicles to State Government agencies and the management of government vehicle fleet policy.

### *Service 3: Economic and revenue forecasts and policy development*

This service involves the analysis and advice on economic and revenue policy issues, including in relation to the State's major revenue sources, utilities regulation and reform, and economic, social and environmental developments generally.

### *Service 4: Revenue assessment and collection*

This service involves the assessment and collection of a range of statutory based revenues including:

- Those for which the Commissioner of State Revenue has direct responsibility for (stamp duties, land tax and pay-roll tax); and
- Those that are collected on behalf of other agencies (such as Perth Parking Licence fees) or other jurisdictions (e.g. collection of a range of taxes for the Commonwealth in the Indian Ocean Territories).

### *Service 5: 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 government rates and the emergency services levy, for pensioners and seniors.

### *Service 6: Evaluation and planning of government service delivery and infrastructure provision*

This service aims at investigating agencies' operations in respect of efficiency and effectiveness and to advise Government on the allocation of taxpayers' resources to achieve Government desired outcomes. It includes the analysis, evaluation and planning of government services to ensure value for money outcomes in the key areas of Health, Education, Law and Order and infrastructure delivery.

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

This service entails Government agencies effectively managing procurement risks, and establishes 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*

The DTF provides a whole-of-government approach to procurement that efficiently meets the business needs of Government agencies, manages risk and delivers value for money.

### *Service 9: Project management, coordination and implementation of the whole of government shared corporate services reform*

The DTF Shared Services (Project Division) is responsible for building the Business System which will support the provision of shared corporate services to general Government agencies. The initial release of the integrated Finance and HR/Payroll System has been completed and work is continuing on building finance functionality and payroll awards to enable further agencies to roll-in to shared services.

### *Service 10: Provision of financial and human resources services*

The DTF Shared Services (Shared Services Centre) is responsible for providing shared services to general government agencies across the sector in finance, procurement, human resource, payroll services and on-line services.

### *Service 11: Leads the planning and delivery of new government buildings*

This encompasses strategic leadership and facilitation in the planning, project management and procurement of new non-residential buildings.

### **Service 12: Leads the planning and delivery of government building maintenance**

The BMW business of DTF also provides strategic leadership and facilitation in the planning, project management and procurement of maintenance for non-residential buildings.

### **Service 13: Leads the planning and delivery of government office accommodation**

Strategic leadership and facilitation in the planning, project management and procurement of government office accommodation is provided by the BMW business of DTF.

The Department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral to the function of the Department. These administered balances and transactions are not recognised in the principal financial statements of the Department but schedules are prepared using the same basis as the financial statements and are presented at note 46 'Administered income and expenses' and note 48 'Administered assets and liabilities'.

## **(d) Contributed equity**

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers, in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, 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 appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly-Owned Public Sector Entities* and have been credited directly to Contributed equity.

The transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, is designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

## **(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:

### *Sale of goods*

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

### *Provision of services*

Revenue is recognised on 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 2009-10 Budget Statements, the Department retained \$1,992.542 million in 2010 (\$616.0149 million in 2009) 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.

Royalties for Regions funds are recognised as revenue at fair value in the period in which the Department obtains control over the funds. The Department obtains control of the funds at the time the funds are deposited into the Department's bank account.

#### *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 and equipment and infrastructure**

#### *Capitalisation/expensing of assets*

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

#### *Initial recognition and measurement*

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

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

#### *Subsequent measurement*

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land, buildings and infrastructure and the cost model for all other property, plant and equipment. Land, buildings and infrastructure are carried at fair value less accumulated depreciation (buildings and infrastructure only) and accumulated impairment losses. All other items of property, plant and equipment are stated 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. When buildings are re-valued 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 re-valued 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 determined on the depreciated replacement cost basis, 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 end of the reporting period.

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 re-valued, 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 re-valued 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 judgement 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 surplus relating to that asset is retained in the asset revaluation surplus.

### *Asset revaluation surplus*

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets as described under 'Property, plant and equipment'.

### *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 using the straight line method, 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<sup>(a)</sup>  
3 to 5 years

Motor vehicles  
6 months to 5 years

Infrastructure  
55 to 80 years

<sup>(a)</sup> 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 Statement of Comprehensive Income.

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<sup>(a)</sup>  
3 to 5 years

Website costs  
3 to 5 years

<sup>(a)</sup> Software that is not integral to the operation of any related hardware

### *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.

*Website 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).

Website 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 website, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a website, 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 the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Department is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

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

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period 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 the end of each reporting period.

Refer to note 26 'Impairment of Assets' for the outcome of impairment reviews and testing.

**(j) Non-current assets (or disposal groups) classified as held for sale**

The Department does not control non-current assets held for sale.

**(k) 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 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 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.

## (l) Financial instruments

In addition to cash and bank overdraft, the Department has two categories of financial instruments:

- Loans and receivables; and
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- Financial Assets
  - Cash and cash equivalents
  - Restricted cash and cash equivalents
  - Receivables
  - Amounts receivable for services
- Financial Liabilities
  - Payables
  - WATC borrowings
  - Finance lease liabilities
  - Amounts 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.

## (m) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

## (n) Accrued salaries

Accrued salaries [*refer to note 27 'Payables'*] represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to its net fair value.

The accrued salaries suspense account [*refer to note 18 'Restricted cash and cash equivalents'*] 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 instead of the normal 26. No interest is received on this account.

## (o) Amounts receivable for services (holding account)

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

## (p) 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 average cost method.

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.

## (q) 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 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.

**(r) Payables**

Payables are recognised at the amounts payable 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.

**(s) 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.

**(t) 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.

**(u) Provisions**

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

**Provisions - employee benefits***Annual leave and long service leave*

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

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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 2010 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 reporting period.

*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 Statement of Comprehensive Income 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 ten 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) in accordance with legislative requirements administers public sector superannuation arrangements in Western Australia.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members.

The Department has no liabilities under the Pension or the GSS Schemes. The liabilities for the unfunded Pension Scheme and the unfunded GSS Scheme transfer benefits due to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS Scheme obligations are funded by concurrent contributions made by the Department to the GESB. The concurrently funded part of the GSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS Scheme obligations

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 from the Treasurer for the employer's share.

### **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-costs provision'.

#### *Restoration costs*

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

### **(v) Superannuation expense**

The following elements are included in calculating the superannuation expense:

- a) 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
- b) 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 Statement of Comprehensive Income. 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 Statement of Comprehensive 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 extinguishes the agency's obligations to the related superannuation liability.

### **(w) 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.

Where assets or services are received from another State Government agency, these are separately disclosed under Income from State Government in the Statement of Comprehensive Income.



### (x) 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.

### (y) 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.

### (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 two per cent per annum from completion date over 35 years, being the term of the lease.

## Note 3. Comparative figures

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

## Note 4. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Department evaluates these judgements regularly.

## Operating lease commitments

The Department has entered into a number of leases for buildings for branch office accommodation. Some of these leases relate to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

## Note 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 2009/2010 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.

## Note 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 effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Authority.

AASB 101

*Presentation of Financial Statements (September 2007). This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.*



**AASB 2007-10** *Further Amendments to Australian Accounting Standards arising from AASB 101.* This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.

**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 of Regional Development and Lands (formerly Department for Planning and Infrastructure). The Department does not expect any financial impact when the Standard is first applied prospectively.

**AASB 2009-2** *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 & AASB 1038.* This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

The Department considers the following Australian Accounting Standards as not being applicable to the Department as they have no impact on the Department or do not apply to not-for-profit entities.

**AASB 1** *First-time Adoption of Australian Accounting Standards*  
**AASB 3** *Business Combinations*  
**AASB 8** *Operating Segments*

**AASB 123** *Borrowing Costs - This Standard has been revised to mandate the capitalisation of all borrowing costs attributable to the acquisition, construction or production of qualifying assets. However, AASB 2009-1 Amendments to Australian Accounting Standards – Borrowing Costs of Not-for-Profit Public Sector Entities [AASB 1, AASB 111 & AASB 123] issued in April 2009 and applicable to annual reporting periods beginning on or after 1 January 2009, amends revised AASB 123, which will allow not-for-profit public sector entities to continue to choose whether to expense or capitalise borrowing costs relating to qualifying assets. The Authority already capitalises borrowing costs directly attributable to buildings under construction, therefore this will not impact on the financial statements when these Standards are first applied.*

**AASB 127** *Consolidated and Separate Financial Statements*

**AASB 1039** *Concise Financial Reports*

**AASB 1049** *Whole of Government and General Government Sector Financial Reporting (revised – October 2007)*

**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]*

**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]*

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

**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 Obligations arising on Liquidation [AASB 7, AASB 101, AASB 132, AASB 139 & Interpretation 2]*

**AASB 2008-3** *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 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, 139, 140, 141, 1023 & 1038]*

AASB 2008-6	<i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 &amp; AASB 5]</i>
AASB 2008-7	<i>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 &amp; AASB 136]</i>
AASB 2008-8	<i>Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139]</i>
AASB 2008-9	<i>Amendments to AASB 1049 for Consistency with AASB 101</i>
AASB 2008-11	<i>Amendments to Australian Accounting Standard – Business Combinations Among Not-for-Profit Entities [AASB 3]</i>
AASB 2009-1	<i>Amendments to Australian Accounting Standards – Borrowing Costs of Not-for-Profit Public Sector Entities [AASB 1, AASB 111 &amp; AASB 123]</i>
AASB 2009-4	<i>Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 &amp; 16]</i>
AASB 2009-6	<i>Amendments to Australian Accounting Standards</i>
AASB 2009-7	<i>Amendments to Australian Accounting Standards [AASB 5, 7, 107, 112, 136 &amp; 139 and Interpretation 17]</i>
Interpretation 13	<i>Customer Loyalty Programmes</i>
Interpretation 15	<i>Agreements for the Construction of Real Estate</i>
Interpretation 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
Interpretation 17	<i>Distributions of Non-cash Assets to Owners</i>
Interpretation 18	<i>Transfers of Assets from Customers</i>

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

		Operative for reporting periods beginning on/ after
AASB 2009-11	<i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 &amp; 1038 and Interpretations 10 &amp; 12].</i>  The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Authority does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.	1 Jan 2013
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.		
AASB 9	<i>Financial Instruments</i>	1 Jan 2013
AASB 124	<i>Related Party Disclosures</i>	1 Jan 2011
Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2010
AASB 2009-5	<i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 &amp; 139] - Under the amendments to AASB 117, leases involving land should be classified as either a finance or operating lease under the general lease guidance in AASB 117. This new requirement is to be applied retrospectively to existing leases unless the necessary information is not available, then it shall be applied on the date of adopting the amendments.</i>	1 Jan 2010
AASB 2009-8	<i>Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]</i>	1 Jan 2010

AASB 2009-9	<i>Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB 1]</i>	1 Jan 2010
AASB 2009-10	<i>AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]</i>	1 Feb 2010
AASB 2009-12	<i>Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 &amp; 1031 and Interpretations 2, 4, 16, 1039 &amp; 1052]</i>	1 Jan 2011
AASB 2009-13	<i>Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]</i>	1 July 2010
AASB 2009-14	<i>Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]</i>	1 Jan 2011

## Changes in accounting estimates

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

## Note 7. Employee benefits expense

	2010	2009
	\$'000	\$'000
Wages and salaries <sup>(a)</sup>	105,596	86,815
Superannuation – defined contribution plans <sup>(b)</sup>	11,261	9,230
Superannuation – defined benefit plans <sup>(c)</sup>	-	18
Long service leave <sup>(d)</sup>	3,788	6,578
Annual leave <sup>(d)</sup>	12,780	10,768
Other related expenses	1,913	2,374
	<b>135,338</b>	<b>115,782</b>

Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.

- (a) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).  
(b) Defined benefit plans include Pension scheme and Gold State (pre-transfer benefit)  
(c) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance are included at note 13 'Other expenses'. The employment on-costs liability is included at note 29 'Provisions'.

## Note 8. Supplies and services

	2010	2009
	\$'000	\$'000
Managed contracts	1,710,080	478,437
Government leasing expense	4	7
Motor vehicles	761	317
Communications	2,978	2,833
Consultants and contractors <sup>(a)</sup>	47,515	50,828
Consumables	1,972	1,590
Repairs and maintenance	633	575
Travel	287	547
Legal costs	304	2,863
Other	5,868	6,066
	<b>1,770,403</b>	<b>544,063</b>

(a) Includes audit fees which generally would be the final audit fee for the previous year's audit plus the interim audit fee (if any). Refer also to note 38 'Remuneration of auditor'.

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

## Note 9. Depreciation and amortisation expense

	2010	2009
	\$'000	\$'000
Depreciation		
Buildings	5,558	2,311
Leasehold improvements	2,410	1,054
Motor vehicles	68,201	64,713
Furniture and equipment	125	152
Computer equipment	670	703
Office fit out	801	249
<b>Total depreciation</b>	<b>77,765</b>	<b>69,181</b>
Amortisation		
Computing software	15,970	8,953
Intangible – computer systems development	1,592	1,604
<b>Total amortisation</b>	<b>17,562</b>	<b>10,556</b>
<b>Total depreciation and amortisation</b>	<b>95,327</b>	<b>79,738</b>

## Note 10. Finance costs

	2010	2009
	\$'000	\$'000
WATC – Interest on borrowings	13,325	15,594
	<b>13,325</b>	<b>15,594</b>

## Note 11. Accommodation expenses

	2010	2009
	\$'000	\$'000
Lease rentals	12,814	11,673
Repairs and maintenance	3,373	2,751
Cleaning and security	206	159
	<b>16,393</b>	<b>14,582</b>

## Note 12. Grants and subsidies

	2010	2009
	\$'000	\$'000
Grant - Recurrent	149	677
Grant - Capital	-	-
	<b>149</b>	<b>677</b>

## Note 13. Other expenses

	2010	2009
	\$'000	\$'000
Minor purchases	715	765
Employment on-costs <sup>(a)</sup>	2,064	468
Cost of goods sold	134	74
Write offs	4	-
Other expenses	1,109	84
	<b>4,026</b>	<b>1,392</b>

(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. Refer also to note 7 'Employee benefits expense'.

## Note 14. Income

### User charges and fees

	2010	2009
	\$'000	\$'000
Fees for managed building works	101,574	71,388
Miscellaneous services	5,705	1,687
Rents for government office accommodation	190,335	71,040
Managed building works <sup>(a)</sup>	1,435,096	347,836
Vehicle fleet lease rental	93,841	92,549
Other	14,506	12,450
	<b>1,841,057</b>	<b>596,950</b>

### Commonwealth grants and contributions

Commonwealth grants and contributions	2,746	346
	<b>2,746</b>	<b>346</b>

### Interest revenue

Interest revenue	830	565
	<b>830</b>	<b>565</b>

### Other revenue

Recoups	2,661	3,260
Government vehicle scheme (GVS)	247	336
Others	270	645
	<b>3,178</b>	<b>4,241</b>
	<b>1,847,811</b>	<b>602,102</b>

(a) Refer to note 19 'Receivables' and note 30 'Other Liabilities'.

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

	2010	2009
	\$'000	\$'000
Cost of Disposal of Non-Current Assets		
Bailment rights		
Motor vehicles	69,049	80,763
Computers	-	-
Other assets	4	-
	<u>69,053</u>	<u>80,763</u>
Proceeds from Disposal of Non-Current Assets		
Bailment rights		
Motor vehicles	78,433	81,496
Computers	-	-
<b>Net gain/(loss)</b>	<b><u>9,381</u></b>	<b><u>733</u></b>

Refer to note 2(p) and note 21 'Inventories'.

## Note 16. Income from State Government

	2010	2009
	\$'000	\$'000
Appropriation received during the year:		
Service appropriation <sup>(a)</sup>	194,224	168,584
Resources received free of charge <sup>(b)</sup>		
Determined on the basis of the following estimates provided by agencies:		
- State Solicitor's Office	1,382	1,455
- Landgate	10,221	9,890
- Department of the Attorney General	-	82
- Department of the Premier and Cabinet	482	484
- South Australian Government	-	506
	<u>12,085</u>	<u>12,417</u>
Royalties for Regions Fund		
Regional Infrastructure and Headworks Account <sup>(c)</sup>	500	-
Regional Community Services Account <sup>(c)</sup>	-	-
	<u>500</u>	<u>-</u>
	<b><u>206,809</u></b>	<b><u>181,001</u></b>

- (a) Service appropriations are accrual amounts reflecting the net 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) Where assets or services have been received free of charge or for nominal cost, the Department recognises revenue equivalent to the fair value of the assets and/or the fair value of those services that can be reliably measured and which would have been purchased if they were not donated, and those fair values shall be recognised as assets or expenses, as applicable. Where the contributions of assets or services are in the nature of contributions by owners, the Department makes an adjustment direct to equity.
- (c) This is a sub-fund within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas.

## Note 17. Cash and cash equivalents

	2010	2009
	\$'000	\$'000
Current		
Cash at bank	261,098	104,912
Cash on hand	14	6
	<u>261,112</u>	<u>104,918</u>

## Note 18. Restricted cash and cash equivalents

	2010	2009
	\$'000	\$'000
Current		
Royalties for Regions Fund <sup>(a)</sup>	314	-
Conservation Fund <sup>(b)</sup>	1,417	-
Indian Ocean Territories Trust Fund <sup>(c)</sup>	109	-
Fit out contribution <sup>(d)</sup>	9,113	10,424
	<u>10,953</u>	<u>10,424</u>
Non-current		
Accrued salaries suspense account <sup>(e)</sup>	2,068	1,273
	<u>2,068</u>	<u>1,273</u>
	<b><u>13,021</u></b>	<b><u>11,697</u></b>

- (a) These unspent funds are committed to projects and programs in WA regional areas.
- (b) Unspent Commonwealth grant funding for the conservation of the main cell block at Fremantle Prison.
- (c) Unspent Royalties for Regions Fund which is committed to projects and programs in WA regional areas.
- (d) Building owners' contribution received to fund fit out works for re-location of government agencies.
- (e) Amount held in the suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

## Note 19. Receivables

	2010	2009
	\$'000	\$'000
Current		
Receivables	81,650	81,137
Allowance for impairment of receivables		
Accrued revenue	20,891	19,872
GST receivable	2,956	3,119
Interest receivable	89	130
Trust account <sup>(a)</sup>	15,132	7,804
	<b>120,718</b>	<b>112,063</b>
Construction work in progress <sup>(b)</sup> :		
- Contract costs incurred and recognised profits less recognised losses	1,520,730	436,475
- Progress billing	(915,988)	(407,992)
	<b>604,742</b>	<b>28,483</b>
<b>Total current</b>	<b>725,460</b>	<b>140,546</b>

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.

- (a) Construction work in progress has arisen under construction contracts.

The Department does not hold any collateral as security or other credit enhancements relating to receivables.

Refer to note 2(q) 'Receivables' and note 40 'Financial instruments'.

## Note 20. Finance lease receivables

	2010	2009
	\$'000	\$'000
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	17,024	4,489
Less: Unearned finance income	(2,792)	(333)
Net investment in finance lease contracts	14,232	4,156
Less: Unguaranteed residual values of the finance leases at the balance date		-
Present value of the future minimum lease payment receivables	<b>14,232</b>	<b>4,156</b>
Accumulated allowances for unallocated minimum lease payment receivables	-	-
As at balance date, the gross investment and present value of receivables relating to the future minimum lease payments under non-cancellable finance lease arrangements were distributed as follows:		
Not later than one year	1,232	259
Later than one year and not later than 5 years	4,976	897
Later than 5 years	8,024	3,000
	<b>14,232</b>	<b>4,156</b>

## Note 21. Inventories

	2010	2009
	\$'000	\$'000
Current		
Inventories held for resale	91	91
	<b>91</b>	<b>91</b>

Refer to note 2(p) 'Inventories'.



## Note 22. Amounts receivable for services

	2010	2009
	\$'000	\$'000
Current	7,258	6,239
Non-current	89,251	68,325
	<b>96,509</b>	<b>74,564</b>

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

Refer to note 2(o) 'Amounts receivable for services (holding account)'.

## Note 23. Other assets

	2010	2009
	\$'000	\$'000
Current		
Prepayments	17,798	15,408
Others	-	-
	<b>17,798</b>	<b>15,408</b>

## Note 24. Property, plant and equipment

	2010	2009
	\$'000	\$'000
Land		
At fair value <sup>(a)</sup>	179,216	238,282
Accumulated impairment losses		
	179,216	238,282
Buildings		
At fair value <sup>(a)</sup>	207,830	248,191
Accumulated depreciation	(1,238)	
Accumulated impairment losses		
	206,592	248,191
Buildings improvements in progress		
At costs	-	153,717
	-	153,717

	2010	2009
	\$'000	\$'000
Leasehold improvements		
At cost	22,913	21,933
Accumulated depreciation	(3,464)	(1,054)
	19,449	20,879
Furniture and equipment		
At cost	806	700
Accumulated depreciation	(494)	(407)
	312	293
Computer equipment		
At cost	7,314	6,195
Accumulated depreciation	(5,869)	(5,213)
	1,445	982
Office fit out		
At cost	7,004	5,538
Accumulated depreciation	(4,419)	(3,860)
	2,585	1,678
Motor Vehicles		
At cost	375,869	382,016
Accumulated depreciation	(95,812)	(84,073)
	280,057	297,943
Works in progress		
At cost	87	1,723
	87	1,723
<b>Total</b>		
At cost	801,039	1,058,295
Accumulated depreciation	(111,296)	(94,607)
	<b>689,742</b>	<b>963,688</b>

- (a) Land and buildings were revalued as at 1 July 2009 by the Western Australian Land Information Department (Valuation Services). The valuations were performed during the year ended 30 June 2010 and recognised at 30 June 2010. In undertaking the revaluation, fair value was determined by reference to market values for land: \$78,831,700 and buildings: \$135,540,500. For the remaining balance, fair value of land and buildings was determined on the basis of depreciated replacement cost.

Refer also to note 2(g) 'Property, Plant and Equipment and Infrastructure'.

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

	Land	Buildings	Building improvements in progress	Leasehold improvements	Furniture and equipment	Computer equipment	Office fit out	Motor vehicles	Work in progress	Total
2010	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at start of year	238,282	248,191	153,717	20,879	293	982	1,678	297,943	1,723	963,688
Additions	-	4,351	-	980	185	1,153	1,719	141,404	83	149,875
Transfers	-	-	(153,717)	-	(41)	-	(6)	-	(1,719)	(155,483)
Other disposals	-	-	-	-	-	(21)	(4)	(91,089)	-	(91,114)
Revaluations	(59,066)	(40,392)	-	-	-	-	-	-	-	(99,458)
Impairment losses	-	-	-	-	-	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(5,558)	-	(2,410)	(125)	(670)	(801)	(68,201)	-	(77,765)
<b>Carrying amount at end of year</b>	<b>179,216</b>	<b>206,592</b>	<b>-</b>	<b>19,449</b>	<b>312</b>	<b>1,445</b>	<b>2,585</b>	<b>280,057</b>	<b>87</b>	<b>689,742</b>
<b>2009</b>										
Carrying amount at start of year	-	-	-	-	320	997	1,738	-	1,374	4,429
Additions	-	2,974	29,072	(5,725)	72	679	228	169,125	349	196,774
Transfers <sup>(a)</sup>	238,282	245,217	124,645	27,658	15	9	-	272,064	-	907,890
Other disposals	-	-	-	-	-	-	-	(78,533)	-	(78,533)
Revaluations	-	2,311	-	-	-	-	-	-	-	2,311
Impairment losses	-	-	-	-	-	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(2,311)	-	(1,054)	(114)	(703)	(288)	(64,713)	-	(69,183)
<b>Carrying amount at end of year</b>	<b>238,282</b>	<b>248,191</b>	<b>153,717</b>	<b>20,879</b>	<b>293</b>	<b>982</b>	<b>1,678</b>	<b>297,943</b>	<b>1,723</b>	<b>963,688</b>

(a) The Department of Regional Development and Land (DRDL) is the only agency with the power to sell Crown land. The land is transferred to DPI for sale and the Department accounts for the transfer as a distribution to owner (DTO).

## Note 25. Intangible assets

	2010	2009
	\$'000	\$'000
Licence <sup>(a)</sup>		
At cost	15,550	15,550
Accumulated amortisation	(6,012)	(4,420)
	9,538	11,130
Computer software		
At cost	146,302	100,354
Accumulated amortisation	(45,294)	(30,128)
	101,008	70,226
Work in progress		
At cost	38,986	38,558
	38,986	38,558
<b>Total</b>		
At cost	200,838	154,462
Accumulated amortisation	(51,306)	(34,548)
	149,532	119,914

Reconciliations of the carrying amounts of intangibles at the beginning and end of the reporting period are set out in the table below.

	Licence <sup>(a)</sup>	Computer software	Work in progress	Total
2010	\$'000	\$'000	\$'000	\$'000
Carrying amount at start of year	11,130	70,226	38,558	119,914
Additions	-	46,752	47,180	93,932
Transfers	-	-	-	-
Transfers to computer software	-	-	(46,752)	(46,752)
Revaluation increments	-	-	-	-
Impairment losses recognised in Statement of Comprehensive Income	-	-	-	-
Impairment losses reversed in Statement of Comprehensive Income	-	-	-	-
Amortisation expense	(1,592)	(15,970)	-	(17,562)
Carrying amount at end of year	9,538	101,008	38,986	149,532

	Licence <sup>(a)</sup>	Computer software	Work in progress	Total
2009	\$'000	\$'000	\$'000	\$'000
Carrying amount at start of year	12,734	51,266	19,620	83,620
Additions	-	27,913	46,851	74,764
Transfers	-	804	-	804
Transfers to computer software	-	-	(27,913)	(27,913)
Revaluation increments	-	-	-	-
Impairment losses recognised in Statement of Comprehensive Income	-	-	-	-
<b>Impairment losses reversed in Statement of Comprehensive Income</b>	-	-	-	-
<b>Amortisation expense</b>	(1,604)	(9,757)	-	(11,361)
<b>Carrying amount at end of year</b>	<b>11,130</b>	<b>70,226</b>	<b>38,558</b>	<b>119,914</b>

(a) Renamed from 'Computer systems development'

## Note 26. Impairment of assets

There were no indications of impairment to property, plant and equipment, infrastructure and intangible assets at 30 June 2010.

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

All surplus assets at 30 June 2010 have either been classified as assets held for sale or written-off.

## Note 27. Payables

	2010	2009
	\$'000	\$'000
Current		
Trade payables	2,146	3,563
GST payables	5,158	2,036
Accrued salaries	2,043	1,370
Accrued expenses	119,324	96,060
Interest – Western Australia Treasury Corporation	512	654
Other payables	21	893
<b>Total current</b>	<b>129,204</b>	<b>104,576</b>

Refer to note 3(r) 'Payables' and note 40 'Financial instruments'.

## Note 28. Borrowings

	2010	2009
	\$'000	\$'000
Current		
Western Australia Treasury Corporation	85,278	83,222
	<b>85,278</b>	<b>83,222</b>
Non-current		
Western Australia Treasury Corporation	129,331	157,414
	<b>129,331</b>	<b>157,414</b>
<b>Total Borrowings</b>	<b>214,609</b>	<b>240,636</b>

## Note 29. Provisions

	2010	2009
	\$'000	\$'000
Current		
<i>Employee benefits provision</i>		
Annual leave <sup>(a)</sup>	14,683	12,891
Long service leave <sup>(b)</sup>	15,857	14,308
	<b>30,540</b>	<b>27,199</b>
<i>Other provisions</i>		
Employment on-costs <sup>(c)</sup>	57	1,068
	<b>57</b>	<b>1,068</b>
<b>Total current</b>	<b>30,597</b>	<b>28,266</b>
Non current		
<i>Employee benefits provision</i>		
Long service leave <sup>(b)</sup>	10,162	9,103
	<b>10,162</b>	<b>9,103</b>
<i>Other provisions</i>		
Employment on-costs <sup>(c)</sup>	40	253
Restoration costs <sup>(d)</sup>	473	473
	<b>513</b>	<b>726</b>
<b>Total Non-current</b>	<b>10,674</b>	<b>9,829</b>
	<b>41,271</b>	<b>38,096</b>

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

	2010	2009
	\$'000	\$'000
Within 12 months of the end of the reporting period	8,609	8,303
More than 12 months after the reporting period	6,074	4,588
	<b>14,683</b>	<b>12,891</b>

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

	2010	2009
	\$'000	\$'000
Within 12 months of the end of the reporting period	11,711	10,993
More than 12 months after the reporting period	14,308	12,418
	<b>26,019</b>	<b>23,411</b>

- (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

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

Restoration costs provisions		
Carrying amount at start of year	473	-
Provisions transferred in	-	456
Additional provisions recognised	-	17
Payments/other sacrifices of economic benefits	-	-
Unwinding of the discount	-	-
<b>Carrying amount at end of year</b>	<b>473</b>	<b>473</b>
Employment on-cost provision - Current		
Carrying amount at start of year	1,068	1,339
Provisions transferred in		670
Additional provisions recognised	(983)	(921)
Payments/other sacrifices of economic benefits	(29)	(20)
Unwinding of the discount	-	-
<b>Carrying amount at end of year</b>	<b>56</b>	<b>1,068</b>

	2010	2009
	\$'000	\$'000
Employment on-cost provision – Non-current		
Carrying amount at start of year	253	356
Provisions transferred in	-	205
Additional provisions recognised	(185)	(296)
Payments/other sacrifices of economic benefits	(27)	(12)
Unwinding of the discount	-	-
<b>Carrying amount at end of year</b>	<b>41</b>	<b>253</b>
	<b>570</b>	<b>1,794</b>

### Note 30. Other liabilities

	2010	2009
	\$'000	\$'000
Current		
Invoices raised for services to be completed next financial year	1,149	1,508
	<b>1,149</b>	<b>1,508</b>
Prepayments for construction work in progress		
Progress billing	2,477,935	1,439,194
Correction of prior period error	-	-
Restated balance of progress billing	<b>2,477,935</b>	<b>1,439,194</b>
Contract costs incurred and recognised profits less recognised losses	(1,652,200)	(1,407,341)
Correction of prior period error	-	-
Restated Balance of contract costs incurred and recognised profits less recognised losses	(1,652,200)	(1,407,341)
Total prepayments for construction work in progress	825,735	31,853
Other	109	-
<b>Total current</b>	<b>826,993</b>	<b>33,361</b>

### Note 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 surplus represents that portion of equity resulting from the revaluation of non-current assets.

#### Contributed equity

	2010	2009
	\$'000	\$'000
Balance at start of period	987,846	124,567
Contributions by owners		
Capital appropriation*	55,370	125,370
Transfer of net assets from other agencies		
Department of Housing and Works (Building Management and Works division)	-	692,172
Regional Buying Centre	28	-
Venues West	(242,952)	-
Department of Commerce	(1,057)	-
State Supply Commission (State Fleet division)	-	45,737
	-	-
<b>Total contributions</b>	<b>(243,981)</b>	<b>863,279</b>
<b>Balance at end of period</b>	<b>799,235</b>	<b>987,846</b>

#### Reserves

Asset revaluation surplus		
Balance at start of year	2,310	-
Net revaluation increments/(decrements):	-	-
Buildings	(2,310)	2,310
<b>Balance at end of year</b>	<b>-</b>	<b>2,310</b>

#### Accumulated surplus/(deficit)

Balance at start of year	(5,729)	(17,737)
Result for the period	(68,108)	12,008
<b>Balance at end of year</b>	<b>(73,837)</b>	<b>(5,729)</b>

## Note 32. Notes to the Statement of Cash Flows

### Reconciliation of cash

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

	2010	2009
	\$'000	\$'000
Cash and cash equivalents <sup>(a)</sup>	261,112	104,918
Restricted cash and cash equivalents <sup>(b)</sup>	13,021	11,697
	<b>274,133</b>	<b>116,616</b>

(a) Refer to note 17 and note 18 (current)

(b) Refer to note 18 (non-current)

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

	2010	2009
	\$'000	\$'000
Net cost of services	(272,606)	(168,993)
Non-cash items		
Depreciation and amortisation expense (note 9)	95,327	79,738
Doubtful debts expense	4	-
Superannuation expense	-	-
Resources received free of charge (note 16)	12,085	12,417
Finance costs – unwinding of discounts	-	-
Net revaluation decrement	94,837	-
Net (gain)/loss on sale of property, plant and equipment (note 15)	(9,381)	(733)
Loss from earthquake	-	-
Adjustment for other non-cash items	-	-
(Profit)/loss on sale of investment	-	-
(Increase)/decrease in assets		
Current receivables	(585,323)	5,973
Current inventories	-	-

	2010	2009
	\$'000	\$'000
Other current assets	(88,764)	(2,086)
Non-current receivables	-	-
Non-current inventories	-	-
Increase/(decrease) in liabilities		
Current payables <sup>(c)</sup>	886,875	57,203
Accrued salaries	417	628
Unearned revenues	(359)	(5,368)
Current provisions		374
Other current liabilities	(49,784)	(72,663)
Employee benefits	(11,703)	12,101
Other non-current liabilities	(3,863)	(298)
Net GST receipts/(payments) <sup>(a)</sup>	872	(2,971)
Change in GST in receivables/payables <sup>(b)</sup>	(1,790)	-
<b>Net cash provided by/(used in) operating activities</b>	<b>66,843</b>	<b>(84,678)</b>

(a) This is the net GST paid/received, ie. cash transactions.

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

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

At the end of the reporting period, the Department had fully drawn on all financing facilities, details of which are disclosed in the financial statements.



### 33. Resources provided free of charge

	2010	2009		2010	2009
	\$'000	\$'000		\$'000	\$'000
During the year the following resources were provided to other agencies free of charge for functions outside the normal operations of the Department:			Parliamentary Services Department	6	3
Department of Education	2,794	2,000	Legislative Assembly	5	-
Department of Training and Workforce Development	225	-	Legislative Council	5	-
Department of Health	2,890	2,260	Ombudsman Western Australia	11	4
Western Australia Police Service	943	688	Pilbara Development Commission	5	2
Western Australian Tourism Commission	136	103	Office of the Public Sector Standards Commission	5	2
Department of Fisheries	181	106	Equal Opportunity Commission	5	2
Department of Agriculture and Food	273	151	Rottnest Island Authority	5	2
Department of the Attorney General	309	307	Swan River Trust	65	28
Disability Services Commission	310	236	Office of the Information Commissioner	5	2
Department of Culture and the Arts	107	88	Department of Sport and Recreation	49	19
Department of Transport	520	21	Goldfields Esperance Development Commission	11	4
Department of Planning	65	-	Great Southern Development Commission	5	2
Department of Planning and Infrastructure	-	386	South West Development Commission	11	4
Department of Water	181	149	Western Australian Electoral Commission	16	6
Landgate	375	292	Heritage Council of WA	5	2
Department of the Premier and Cabinet	771	366	Department of Housing	81	32
Department of Commerce	273	185	WA Treasury Corporation	5	2
Department of Mines and Petroleum	284	229	Water Corporation	5	2
Department of Corrective Services	782	306	Wheatbelt Development Commission	16	6
Department of Environment and Conservation	319	211	Industrial Relations Commission WA	5	2
Department for Child Protection	521	295	Kimberley Development Commission	11	4
State Development	114	4	Legal Aid Commission Western Australia	5	2
Department of Indigenous Affairs	54	17	Law Reform Commission of Western Australia	5	2
Mid west Development Commission	11	4	Economic Regulation Authority	5	2
Curriculum Council	11	8	Corruption and Crime Commission	5	2
Office of Energy	5	2	Peel Development Commission	5	2
Department of Racing, Gaming and Liquor	5	2	Forest Products Commission	11	4
Department of Education Services	5	2	Western Australia Meat Industry Authority	5	2
			Independent Market Operator	5	2
			Small Business Development Corporation	11	-

	2010	2009
	\$'000	\$'000
Office of the Director of Public Prosecutions	162	-
Department of Communities	16	6
West Coast Institute of Training	5	-
Office of the Commissioner for Children	5	2
Office of Road Safety	5	-
Venues West	5	-
Chem Centre	5	-
Department of Public Sector Commission	11	4
Department of Regional Development and Land	-	2
King Edward Memorial Hospital	-	2
Office of Native Title	-	2
	<b>13,072</b>	<b>8,587</b>

## Note 34. Commitments

### Capital expenditure commitments

	2010	2009
	\$'000	\$'000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	8,716	5,927
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<b>8,716</b>	<b>5,927</b>
The capital commitments include amounts for:		
Construction contracts	-	<b>5,927</b>

### Lease commitments

	2010	2009
	\$'000	\$'000
Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:		
Within 1 year	121,596	95,227
Later than 1 year and not later than 5 years	302,853	250,134
Later than 5 years	175,185	132,888
	<b>599,634</b>	<b>478,249</b>
Representing:		
Cancellable operating leases	129	249
Non-cancellable operating leases	599,505	478,000
Future finance charges on finance leases	-	-
	<b>599,634</b>	<b>478,249</b>

### Non cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Within 1 year	121,467	94,978
Later than 1 year and not later than 5 years	302,853	250,134
Later than 5 years	175,185	132,888
	<b>599,505</b>	<b>478,000</b>

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance. Contingent rent provisions within the lease agreement require that the minimum lease payments shall be increased by the lower of CPI or 4% per annum. An option exists to renew the lease at the end of the five year term for an additional term of five years.

## Note 35. Contingent liabilities and contingent assets

### Contingent liabilities

In addition to the liabilities included in the financial statements, there are the following contingent liabilities:

	2010	2009
	\$'000	\$'000
Contract Claims in Dispute		
Contract Claims	17,213	-

Claims have been submitted by contractors in relation to services provided under works contracts. The contingent liability is the difference between the amount of the claim and the liability estimated by the Departments - Building Management and Works Business based on legal advice.

#### Contaminated Sites Act 2003

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 2006/2007 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 2(u) 'Provisions and note 29 'Provisions'.

### Contingent assets

The Department does not have any contingent assets.

## Note 36. Affiliated bodies

The Department has no affiliated bodies.

## Note 37. Events occurring after the end of the reporting period

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

## Note 38. Remuneration of auditor

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

	2010	2009
	\$'000	\$'000
Department of Treasury and Finance	560	462
Annual Report on State Finances	336	320
	<b>896</b>	<b>782</b>

## Note 39. Remuneration of senior officers

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

	2010	2009
\$	\$'000	\$'000
20,001 – 30,000	-	1
60,001 – 70,000	1	-
130,001 – 140,000	-	1
140,001 – 150,000	-	1
150,001 – 160,000	1	1
170,001 – 180,000	1	1
180,001 – 190,000	2	1
190,001 – 200,000	1	-
210,001 – 220,000	3	1
220,001 – 230,000	1	1
280,001 – 290,000	-	1
290,001 – 300,000	1	
410,001 – 420,000	1	1
<b>Total remuneration of senior officers</b>	<b>2,540</b>	<b>2,037</b>

The total remuneration includes the superannuation expense incurred by the Department in respect of senior officers.

## Note 40. Financial instruments

### (a) Financial risk management objectives and policies

Financial instruments held by the Department are cash and cash equivalents, restricted cash and cash equivalents, borrowings, finance leases, Treasurer's advances, loans and 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 end of the reporting period in relation to each class of recognized 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 receivable is the amount 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 end of the reporting period there were no significant concentrations of credit risk.

#### 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 2010 \$215 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 (for example, equity securities or commodity prices changes). The Department's exposure to market risk for changes in interest rates relate primarily to the long-term debt obligations.

The Department's borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are at fixed rates with 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 the Treasurer's advance (non-interest bearing), WATC borrowings 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 end of the reporting period are as follows:

	2010 \$'000	2009 \$'000
<b>Financial Assets</b>		
Cash and cash equivalents	261,112	104,918
Restricted cash and cash equivalents	13,021	11,697
Receivables <sup>(a)</sup>	117,762	108,943
Finance lease receivables	14,232	4,156
Amounts receivable for services	96,509	74,564
	<b>502,636</b>	<b>304,278</b>
<b>Financial Liabilities</b>		
Payables <sup>(b)</sup>	124,046	102,540
WATC borrowings	214,609	240,636
Prepayments – construction project in progress	825,735	31,853
	<b>1,164,390</b>	<b>375,029</b>

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

(b) The amount of payables excludes GST payable to the ATO (statutory payable).

## (c) Financial instrument disclosures

### Credit risk and interest rate exposures

The following table discloses the Department's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Department's maximum exposure to credit risk at the end of the reporting period 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 and 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 enhancement relating to the financial assets it holds.

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

#### Interest rate exposures and ageing analysis of financial assets<sup>(a)</sup>

	Weighted average effective interest rate	Carrying amount	Interest rate exposure			Past due but not impaired					Impaired financial assets
			Fixed interest rate	Variable interest rate	Non-interest bearing	Up to 3 months	3-12 months	1-2 years	2-5 years	More than 5 years	
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial Assets											
2010											
Cash and cash equivalents	-	261,112	-	-	261,112	-	-	-	-	-	-
Restricted cash and cash equivalents	-	13,021	-	-	13,021	-	-	-	-	-	-
Receivables <sup>(a)</sup>	-	117,762	-	-	117,762	75,918	4,761	103	-	-	-
Finance lease receivables	6.52%	14,232	-	14,232	-	50	1,182	1,271	3,705	8,024	-
Amounts receivable for services	-	96,509	-	-	96,509	81,219	-	-	-	-	-
		<b>502,636</b>	-	<b>14,232</b>	<b>488,404</b>	<b>157,187</b>	<b>5,943</b>	<b>1,374</b>	<b>3,705</b>	<b>8,024</b>	-
2009											
Cash and cash equivalents	-	104,918	-	-	104,918	-	-	-	-	-	-
Restricted cash and cash equivalents	-	11,697	-	-	11,697	-	-	-	-	-	-
Receivables <sup>(a)</sup>	-	108,943	-	-	108,943	34,433	412	153	-	-	-
Finance lease receivables	6.16%	4,156	-	4,156	-	-	-	-	-	-	-
Amounts receivable for services	-	74,564	-	-	74,564	-	-	-	-	-	-
		<b>304,278</b>	-	<b>4,156</b>	<b>300,122</b>	<b>34,433</b>	<b>412</b>	<b>153</b>	-	-	-

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

## Liquidity risk

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

### Interest rate exposure and maturity analysis of financial liabilities

	Weighted average effective interest rate	Carrying amount	Interest rate exposure					Maturity date				
			Fixed interest rate	Variable interest rate	Non-interest bearing	Adjustment for discounting	Total nominal amount	Up to 3 months	3-12 months	1-2 years	2-5 years	More than 5 years
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Liabilities</b>												
<b>2010</b>												
Payables <sup>(b)</sup>	-	124,046	-	-	124,046	-	124,046	2,190	-	-	-	-
WATC borrowings	5.39%	214,609	-	214,609	-	-	214,609	-	-	-	-	-
Prepayments – construction projects in progress	-	825,735	-	-	825,735	-	825,735	825,735	-	-	-	-
		<b>1,164,390</b>	<b>-</b>	<b>214,609</b>	<b>949,781</b>	<b>-</b>	<b>1,164,390</b>	<b>827,925</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2009</b>												
Payables <sup>(b)</sup>	-	102,540	-	-	102,540	-	102,540	3,563	-	-	-	-
WATC borrowings	5.92%	240,636	-	240,636	-	-	240,636	-	-	-	-	-
Prepayments – construction projects in progress	-	31,853	-	-	31,853	-	31,853	31,853	-	-	-	-
		<b>375,029</b>	<b>-</b>	<b>240,636</b>	<b>134,393</b>	<b>-</b>	<b>375,029</b>	<b>35,416</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(b) The amount of payables excludes GST payable to the ATO (statutory payable).



## 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 end of the reporting period on the surplus for the period and equity for a one per cent change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

		-100 basis points		+100 basis points	
	Carrying amount	Surplus	Equity	Surplus	Equity
2010	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Financial Assets</i>					
Cash and cash equivalents	261,112	(2,611)	(2,611)	2,611	2,611
Restricted cash and cash equivalents	13,021	(130)	(130)	130	130
Receivables	117,762	(1,178)	(1,178)	1,178	1,178
Finance lease receivables	14,232	(142)	(142)	142	142
<b>Amounts receivable for services</b>	<b>96,509</b>	<b>(965)</b>	<b>(965)</b>	<b>965</b>	<b>965</b>
<i>Financial Liabilities</i>					
Payables	124,046	(1,240)	(1,240)	1,240	1,240
WATC borrowings	214,609	(2,146)	(2,146)	2,146	2,146
Prepayments – construction projects in progress	825,735	(8,257)	(8,257)	8,257	8,257
Total Increase/(Decrease)	(661,754)	6,618	6,618	(6,618)	(6,618)
<b>2009</b>					
<i>Financial Assets</i>					
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	108,943	(1,089)	(1,089)	1,089	1,089
Finance lease receivables	4,156	(42)	(42)	42	42
<b>Amounts receivable for services</b>	<b>74,564</b>	<b>(746)</b>	<b>(746)</b>	<b>746</b>	<b>746</b>
<i>Financial Liabilities</i>					
Payables	102,540	(1,025)	(1,025)	1,025	1,025
WATC borrowings	240,636	(2,406)	(2,406)	2,406	2,406
Prepayments – construction projects in progress	31,853	(319)	(319)	319	319
Total Increase/(Decrease)	<b>(70,751)</b>	<b>708</b>	<b>708</b>	<b>(708)</b>	<b>(708)</b>
Fair values					

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

## Note 41. Explanatory statement – controlled items

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Summary of Consolidated Account Appropriations and Income Estimates' are shown below. Significant variations are considered to be those greater than ten per cent of the principal amount. In respect of any item for which there is not a significant variation, no explanation is given.

### Total appropriations provided to deliver services

Significant variances between estimates and actual 2010

	2010 Estimate \$'000	2010 Actual \$'000	Variance \$'000
Appropriation provided to deliver services	191,300	195,796	4,496
Section 25 Transfer of Industry Development and Building Commission to Department of Commerce	-	(2,504)	(2,504)
Section 25 Transfer from WA Police for a procurement officer	-	74	74
Section 25 Transfer from Department of State Development for a procurement officer	-	106	106
Section 25 Transfer from Department of Agriculture for a procurement officer	-	67	67
Section 25 Transfer from Department of Health for procurement services	-	685	685
	191,300	194,224	2,924 <sup>(a)</sup>

- (a) The key variations from budget include supplementary funding of \$3.693 million to meet the 2009 and 2010 Voluntary Severance Schemes, supplementary funding of \$3.019 million to meet the Project and Contract Management of new building procurement and offset by funding reduction of \$1.186 million to meet government savings initiatives.

Significant variances between estimate and actual for 2010

Although there was no significant variance in the total appropriation, there were significant offsetting variances in the following service expenditure:

	2010 Estimate \$'000	2010 Actual \$'000	Variance \$'000
(1) Financial management and reporting	7,336	6,840	(496) <sup>(b)</sup>
(2) State Fleet Service	94,894	83,036	(11,858) <sup>(c)</sup>
(3) Economic and revenue forecasts and policy development	8,761	10,402	1,641 <sup>(d)</sup>
(4) Revenue assessment and collection	40,593	36,330	(4,263) <sup>(e)</sup>
(5) Grants and subsidies administration	3,857	3,549	(308)
(6) Evaluation and planning of government service delivery and infrastructure provision	15,447	17,569	2,122 <sup>(f)</sup>
(7) Facilitate the development and management of agency specific contracts	27,004	24,662	(2,342)
(8) Development and management of whole of government common use contract arrangements	8,552	9,321	769
(9) Project management, coordination and implementation of the whole of government shared corporate services reform	13,402	10,212	(3,191) <sup>(g)</sup>
(10) Provision of financial and human resources services	62,634	69,358	6,724 <sup>(h)</sup>
(11) Leads the planning and delivery of new government buildings	771,548	1,346,320	574,772 <sup>(i)</sup>
(12) Leads the planning and delivery of government building maintenance	196,675	198,407	1,732
(13) Leads the planning and delivery of government office accommodation	225,900	313,796	87,896 <sup>(j)</sup>
	<b>1,476,603</b>	<b>2,129,802</b>	<b>653,198</b>

- (b) *Financial management and reporting* - The variance is mainly the result of a reallocation between services 1, 3 and 6 to better reflect the priorities and effort attributed to each service in 2009-10.
- (c) *State Fleet Service* - The variance is predominantly due to lower borrowing costs and depreciation, consistent with the Government's vehicle savings initiative.
- (d) *Economic and revenue forecasts and policy development* - The main reason for the variance is the reallocation between services 1,3 and 6 to better reflect the priorities and effort attributed to each service in 2009-10, as well as the costs associated with the

Superannuation Management Branch expenses for which there was no initial budget allocation in 2009-10.

- (e) *Revenue assessment and collection* – The reduction reflects the lower than budgeted services received free of charge for land valuation and legal services, as well as a lower allocation of Corporate Services costs (as a result of changes in FTE methodology).
- (f) *Evaluation and planning of government service delivery and infrastructure provision* – Increased costs reflect reallocation between services 1,3 and 6 to better reflect priorities and effort attributed to each service in 2009-10. The cost increase was also impacted by the Economic Audit Committee Review and Public Private Partnership Unit, for which no budget was allocated in 2009-10.
- (g) *Project management, coordination and implementation of the whole of government shared corporate services reform* – The reduction is mostly due to the realignment of depreciation cost to Service 10 from Service 9 and a change in Corporate Services cost allocation (as a result of changes in FTE methodology).
- (h) *Provision of financial and human resources services* – The variance is mainly due to a larger than anticipated allocation of Corporate Services costs (as a result of changes in FTE methodology).
- (i) *Leads the planning and delivery of new Government buildings* – The variance is due to the commencement of the Building Education Revolution program which was an approved post budget decision.
- (j) *Leads the planning and delivery of Government office accommodation* – The variance is due to the revaluation decrement of land and buildings.

#### Significant variances between actual results for 2009 and 2010

Although there was no significant variance in the total appropriation, there were significant offsetting variances in the following service expenditure:

	2010	2009	Variance
	\$'000	\$'000	\$'000
Total appropriation provided to deliver services for the year	194,224	168,584	25,640 <sup>(k)</sup>
Total income	1,857,196	602,835	1,254,361 <sup>(l)</sup>

- (k) *Total appropriation provided to deliver services for the year* - The variance is due to the Section 25 Transfer from the Department of Housing and Works that was offset by the 3% Efficiency Dividend reduction.
- (l) *Total income* - The variance is due to part year impact of works function transfer from the Former department of Housing and Works to DTF with effect from 1 February 2009 and additional revenues from the BER program.

## Service expenditure

#### Significant variances between actual results for 2009 and 2010

	2010	2009	Variance
	\$'000	\$'000	\$'000
(1) Financial management and reporting	6,840	9,333	(2,493) <sup>(a)</sup>
(2) State Fleet Service	83,036	82,334	702
(3) Economic and revenue forecasts and policy development	10,402	10,816	(414) <sup>(b)</sup>
(4) Revenue assessment and collection	36,330	42,447	(6,117) <sup>(c)</sup>
(5) Grants and subsidies administration	3,549	4,405	(856) <sup>(d)</sup>
(6) Evaluation and planning of government service delivery and infrastructure provision	17,569	14,916	2,653 <sup>(e)</sup>
(7) Facilitate the development and management of agency specific contracts	24,662	22,727	1,935 <sup>(f)</sup>
(8) Development and management of whole of government common use contract arrangements	9,321	10,563	(1,242) <sup>(g)</sup>
(9) Project management, coordination and implementation of the whole of government shared corporate services reform	10,211	14,214	(4,003)
(10) Provision of financial and human resources services	69,358	58,383	10,975 <sup>(h)</sup>
(11) Leads the planning and delivery of new government buildings	1,346,320	338,082	1,008,238 <sup>(i)</sup>
(12) Leads the planning and delivery of government building maintenance	198,407	75,523	122,884
(13) Leads the planning and delivery of government office accommodation	313,796	88,084	225,712 <sup>(j)</sup>
	<b>2,129,802</b>	<b>771,828</b>	<b>1,357,974</b>

- (a) *Financial management and reporting* – The variance is mainly due to a reallocation between services 1, 3 and 6 to better reflect the priorities and efforts attributed to each service in 2009-10.
- (b) *Economic and revenue forecasts and policy development* – The variance is mainly due to a reallocation between services 1, 3 and 6 to better reflect the priorities and efforts attributed to each service in 2009-10.
- (c) *Revenue assessment and collection* – The key variance includes one –off legal cost in 2008-09 and the realignment of corporate costs due to FTE methodology changes.

- (d) *Grants and subsidies administration* – The main reason for the significant variance between 2009 and 2010 is the reduction in Corporate Cost allocation to a change in the methodology associated with FTE calculations.
- (e) *Evaluation and planning of government service delivery and infrastructure provision* – The variance is mainly due to a reallocation between services 1, 3 and 6 to better reflect the priorities and efforts attributed to each service in 2009-10.
- (f) *Facilitate the development and management of agency specific contracts* – The main reason for the increase was the incorporation of direct costs for the Major Project Group relating to the Fiona Stanley Hospital Project and the inclusion of several positions from the State Supply Commission.
- (g) *Development and management of whole of government common use contract arrangements* – The variance is mainly due to the reallocation of Major Project Group to service 7.
- (h) *Provision of financial and human resources services* – The variance is mainly due to the reallocation of corporate overheads in proportion to the FTEs.
- (i) *Leads the planning and delivery of new Government buildings* – The variance is due to the commencement of the Building Education Revolution program which was an approved post budget decision.
- (j) *Leads the planning and delivery of Government office accommodation* – The variance is due to higher rental costs recovered.

## Capital contribution

Significant variances between estimate and actual for 2010

	2010 Estimate \$'000	2010 Actual \$'000	Variance \$'000
Capital contribution	39,190	55,370	16,180 <sup>(a)</sup>

- (a) The increase in capital contribution mainly reflects the additional funding of \$10.180 million for the Master Planning Strategy for Government Office Accommodation transferred from the Department of Planning to DTF and additional funding of \$6.0 million for the Asset and Property Management Modules.

Significant variances between actual results for 2009 and 2010

	2010 \$'000	2009 \$'000	Variance \$'000
Capital contribution	55,370	125,370	(70,000) <sup>(b)</sup>

- (b) The decrease in capital contribution mainly reflects the Section 25 Transfer from Department of Housing and Works in 2008-09.

## Note 42. Explanatory statement – 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 2010 of items having significant variations, and explanations for the variations are given below. A significant variation is one that is in excess of ten per cent of the principal figure and \$10 million.

	2010 Estimate \$'000	2010 Actual \$'000	Variance \$'000	2010 Actual \$'000	2009 Actual \$'000	Variance \$'000
ADMINISTERED TRANSACTIONS						
RECURRENT ADMINISTERED						
Community Service Obligation Payments						
Item 44 Electricity Retail Corporation (Synergy)	290,156	216,977	(73,179)	216,977	27,029	189,948
Item 46 Regional Power Corporation (Horizon Power)	57,439	27,022	(30,417)	27,022	33,623	(6,601)
Item 47 Water Corporation of Western Australia	500,983	500,413	(570)	500,413	443,521	56,892
Item 48 Western Australian Land Authority	44,933	38,154	(6,779)	38,154	22,139	16,015
Total Community Service Obligation Payments	893,511	782,566	(110,945)	782,566	526,312	256,254
Administered grants, subsidies and other transfer payments						
Item 53 First Home Owner Assistance	122,010	325,268	203,258	325,268	248,989	76,279
Item 59 Refunds of Past Years Revenue Collections - Public Corporations	5,000	4,275	(725)	4,275	21,241	(16,966)
Item 60 Refunds of Past Years Revenue Collections - All Other	33,585	38,964	5,379	38,964	130,466	(91,502)
Item 62 Royalties for Regions Fund	289,400	338,164	48,764	338,164	269,100	69,064
Item 64 Voluntary Severance Package	48,000	-	(48,000)	-	-	-
Total Administered grants, subsidies and other transfer payments	497,995	706,671	208,676	706,671	669,796	36,875
Authorized by Other Statutes						
State Superannuation Act 2000	560,373	536,864	(23,509)	536,864	482,588	54,276
Western Australian Treasury Corporation Act 1986 - Interest	28,700	42,033	13,333	42,033	-	42,033
Total Amounts Authorized by Other Statutes	589,073	578,897	(10,176)	578,897	482,588	96,309
<b>Total Recurrent Administered</b>	<b>1,980,579</b>	<b>2,068,134</b>	<b>87,555</b>	<b>2,068,134</b>	<b>1,678,696</b>	<b>389,438</b>

	2010 Estimate \$'000	2010 Actual \$'000	Variance \$'000	2010 Actual \$'000	2009 Actual \$'000	Variance \$'000
<b>ADMINISTERED CAPITAL</b>						
Government Equity Contributions						
Item 136 Department of Corrective Services	53,000	15,945	(37,055)	15,945	-	15,945
Item 137 WA Health	169,977	97,782	(72,195)	97,782	86,969	10,813
Item 138 Electricity Generation Corporation (Verve Energy)	83,277	81,571	(1,706)	81,571	-	81,571
Item 140 Forest Products Commission	1,200	1,270	70	1,270	16,200	(14,930)
Item 142 Port Hedland Port Authority	21,000	21,000	-	21,000	-	21,000
Item 144 Royalties for Regions Fund	329,600	305,836	(23,764)	305,836	64,900	240,936
Item 146 Western Australian Land Authority	19,700	19,700	-	19,700	49,921	(30,221)
Western Australian Building Management Authority	-	-	-	-	62,724	(62,724)
Total Government Equity Contributions	677,754	543,104	(134,650)	543,104	280,714	262,390
Other Capital Contributions						
Item 147 Perry Lakes Trust Account	23,869	17,340	(6,529)	17,340	51,658	(34,318)
Fiona Stanley Hospital Construction Account	-	-	-	-	221,000	(221,000)
Total Other Capital Contributions	23,869	17,340	(6,529)	17,340	272,658	(255,318)
Authorised by Other Statutes						
Loans (Co-operative Companies) Act 2004 Western Australian Treasury Corporation Act 1986 – Capital Repayments	20,200	-	(20,200)	-	-	-
Total Authorised by Other Statutes	20,200	-	(20,200)	-	-	-
<b>Total Administered Capital Contributions</b>	<b>721,823</b>	<b>560,444</b>	<b>(161,379)</b>	<b>560,444</b>	<b>553,372</b>	<b>7,072</b>
<b>TOTAL ADMINISTERED TRANSACTIONS</b>	<b>2,702,402</b>	<b>2,628,578</b>	<b>(73,824)</b>	<b>2,628,578</b>	<b>2,232,068</b>	<b>396,510</b>



	2010 Estimate \$'000	2010 Actual \$'000	Variance \$'000	2010 Actual \$'000	2009 Actual \$'000	Variance \$'000
DETAILS OF INCOME ESTIMATES						
Taxation						
Transfer Duty	1,185,164	1,551,816	366,652	1,551,816	1,101,553	450,263
Landholder Duty	36,700	87,442	50,742	87,442	24,318	63,124
	1,221,864	1,639,258	417,394	1,639,258	1,125,871	513,387
Commonwealth Grants						
Compensation for Condensate Exercise	60,400	50,073	(10,327)	50,073	22,909	27,164
First Home Owners Boost	31,000	168,388	137,388	168,388	100,109	68,279
Non-Government Schools	653,500	1,078,609	425,109	1,078,609	684,387	394,222
North-West Shelf grants	929,900	891,652	(38,248)	891,652	-	891,652
Other	4,016,063	3,870,622	(145,441)	3,870,622	954,054	2,916,568
	5,690,863	6,059,344	368,481	6,059,344	1,761,459	4,297,885
Dividends and Taxes						
Government Enterprises - Dividends	536,262	570,271	34,009	570,271	466,114	104,157
Income Tax – Tax Equivalent Regime	310,075	368,455	58,380	368,455	347,121	21,334
	846,337	938,726	92,389	938,726	813,235	125,491
Other Revenue						
Consolidated Account Revenue Received from Agencies	3,574,927	3,112,232	(462,695)	3,112,232	5,285,403	(2,173,171)
Interest	129,468	211,080	81,612	211,080	281,942	(70,862)
Gold State superannuation reimbursement	119,457	143,694	24,237	143,694	126,684	17,010
Other Revenue	84,024	114,220	30,196	114,220	66,710	47,510
	3,907,876	3,581,226	(326,650)	3,581,226	5,760,739	(2,179,513)
TOTAL INCOME ESTIMATES	11,666,940	12,218,554	551,614	12,218,554	9,461,304	2,757,250

## Explanation of Variances in DTF Administered Expenditure - current

### Community Service Obligations

#### Electricity Retail Corporation (Synergy)

##### Item 44

At \$217.0 million, the actual outturn for Synergy's operating subsidy for 2009-10 represents a \$189.9 million increase over the 2008-09 outturn. This increase reflects the additional subsidy commencing in 2009-10, paid in respect of below-cost electricity tariffs.

The 2009-10 outturn was \$73.2 million lower than budget, reflecting a lower operating subsidy as a result of lower than forecast network tariff increases for the year.

#### Regional Power Corporation (Horizon Power)

##### Item 46

The \$27.0 million outturn for 2009-10 was \$30.4 million lower than the 2009-10 Budget estimate, due primarily to the corporation's implementation of revised reporting and forecasting methodology for the Tariff Migration Community Service Obligation (CSO) subsidy and a reduced draw on the Tariff Adjustment Payment CSO subsidy due to lower than forecast network tariff increases in the South West Interconnected System.

#### Water Corporation of Western Australia

##### Item 47

The \$500.4 million outturn for 2009-10 represents an increase of \$56.9 million on the 2008-09 out turn. This outcome reflects approval of projects focused on development of water sources at Margaret River and Walpole, higher costs for capital infrastructure, increases in country operating expenditure that were in excess of growth in the consumer price index, increases to pensioner concessions (due to the increased service charge), and revised estimates of losses in country operations.

#### Western Australian Land Authority

##### Item 48

The \$38.2 million outturn for 2009-10 is \$16.0 million higher than the 2008-09 outturn. This is largely due to higher holding costs for upgraded infrastructure at the Australian Marine Complex Common User Facility in Henderson following the project's completion in 2009-10.

### Grants, Subsidies and Transfer Payments

#### First Home Owners' Assistance

##### Item 53

The \$325.3 million outturn for 2009-10 represents an increase of \$203.3 million relative to the 2009-10 Budget estimate. This largely reflects the Commonwealth Government's decision, made after the 2009-10 State Budget was finalised, to extend the First Home Owners' Boost (FHOB) scheme to 31 December 2009. The FHOB was originally intended to end on 30 June 2009.

Total expenditure on this item in 2009-10 was \$76.3 million higher than in 2008-09, mainly due to the stimulatory effect of the FHOB, which resulted in higher numbers of applicants and a higher average value of grants paid.

#### Refunds of Past Years Revenue Collections – Public Corporations

##### Item 59

The 2009-10 out turn was \$17.0 million lower than was recorded in 2008-09. This outcome reflects a large refund to Western Power (\$13.9 million) in 2008-09 primarily driven by accelerated tax depreciation on new assets and a one-off deduction for the payout of unfunded superannuation.

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

##### Item 60

The \$39.0 million outturn for 2009-10 represents a decrease of \$91.5 million to the 2008-09 out turn. Refunds vary throughout the year depending on the timing of resolution of matters in dispute with the Commissioner of State Revenue, including matters under review in the State Administrative Tribunal and the Courts.

#### Royalties for Regions Fund

##### Item 62

The \$48.8 million increase between the 2009-10 outturn and budget estimate is largely due to:

- the nature of spending on various projects changed through the year with the redesignation of \$23.8 million of spending from 'capital' to 'recurrent'; and
- an amount of \$25 million representing savings measures identified as part of the Government's suite of corrective action implemented in the 2009-10 State Budget was appropriated to the Fund. This followed the passage of the Royalties for Regions Act 2009 which applies a statutory funding formula based on 25% of the State's projected royalty revenue at budget time. The Government's planned savings impact was still achieved by retaining the additional monies unspent in the Fund.

The variance between the 2008-09 and 2009-10 actuals of \$69.1 million was due to the above issues along with 2009-10 being the first full year of operation of the Fund with the introduction of the Royalties for Regions program from 1 January 2009.

## Voluntary Severance Package

### Item 64

The 2009-10 State Budget included a \$48 million provision for voluntary severances planned for 2009-10. These funds were transferred to the various agencies affected by the Government's Voluntary Severance Package under section 25 of the *Financial Management Act 2006*.

#### *Authorised by Other Statutes*

#### State Superannuation Act 2000

At \$536.9 million, cash payments under the State Superannuation Act 2000 were \$54.3 million (or 11.2%) higher than in 2008-09. This was largely due to a \$56.6 million increase in payments for Gold State Superannuation entitlements, partially offset by a \$2.4 million decline in payments for pension entitlements. The increase in Gold State payments was due mainly to higher pay rates applying in 2009-10 (which for Gold State members, based on the timing of cash payments, including back dated pay rises, increased by around 9% in 2009-10), an increase in emerging costs for higher Gold State member retirement rates observed during the year, and an increase in the recoupment rate charged to the Consolidated Account (largely to address the impact of global financial turmoil on Government Employees Superannuation Fund defined benefit scheme investments). The Consolidated Account recoupment rate is set by the Government Employees Superannuation Board, on advice from its actuary, with the 2009-10 rate revised from 70.59% to 72.97%, an increase of 3.4% in the recoupment rate applied in 2008-09.

The outturn for 2009-10 was \$23.5 million lower than the 2009-10 Budget estimate of \$560.4 million. This was due to lower emerging cost payments for Gold State entitlements (down \$18.2 million on the estimate, in round terms) and pension entitlements (down \$5.4 million). This mainly reflects the impact of higher than expected numbers of Gold State and pension scheme employees remaining in the State's workforce during 2009-10, which reduces entitlement payments to retirees paid through the year.

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

These items provide for the debt servicing costs of Consolidated Account borrowings raised from the Western Australian Treasury Corporation. Interest is payable on borrowings raised under the Western Australian Treasury Corporation Act 1986.

The Consolidated Account recommenced borrowing in late 2008-09, with the associated interest charges falling due from the first quarter of 2009-10.

At \$42 million, the outturn for 2009-10 was \$13.3 million higher than originally estimated due to upward revisions for official interest rates, and the timing of the borrowings (which were raised through the year rather than at year-end in order to spread the annual borrowing requirement across recovering financial markets).

## Explanation of Variances in DTF Administered Expenditure - capital

### *Government Equity Contributions*

#### Item 136 – Department of Corrective Services

This item was \$37.1 million lower than originally budgeted, with spending on some of the agency's planned works delayed beyond 30 June 2010.

Relative to the 2008-09 out turn, equity contributions to the Department of Corrective Services increased by \$15.9 million. This reflects the 2009-10 component of the Government's Custodial Infrastructure Program. A key feature of this program is to address the expected impact from repealing Truth In Sentencing legislation which is anticipated will impact the size of the State's prison muster.

#### Item 137 – WA Health

This item reflects a global funding provision to be applied to broader health reform and related health initiatives following approval of business cases by the Economic and Expenditure Reform Committee through 2009-10. This spending constitutes part of WA Health's Asset Investment Program. A total of \$97.8 million was released in 2009-10, enabling spending on the Medical Equipment Replacement (\$49.1 million), Building Minor Works (\$38.3 million), planning funds for the New Children's Hospital (\$6.0 million) and the Midland Health Campus (\$0.7 million).

Deferred spending on a number of infrastructure projects across WA Health's Asset Investment Program resulted in \$72.2 million less than was projected in the budget. These delays included timing and scheduling of works and finalising business cases.

Relative to the 2008-09 actual outturn, the equity contribution of the Department of Health was \$10.8 million higher in 2009-10. This reflects the timing of business cases and the size of the projects undertaken across the whole of the WA Health Asset Investment Program.

#### Item 138 – Electricity Generation Corporation (Verve Energy)

This funding provided for the construction of two 100 megawatt high efficiency gas turbines, which commenced construction in early 2010.

#### Item 140 – Forest Products Commission

This item was \$15.0 million lower than the 2008-09 outturn. This outcome reflects payment of \$15.0 million in 2008-09 to assist the Forest Products Commission in dealing with the cashflow implications of damage to State-owned pine plantations from bushfires in February 2009, and the impact of the limited operating capacity of timber mills following gas supply interruptions as a result of the Varanus Island explosion.

#### Item 142 – Port Hedland Port Authority

The port authority received an equity injection of \$21 million in 2009-10 to compensate the tax equivalent assessment on the \$70 million third party contribution for the Utah Point Berth project.

#### Item 144 – Royalties for Regions Fund

The 2009-10 outturn was \$240.9 million higher than was recorded in 2008-09. This was largely due to the first full year operation of the Fund in 2009-10 and an increase in the portion of the fund allocated to delivering State-owned infrastructure (ie. capital spending). The \$48.8 million between the 2009-10 outturn and estimate was due to a change in designation from 'capital' to 'recurrent' of spending for some Royalties for Regions initiatives worth \$23.8 million.

#### Item 146 – Western Australian Land Authority

The \$19.7 million outturn for 2009-10 was \$30.2 million lower than the outturn recorded for 2008-09. This was largely due to completion of the development of the Australian Marine Complex Common User Facility in Henderson during 2009-10.

#### Western Australian Building Management Authority

This item provided for capital repayments associated with debt held by the Western Australian Building Management Authority. All outstanding debt of the Authority was repaid in 2008-09 using surplus cash from 2006-07.

#### Other

#### Item 147 – Perry Lakes Trust Account

The \$17.3 million outturn for 2009-10 represents a decrease of \$34.3 million on the 2008-09 outturn, mainly reflecting the completion of the athletics facility in 2008-09.

#### 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 \$221.0 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. Together with interest revenue earned on these funds, the total estimated cost of the project is estimated at \$1.76 billion with no additional appropriation planned for this project.

#### Authorised by Other Statutes

#### Western Australian Treasury Corporation Act 1986 – Capital Repayments

This item provides for the repayment of borrowings made under the Western Australian Treasury Corporation Act 1986. Consistent with previous years, capital repayments are scheduled when new borrowing requirements have ceased. New borrowings were drawn in 2009-10.

#### Explanation of Variances in DTF Administered Revenue - capital

##### Taxation

##### Transfer Duty

Relative to the 2009-10 State Budget estimates, the 2009-10 outturn reflects faster than expected recovery of Western Australia's property market. This stronger revenue outcome is also consistent with the resilience of Western Australia's economy during the recent global financial turmoil with growth in both property prices and the volume of transactions largely maintained during this period.

Relative to the 2008-09 outturn, the increase in revenue in 2009-10 mainly reflects the recovery and continued growth of Western Australia's property market following declining activity in 2008-09.

##### Landholder Duty

The higher than budgeted outturn for 2009-10 was largely due to the faster than expected recovery of Western Australia's property market and the resilience of the State economy noted above.

The recovery and subsequent growth of Western Australia's property market was also reflected in the 2009-10 outturn relative to that recorded in 2008-09.

##### Commonwealth Grants

##### Compensation for Condensate Excise

Actual compensation payments in 2009-10 were \$10.3 million (or 17.1%) lower than the original budget forecast. This was mainly due to the US\$/AU\$ exchange rate being significantly higher than assumed, which reduced the domestic currency value of petroleum production and hence the value of condensate compensation payments.

The low actual result in 2008-09 is due to the Commonwealth Government having incorrectly deducted an amount of \$34.4 million in a combined payment for North-West Shelf grants and excise compensation payments in April 2009. In 2009-10 the Commonwealth Government corrected this error via a \$34.4 million increase in the State's North West Shelf royalty entitlement.

#### First Home Owners' Boost

The Commonwealth extended the First Home Owner's Boost to 31 December 2009 after the 2009-10 State Budget was finalised. This six months of unbudgeted spending is responsible for the variance from budget-time estimates.

The outturn for 2009-10 was \$68.3 million higher than in 2008-09. This is largely due to the First Home Owners' Boost scheme, including the Commonwealth's decision to extend the scheme beyond 30 June 2009.

#### Non-Government Schools

The Commonwealth provides assistance for non-government schools with grants on-passed through the State. In addition to funding provided to meet costs and enrolments at non-government schools, the State received stimulus funding in 2009-10 under the Commonwealth Government's Building the Education Revolution program. As a result, the 2009-10 outturn significantly exceeded both the previous years actual and the original budget estimate for 2009-10.

#### North-West Shelf Grants

Up to 31 December 2008 and in prior years, these funds were collected by the Department of Mines and Petroleum and on-passed to the Consolidated Account. From 1 January 2009, North West Shelf grants are now collected centrally by the Department of Treasury and Finance (see also 'Other' Commonwealth Grants below).

#### Other

Streamlined grants administration arrangements between the Commonwealth and all States and Territories began from 1 January 2009. Under the new arrangements, most Commonwealth funding is now received centrally by State and Territory Treasuries and then on-passed to agencies. Prior to these arrangements, these grants were disclosed in the financial statements of the individual agencies that received the Commonwealth funding. Relative to the 2008-09 outturn, the \$2.9 billion increase in 2009-10 partly reflects the first full year of operation of this arrangement, as well as the receipt of significant amounts of stimulus funding by the State in 2009-10.

### *Dividends and Taxes*

#### Government Enterprises - Dividends

Increased profitability led to higher than expected dividend revenue in 2009-10. Variances include a higher dividend payment from Synergy (up \$20.2 million), Western Power (up \$12.9 million) and the Western Australian Treasury Corporation (up \$9.7 million). These outcomes also include final dividend declarations for the 2008-09 year for port authorities, the Forest Products Commission, Gold Corporation, the Western Australian Land Authority, Verve Energy and the Water Corporation.

Relative to 2008-09, dividends increased by \$104.2 million in 2009-10. This reflects stronger performance and increased profitability for the agencies above. The increase also included additional dividend payments from the Western Australian Land Authority (up \$11.1 million, related to an increase in operating subsidy for the Australian Marine Complex Common User Facility in Henderson, completed in 2009-10) and the Gold Corporation (up \$15.2 million, driven by higher demand for gold).

#### Income Tax – Tax Equivalent Regime

Higher profitability of larger public corporations (particularly the Water Corporation, Western Power and the Insurance Commission of Western Australia) resulted in increased tax equivalent revenue between the 2009-10 actual and budget forecast.

These increases were partially offset by lower tax equivalent revenue from the Port Hedland Port Authority, due to the impact of a one-off third party contribution attracting a larger than usual tax equivalent assessment in 2008-09.

#### *Other Revenue*

#### Consolidated Account Revenue Received From Agencies

Relative to 2008-09, agency receipts paid to the Consolidated Account in 2009-10 were \$2.2 billion lower, largely due to:

- lower iron ore royalties; and
- the transfer of responsibility for receiving a number of Commonwealth grants from agencies to the Consolidated Account from 1 January 2009 (see Commonwealth Grants above).

The 2009-10 outturn was \$462.7 million lower than the 2009-10 Budget estimate. This was largely attributable to a \$535.4 million decrease in mining-related revenue (collected by the Department of Mines and Petroleum), primarily reflecting lower than expected iron ore royalty collections. This was partially offset by increased revenue collected and on-passed to the Consolidated Account by a range of agencies including higher motor vehicle licence fee collections by the Department of Transport (which were \$29 million higher than budgeted).

#### Interest

Interest revenue in 2010 was \$81.6 million higher than the budget estimate primarily due to above-budget average investment earning rates and a higher than expected investment pool balance.

During 2008-09, the average rate of interest earned on Public Bank Account investment pool balances was 5.4%, ranging from as high as 7.6% in the September quarter 2008 to 3.2% in the June quarter 2009. This reflected the impact of global financial market turmoil at the time, which saw official interest rates cut dramatically by central banks around the world. Despite the six rises in official interest rates since mid-2009, the overall average interest rate was lower for 2009-10 than for 2008-09. This, in turn, equated to lower interest revenue than in the previous year.

#### Gold State Superannuation Reimbursement

Gold State Superannuation contributions are paid on an emerging cost basis by the State. However, appropriation funded agencies pay the Government Employees Superannuation Board the concurrent contributions owing for their employees, with Gold State contributions for this group of agencies paid back to the Consolidated Account by the Board.

The 2009-10 outturn of \$143.7 million was \$24.2 million (or 20.3%) higher than budget, largely reflecting a lower than expected decline in current member numbers (i.e. the number of Gold State members still actively working for State agencies) and an increase in the employer contribution rates relative to 2008-09 (see below).

Relative to the 2008-09 outturn, the 2009-10 outcome was higher by \$17.0 million (or 13.4%), due mainly to the impact of higher salary rates (which for Gold State members, based on the timing of cash payments, including back dated pay rises, increased by around 9% in 2009-10) and an increase in the employer contribution rate, partially offset by a 6% decline in the number of current Gold State scheme members during 2009-10. The employer contribution rate is set by the Treasurer on advice from the Government Employees Superannuation Board and its actuary, with the 2009-10 rate revised from 12.0% to 13.5%, an increase of 12.5% on the rate in 2008-09 (largely to address the impact of global financial turmoil on Government Employees Superannuation Fund defined benefit scheme investments).

#### Other

The 2009-10 outturn was \$47.5 million higher than was recorded for 2008-09. This primarily reflects timing issues impacting the Perth Parking Levy(a) and an increase in office lease rental income following the first full year of the Building Management and Works function transferred to the Department of Treasury and Finance during 2008-09. This was partially offset by a reduction in doubtful debts provisions for State taxation assessments. The 2009-10 outturn was \$30.2 million higher than budget, largely due to the timing issues for the Perth Parking Levy (noted above).

- (a) The late passage of legislation authorising new parking rates resulted in the 2008-09 revenue being recognised in 2009-10 (along with the 2009-10 revenue).

### Note 43. Supplementary financial information

During the financial year, \$1,958 (2009: \$4.696M) was written off the Department's asset register under the authority of:

	2010 \$'000	2009 \$'000
a) Write-offs by Category		
Public Assets	1,949	-
Debts due to the State	8,621	4,696
	<b>10,570</b>	<b>4,696</b>
b) Write-offs by Authority		
Accountable Officer	5,653	2,777
Minister	3,365	1,615
Executive Council	1,552	304
Capital contribution	<b>10,570</b>	<b>4,696</b>



## Note 44. Service delivery arrangements Indian Ocean Territories

	2010 \$'000	2009 \$'000
Revenue		
Commonwealth receipts	766	90
Expenditure		
Consultants and contractors	691	-
Travel and accommodation	7	-
Administration	41	28
Payroll and Business franchise	21	21
Stamp duties, land taxes and financial taxes	2	3
Compliance	24	1
	786	53
Surplus/(deficit) for the period	(20)	36
Balance brought forward	150	5
Balance carried forward	130	41

## Note 45. Special Purpose Accounts

Special purpose account section 16(1) of the *Financial Management Act 2006*

	2010 \$'000	2009 \$'000
Accrued Salaries		
The purpose of the special purpose account is to hold funds in accordance with section 26(2) of the <i>Financial Management Act 2006</i> .		
Balances at the start of the year	66,221	44,005
Receipts	24,438	22,216
Payments	-	-
Balance at the end of the year	90,659	66,221

	2010 \$'000	2009 \$'000
BankWest Pension Trust		
The purpose of the special purpose account is to hold funds received from BankWest in satisfaction of its liabilities under the <i>Superannuation and Family Benefits Act 1938</i> and other receipts.		
Balances at the start of the year	10,170	12,901
Receipts	2,415	2,372
Payments	(3,412)	(5,103)
Balance at the end of the year	9,173	10,170

### Commonwealth Payments For Specific Purpose 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 of Federal Financial Relations* for disbursement to relevant government agencies and the Consolidated Account.

Balances at the start of the year	90,034	-
Receipts	4,032,989	975,985
Payments	(4,047,350)	(885,951)
Balance at the end of the year	75,673	90,034

Note: There has been a slight change to the 2009 comparatives for consistency of rounding. In 2009, receipts were rounded to 976,000 and payment to (886,000).

### 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 2006*.

Balances at the start of the year	15,952	98
Receipts	787,140	1,054,461
Payments	(802,931)	(1,038,607)
Balance at the end of the year	161	15,952

Note: An immaterial error was identified in the 2008-09 Annual Report for receipts. The amount was disclosed as 1,054,547. The correct amount was 1,054,461. The 2008-09 comparatives for receipts and the balance at the end of the year have been corrected.

	2010	2009
	\$'000	\$'000
<b>Fiona Stanley Hospital Construction Account</b>		
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 <i>Fiona Stanley Hospital Construction Account Act 2007</i> .		
Balances at the start of the year	1,319,876	1,107,151
Receipts	59,451	304,629
Payments	(217,368)	(91,904)
Balance at the end of the year	<b>1,161,959</b>	<b>1,319,876</b>

**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 1976* pending payment to independent schools.

Balances at the start of the year	-	-
Receipts	309,402	17,652
Payments	(309,402)	(17,652)
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 1976* pending payment to independent schools

Balances at the start of the year	-	-
Receipts	695,413	650,161
Payments	(695,413)	(650,161)
Balance at the end of the year	-	-

	2010	2009
	\$'000	\$'000
<b>Jervoise Bay Infrastructure Development Trust Account</b>		
The purpose of the special purpose account is to hold funds received from the Commonwealth being a grant for the development of facilities at Jervoise Bay.		
Balances at the start of the year	7,993	9,542
Receipts	311	635
Payments	-	(2,184)
Balance at the end of the year	<b>8,304</b>	<b>7,993</b>

**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 1995* pending payment to local authorities.

Balances at the start of the year	-	-
Receipts	230,003	277,080
Payments	(230,003)	(277,080)
Balance at the end of the year	-	-

**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 1893*.

Balances at the start of the year	49	46
Receipts	20	3
Payments	-	-
Balance at the end of the year	<b>69</b>	<b>49</b>

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 1976* pending payment to non-government schools.

	2010	2009
	\$'000	\$'000
Balances at the start of the year	-	-
Receipts	73,794	16,575
Payments	(73,794)	(16,575)
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 2006*.

Balances at the start of the year	20,567	40,179
Receipts	152,471	221,247
Payments	(116,207)	(240,859)
Balance at the end of the year	<b>56,831</b>	<b>20,567</b>

#### 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 2006*.

Balances at the start of the year	158,547	139,768
Receipts	5,643	22,179
Payments	(17,500)	(3,400)
Balance at the end of the year	<b>146,690</b>	<b>158,547</b>

#### 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*.

	2010	2009
	\$'000	\$'000
Balances at the start of the year	-	-
Receipts	122,100	72,000
Payments	(122,100)	(72,000)
Balance at the end of the year	-	--

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

The purpose of the special purpose account is to hold funds pending identification of the purpose of 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	3	273
Payments	(1)	(273)
Balance at the end of the year	<b>3</b>	<b>1</b>

#### 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 head works, local government and community services.

Balances at the start of the year	25,906	-
Receipts	644,000	334,000
Payments	(253,966)	(308,094)
Balance at the end of the year	<b>415,940</b>	<b>25,906</b>

## Indian Ocean Territories

The purpose of the special 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	611	94
Receipts	2,856	1,602
Payments	(3,260)	(1,085)
Balance at the end of the year	<b>207</b>	<b>611</b>

## 46. Administered income and expenses

	2010	2009
	\$'000	\$'000
Expenses		
Superannuation	710,091	1,794,245
Borrowing costs	195,674	143,762
Appropriations	15,259,477	13,964,217
Capital contributions	2,858,181	1,767,753
Grants, subsidies and transfers	3,382,310	2,255,418
Transfer payments	122,100	72,000
Other expenses	149,604	244,137
Collections transferred to other agencies	63,110	2,609
<b>Total Administered expenses</b>	<b>22,740,547</b>	<b>20,244,141</b>

	2010	2009
	\$'000	\$'000
Incomes		
Taxation <sup>(a)</sup>	5,340,660	4,775,592
Commonwealth grants <sup>(b)</sup>	9,874,677	5,498,173
Government enterprises:	-	-
Dividends	570,271	466,114
Tax equivalent receipts	368,445	357,471
Interest	211,080	281,942
Pension recoups	15,416	15,502
Loan guarantee fees	30,418	22,925
Gold State superannuation reimbursement	143,694	126,684
Revenue for transfers	122,100	72,000
Other revenue	62,597	74,894
Collections raised on behalf of other agencies	63,110	2,609
Community funding	129,772	133,847
<b>Total Administered revenues</b>	<b>16,932,240</b>	<b>11,827,753</b>

- (a) In the 2009 Annual Report, the 2009 actual of \$5.524bn reported under Commonwealth grants included an amount of \$27.631m in respect of Commonwealth Mirror Taxes. Commonwealth Mirror Taxes have been reclassified in 2010 and now form part of Taxation. The 2009 actual of Commonwealth grants and Taxation have been adjusted by \$27.631m to reflect the reclassification. In addition, the 2009 actual Commonwealth grants amount of \$5.524bn should have been reported as \$5.526bn. The 2009 actual now also reflects the inclusion of \$2m.
- (b) The item "Consolidated Account Revenue received from Agencies" (2010 \$3.575b budget, 2009 \$5.205b budget) identified in the Budget Papers as Treasury Administered has not been included in this schedule as the collection of those revenues is administered by other agencies and disclosed as administered revenues in the financial statements of the relevant agencies.

## 47. Disclosure of administered income and expenses by service

	Financial Management and Reporting		Forecasts and Policy Development		Revenue Assessment and Collection		Grants and Subsidies Administration		Total	
	Service 1		Service 3		Service 4		Service 5			
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>COST OF SERVICES</b>										
Expenses										
Superannuation	710,091	1,794,245	-	-	-	-	-	-	710,091	1,794,245
Borrowing Costs	195,674	143,762	-	-	-	-	-	-	195,674	143,762
Appropriations	15,259,477	13,964,217	-	-	-	-	-	-	15,259,477	13,964,217
Capital contributions	2,858,181	1,767,753	-	-	-	-	-	-	2,858,181	1,767,753
Grants, subsidies and transfers	-	-	-	-	-	-	3,382,310	2,255,418	3,382,310	2,255,418
Transfer payments	122,100	72,000	-	-	-	-	-	-	122,100	72,000
Other expenses	134,398	244,137	-	-	15,206	-	-	-	149,604	244,137
Collection transferred to other agencies	-	-	-	-	-	-	63,110	2,609	63,110	2,609
<b>Total administered expenses</b>	<b>19,279,921</b>	<b>17,986,114</b>	<b>-</b>	<b>-</b>	<b>15,206</b>	<b>-</b>	<b>3,445,420</b>	<b>2,258,027</b>	<b>22,740,547</b>	<b>20,244,141</b>
Income										
Taxation	-	-	-	-	5,340,660	4,775,592	-	-	5,340,660	4,747,961
Commonwealth grants	-	-	9,874,677	5,498,173	-	-	-	-	9,874,677	5,523,804
Government enterprises:	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	570,271	466,114	-	-	-	-	570,271	466,114
Tax equivalent receipts	-	-	368,445	357,471	-	-	-	-	368,445	357,471
Interest	211,080	281,942	-	-	-	-	-	-	211,080	281,942
Pension recoups	15,416	15,502	-	-	-	-	-	-	15,416	15,502
Loan guarantee fees	30,418	22,925	-	-	-	-	-	-	30,418	22,925
Consolidated Account (Superannuation Reimbursement)	143,694	126,684	-	-	-	-	-	-	143,694	126,684
Revenue for transfers	122,100	72,000	-	-	-	-	-	-	122,100	72,000
Other revenue	62,597	26,322	-	-	-	48,572	-	-	62,597	74,894
Collection raised on behalf of other agencies	-	-	-	-	-	-	63,110	2,609	63,110	2,609
Community funding	129,772	133,847	-	-	-	-	-	-	129,772	133,847
<b>Total administered income</b>	<b>715,077</b>	<b>679,222</b>	<b>10,813,393</b>	<b>6,321,758</b>	<b>5,340,660</b>	<b>4,824,164</b>	<b>63,110</b>	<b>2,609</b>	<b>16,932,240</b>	<b>11,827,753</b>

**48. Administered assets and liabilities**

	2010	2009
	\$'000	\$'000
Current Assets		
Cash and cash equivalents	5,175,170	4,036,162
Investments	83,885	81,529
Treasurer's advances	7,632	5,218
Taxation receivable	234,695	254,415
Government enterprises:	-	-
Dividends receivable	44,403	1,505
Tax equivalents receivables	104,533	113,706
Receivable advances	66,827	8,050
Other receivables	330,121	97,497
<b>Total Administered Current Assets</b>	<b>6,047,266</b>	<b>4,598,082</b>
Non-Current Assets		
Investments	9,173	94,054
Recoverable advances	4,802	73,436
Other receivables	58,586	51,300
<b>Total Administered Non-Current Assets</b>	<b>72,561</b>	<b>218,790</b>
<b>TOTAL ADMINISTERED ASSETS</b>	<b>6,119,827</b>	<b>4,816,872</b>
Current Liabilities		
Superannuation	45,365	41,953
Interest payable	74,643	22,513
Appropriations payable	152,147	140,583
Special purpose account liabilities	2,444,903	1,964,987
Other payables	144,432	160,798
<b>Total Administered Current Liabilities</b>	<b>2,861,490</b>	<b>2,330,834</b>
Non-Current Liabilities		
Borrowings	3,521,901	871,901
Superannuation	7,192,403	7,038,783
Appropriations payable	4,629,297	3,910,502
Other payables	20,993	23,013
<b>Total Administered Non-Current Liabilities</b>	<b>15,364,594</b>	<b>11,844,199</b>
<b>TOTAL ADMINISTERED LIABILITIES</b>	<b>18,226,084</b>	<b>14,175,033</b>

**49. Supplementary funding**

Supplementary funding approved and expended during 2009-10 was as follows:

	2010	2010
	\$'000	\$'000
Item 49 – Aerial Surveillance Program	Approved	Expended
Additional funding of \$206,000 was provided to extend aerial shark surveillance patrols throughout weekdays during the 2009-10 summer holiday period. These patrols were in addition to the previously approved allocation of \$114,000 for weekend and public holiday patrols. The additional funds included \$15,000 as a contingency to fund a helicopter shark patrol in the regions in case of shark sightings or attacks. This contingency was not required by 30 June 2010 and therefore the funding was not drawn.		
	<b>206</b>	<b>191</b>
Item 53 – First Home Owner Assistance		
At the time of the 2009-10 State Budget, the Commonwealth's First Home Owners' Boost stimulus program was expected to end on 30 June 2009. The Commonwealth extended the scheme to 31 December 2009 as part of its own budget. The State provided an amount of \$235 million to accommodate the Commonwealth's decision (based on estimated first home buyer activity modelled by the State). Of this amount, \$203 million (or 86%) of the approved supplementation was drawn.		
	<b>235,000</b>	<b>203,258</b>
Item 55 – Office of Health Review		
An amount of \$261,000 was approved to fund an additional 1.5 full-time staff, a medical consultant, increases in rental rates and associated outgoings for the Office of Health Review during 2009-10.		
	<b>261</b>	<b>261</b>
Item 58 – Provision for Unfunded Liabilities in the Government Insurance Fund		
This provision reimburses the Insurance Commission of Western Australia (ICWA) for the unfunded liabilities of Consolidated Account-supported agencies that accumulated prior to 1 July 1997, on an emerging cost basis (i.e. as eligible claims arise). The timing of reimbursements to ICWA is difficult to predict with values varying according to the timing and magnitude of eligible claims. Supplementary funding of \$2,339,000 was approved to meet the cost of above-trend claims arising during 2009-10, of which \$2,311,000 (or 99%) was expended by 30 June 2010.		
	<b>2,339</b>	<b>2,311</b>



Item 60 – Refund of Past Years Revenue Collections – All Other

An amount of \$15 million was approved to address the potential of higher than budgeted refunds of duty on transfers and land tax, based on strong refunds during the first half of 2009-10. However, refund activity eased during the second half of the year and only \$5.4 million of the approved supplementation was required.

2010	2010
\$'000	\$'000
<b>15,000</b>	<b>5,379</b>

Item 62 – Royalties for Regions Fund

Supplementary funding of \$48.764 million was provided for this item in 2009-10. This included:

- a change in designation from 'capital' to 'recurrent' of spending for some Royalties for Regions initiatives (worth \$23.764 million, these designation changes have no overall impact on total appropriations to the Fund); and
- an amount of \$25 million representing savings measures identified as part of the Government's suite of corrective action implemented in the 2009-10 State Budget. With the passage of the *Royalties for Regions Act 2009*, the appropriation increased in line with the statutory funding formula contained in the Act. However, the savings impact was achieved by retaining the additional monies unspent in the Fund.

<b>48,764</b>	<b>48,764</b>
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Item 64 – Voluntary Severance Package

The 2009-10 State Budget included a \$48 million provision for a voluntary severance program in 2009-10. This program was fully subscribed and the applicable funding was transferred to the relevant agencies.

A second round of voluntary severances (worth \$30 million) was approved as part of the 2010-11 State Budget, with a further \$6 million provided post-budget in light of demand. This funding was transferred to the relevant agencies by 30 June 2010.

<b>36,000</b>	<b>-</b>
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Item 65 – Water Corporation of Western Australia – State Water Strategy Rebate Scheme

The State Water Strategy (Waterwise) Rebate Program ran from February 2003 to 30 June 2009. It was estimated that \$0.5 million would be required to finalise eligible applications during early 2009-10. However, an unprecedented number of eligible water-wise claims were made prior to the scheme's closure. Supplementary funding totalling \$2,446,000 was provided to reimburse the Water Corporation for all eligible claims paid under the now closed scheme.

2010	2010
\$'000	\$'000
<b>2,446</b>	<b>2,446</b>

Item 140 – Forest Products Commission

Proceeds from the sale of surplus commercial forestry related land are initially paid to the Consolidated Account and then re-appropriated to the Forest Products Commission for plantation investment purposes.

In total, 10 instalments have been paid into the Consolidated Account annually since 2000-01. The final instalment of \$1.270 million was received in April 2010. The 2009-10 Budget made provision for the re-appropriation of an estimated \$1.2 million in sale proceeds. Supplementary funding of \$70,000 was provided to meet the actual sale proceeds.

<b>70</b>	<b>70</b>
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## 50. Lease Incentive

Lease incentives received from building owners for rent and fitout costs associated with Government occupied building leases is \$30.022 million (\$33.888 million in 2008-09).

## Certification of key performance indicators

For the year ended 30 June 2010

I hereby certify that these 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 2010.



**Timothy Marney**  
Under Treasurer  
13 September 2010

## Performance assessment

### Outcomes

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

#### Sustainable and transparent public sector finances

Service 1: Financial management and reporting

Service 2: State Fleet Service

#### A strong and competitive State economy

Service 3: Economic and revenue forecasts and policy development

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

Service 4: Revenue assessment and collection

Service 5: Grants and subsidies administration

#### Value-for-money outcomes in service delivery and infrastructure provision

Service 6: Evaluation and planning of government service delivery and infrastructure provision

#### Value-for-money from public sector procurement

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

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

#### Provision of effective shared corporate services

Service 9: Project management, coordination and implementation of the whole-of-government shared corporate services reform

Service 10: Provision of financial and human resources services

#### Value-for-money from the management of the Government's non-residential buildings and public works

Service 11: Leads the planning and delivery of new Government buildings

Service 12: Leads the planning and delivery of Government building maintenance

Service 13: Leads the planning and delivery of Government office accommodation

## Measuring Our Performance

The Department of Treasury and Finance has measured its performance through statistical based information and survey questionnaires. Statistical indicators have been included to help measure our 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 for Services 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 works to maintain sustainable and transparent public sector finances. Our commitment to this key role is reflected in our 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 our effectiveness in this role.

Key indicators of effectiveness	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Status of the State's credit rating <sup>(1)</sup>	triple-A	triple-A	triple-A	triple-A	triple-A
Unqualified audit opinion on the Annual Report on State Finances	Yes	Yes	Yes	Yes	Yes
Profitability of the State's light vehicle fleet (profit in \$'000)	\$8,994	\$11,703	\$12,433	\$9,319	\$22,225

<sup>(1)</sup> Standard and Poor's and Moody's currently assess the credit rating for Western Australia.

Both Moody's and Standard and Poor's reaffirmed the State's triple-A credit rating during 2009-10 and the Auditor General provided an unqualified audit opinion on the 2008-09 Annual Report on State Finances.

From 2006-07 to 2008-09, State Fleet has each year recorded modest increases in profitability mainly due to good results from overdue leases, caused in turn, by vehicle replacement supply chain difficulties. Earnings on equity also provided some additional revenue.

State Fleet's profit for 2009-10 is also substantially better than forecast, primarily due to an unanticipated, substantial increase in sales revenue following the global financial crisis, additional income from better than expected results for overdue leases and income derived from interest earned on equity.

## Outcome 2: A strong and competitive State economy

Accurate forecasting of Western Australia's economic and fiscal outlook is a major factor in the maintenance of the State's triple-A credit rating and in turn the foundation of a strong and competitive State economy. Good government decision-making requires accurate revenue and economic forecasting to achieve the best possible economic, fiscal and service delivery outcomes for the State.

Key indicators of effectiveness <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Accuracy of key general government revenue forecasts <sup>(2)</sup>					
- Tax and mining revenue	7.3%	9.5%	-10.5%	+/-5%	0.6%
- GST revenue	1.0%	0.8%	-10.3%	+/-3%	7.6%
Accuracy of key economic forecasts <sup>(3)</sup>					
- Employment level (percentage point difference)	0.19	0.22	0.25	<0.5	0.25
- Real State Final Demand (SFD) growth (percentage point difference)	2.0	2.5	2.8	<2.0	3.5

<sup>(1)</sup> Indicators have been recast to be consistent with the revised Outcome-Based Management Structure with effect from 1 July 2009.

<sup>(2)</sup> tax, mining and GST revenue data for 2009-10 will not be available until September 2010. The latest available estimates have been used.

<sup>(3)</sup> The methodology for calculating the accuracy of the real State Final Demand and Employment growth forecasts represent the average deviation of the forecasts over a five-year period, with a one-year lag. These average deviations are expressed as the percentage point difference between the forecasts and published Australian Bureau of Statistics actuals, in absolute terms.

Looking at previous years, actual tax and royalty revenues exceeded forecasts in 2006-07 with the State's property market and global commodity markets being stronger than expected. This was also the case for 2007-08 with actual tax and royalty revenues exceeding the original forecast, largely due to stronger than expected property and labour market activity.

In 2008-09, the accuracy of general government revenue forecast measures was significantly affected by the global financial crisis. Taxation revenue was substantially lower than forecast, largely reflecting the impact of a sharp reduction in housing market activity on transfer duty revenue. GST grants were also lower than projected due to an unexpected decline in national economic activity and household spending.

In 2009-10, GST revenue was higher than projected, mainly due to national household spending and the national GST pool exceeding Commonwealth Treasury forecasts. Taxation and mining revenue were, however, consistent with 2009-10 forecasts.

Since 2007-08, the accuracy target for forecast growth in real State Final Demand (SFD) of no more than 2.0 percentage points (based on a five-year average) has been slightly exceeded when compared to actual SFD growth. The key reason for this is the large difference between forecast and actual growth in business investment, which is a major component of SFD. During the previous resources boom, business investment growth consistently exceeded expectations, but then slowed dramatically in 2008-09 as a consequence of the global financial crisis.

Employment growth for the 2006-07 to 2009-10 period remained within the forecast accuracy target.

## Outcome 4: Value-for-money outcomes in service delivery and infrastructure provision

The Department has put in place quality assurance mechanisms to shape the preparation of submissions and advice to Government.

The Service Provision Analysis Framework (SPAF) and the Strategic Asset Management Framework (SAMF) were established to set a high standard of preparation and analysis and maximise value-for-money outcomes in service delivery and infrastructure provision. The SPAF aims to improve evaluation and enhance value-for-money outcomes for service delivery. The SAMF provides a sound basis for decisions on the investment in, and the management and disposal of, assets required for government service delivery. Internal compliance with SPAF and SAMF will help ensure submissions and issues meet government service delivery needs and demonstrate value-for-money.

Key indicators of effectiveness <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Percentage of the Department's material resource allocation recommendations complying with the service provision analysis framework	N/A	N/A	N/A	90%	79%
Percentage of highest value agencies complying with the Strategic Asset Management framework or equivalent accredited mechanism	N/A	N/A	N/A	75%	75%

<sup>(1)</sup> Indicators have been recast to be consistent with the revised Outcome-Based Management Structure with effect from 1 July 2009.

The 79 per cent outcome represents the percentage of papers that underwent analysis consistent with the SPAF. The remaining papers did not comply with the framework, mainly due to time constraints.

Consistent with the 2009-10 target, 75 per cent of the highest value agencies' asset investment programs have been subject to thorough analysis under the SAMF or equivalent accredited mechanism.

## State Revenue business

### Outcome 3: 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 relevant legislation, as well as a number of administrative-based schemes.

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

Key indicators of effectiveness	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Extent to which due revenue is collected	87%	88%	88%	90%	90%
Overdue debt as a percentage of revenue raised <sup>(1)</sup>	N/A	0.92%	1.42%	1.82%	1.47%
Extent to which correct grants, subsidies and rebates are paid	99%	99%	99%	99%	99%

<sup>(1)</sup> Incorrect data was used for this indicator and the figures reported in the 2009-10 and 2010-11 budget papers have been corrected. This has had the effect of reducing the percentage for the actuals in 2007-08 and 2008-09, which were previously reported as 1.08% and 1.46% respectively.

The extent to which revenue is collected within the required timeframe for payment in 2009-10 is in line with our target and broadly consistent with past years.

The increase in overdue debt as a proportion of revenue raised from 2008-09 to 2009-10 was not as great as anticipated. The increase was due to businesses finding it harder to meet their tax obligations due to economic circumstances, as well as a reprioritisation of our resources to ensure customer service standards were maintained in line with our published Customer Charter targets.

The extent to which correct grants, subsidies and rebates are paid reflects the continued high standard of delivery and is consistent across the years.



## Government Procurement business

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

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

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

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

Key indicators of effectiveness	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Extent to which client agencies agree that common use contract arrangements achieved value-for-money	86%	83%	92%	85%	83%
Extent to which client agencies agree that their contract arrangements achieved value-for-money	83%	86%	82%	85%	92%

During 2009-10, eight Common Use Arrangements (CUAs) were surveyed compared to ten from the previous year, with a survey response value of 69 per cent compared to 47 per cent last year. The decrease in the number of surveys conducted was due to the large number of CUAs that were finishing and/or just starting during 2009-10. This decrease will continue for 2010-11.

There were 845 survey responses to the question out of a total of 1,225 surveyed, giving a response rate of 69 per cent with a 95 per cent confidence level.

The decrease in the value-for-money from 92 per cent in 2008-09 to 83 per cent in 2009-10 was due to six of the eight CUAs being surveyed in the final months before expiry. Two of the six had scores of below 80 per cent as respondents felt there were better options available due to changing market conditions. This affected the overall result.

The increase in the extent to which client agencies agree that their contract arrangements achieved value-for-money is due to Government Procurement focusing on educating agencies on:

- obtaining value-for-money outcomes through procurement; and
- focusing on aggregation and rationalisation of contracts to achieve strategic business objectives.

There were 667 surveys sent out and 584 responses received, giving a response rate of 88 per cent with a 95 per cent confidence level.

## Shared Services business

### Outcome 6: Provision of effective shared corporate services

A key rationale underpinning the Shared Services model was the provision of an integrated framework for the entire Government to exploit economies of scale through shared technology, information and processing. In the medium and long term, this framework would provide:

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


These performance indicators are therefore a measure of our progress in establishing this Shared Services Centre and the Centre's achievement of desired service delivery standards.

With the migration of a number of client corporate service functions to the Shared Services Centre, timely and accurate delivery of these services is considered essential in the effective operation of these client agencies. It is also essential to respond to customer queries in a timely manner.

Where the Centre meets or exceeds our desired service standards, client agencies will be better able to focus on their core business. This will in turn, enable the Government to meet its medium and long-term objectives for Shared Services reform.

Key indicators of effectiveness	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Progress with the reform of the Western Australian public sector for shared services by achievement of the following milestones:					
- Number of agencies rolling in by financial quarter <sup>(1)</sup>	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 – 2 Qtr 2 – 3 Qtr 3 – 3 Qtr 4 – 2	Qtr 1 – 2 Qtr 2 – 3 Qtr 3 – 6 Qtr 4 – 2	Qtr 1 – 3 Qtr 2 – 6 Qtr 3 – 2 Qtr 4 – 1
- Percentage of agencies rolled in compared to the total number to be rolled in	14%	26%	33%	43%	45%
Percentage of services provided within established timeframes	94%	83%	99%	90%	86%
Accuracy of services provided	100%	100%	100%	100%	100%
Average resolution rate of enquiries (within 6 working days)	76%	79%	89%	80%	85%

<sup>(1)</sup> Includes agencies that have re-joined for payroll services after initially only rolling in for finance services.



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As at 30 June 2010, a total of 40 agencies had rolled into Shared Services. The roll-in of agencies is slightly ahead of target, with 45 per cent of agencies scheduled to be rolled in receiving shared services.

Re-planning of the agency roll-in schedule was required from time to time over 2009-10 to accommodate such issues as:

- creation of new agencies through Machinery of Government initiatives;
- agency-specific issues that are event-driven and require a change to a 'go live' date; and
- agency issues that arise as a result of detailed requirements gathering that may require an extension to the whole-of-government e-Business footprint.

These types of factors, that are out of the control of Shared Services, result in changes to the number of agencies that roll in across different financial years. The overall Shared Services Program, due for completion in 2012, continues to be on schedule.

While the percentage of services provided within established timelines is slightly below the 2009-10 target, the higher levels achieved in 2008-09 were due to the lower number of agencies being provided services by a similar number of staff.

The average resolution rate of enquiries target for 2009-10 was exceeded by ten per cent and is similar to the 2008-09 actual result. This is mainly due to the growth in experience and knowledge of our customer service staff which enables queries from client agencies to be resolved in a more timely manner.

## Building Management and Works and Strategic Projects businesses

### Outcome 7: Value-for-money from the management of the Government's non-residential buildings and public works

A key factor in the transfer of the works function into the Department was the objective of improving value-for-money from the management of the Government's non-residential buildings and public works.

The Department is now working closely with key government agencies to improve our services. Annual stakeholder surveys have been introduced, conducted by an independent research company to measure agency satisfaction with the works reforms and key services.

Survey results for the first year of the reform program give an indication of the challenges we face in achieving the goals of the program, which includes the elimination of capital works project cost and time overruns.

Key indicators of effectiveness <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Extent to which client agencies agree that the planning and delivery of their new buildings has achieved value-for-money	N/A	N/A	N/A	85%	39%
Extent to which client agencies agree that the planning and delivery of their building maintenance has achieved value-for-money	N/A	N/A	N/A	85%	32%
Extent to which client agencies agree that their office accommodation has achieved value-for-money	N/A	N/A	N/A	85%	49%

<sup>(1)</sup> New indicators implemented following the revised Outcome-Based Management Structure effective from 1 July 2009.

The results reflect the opinions of 90 respondents from a total of 99 surveyed, comprising 35 Directors General and 55 Asset Leaders. This represented a 91 per cent response rate. The survey achieved the required sampling accuracy at the 95 per cent confidence level.

The survey scores indicate the level of satisfaction in December 2009, after six months of the four-year works reform program. They therefore represent a baseline for improvement.

There was a high level of neutral scores, which indicates that a large number of the stakeholders were uncertain about value-for-money outcomes from the 2009 processes.

Importantly, a significant proportion of respondents were supportive of the need for the reform of works. There was widespread appreciation of our longer-term strategic focus and an acknowledgement that there is still a long way to go. Areas of concern included managing timeframes, costs, lack of funding and long-term planning, handling skill shortages, the need for a more collaborative approach and a lack of flexibility and customer focus.

## 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 area have been designed to measure the unit cost and other performance-related measures of the services.

### Treasury business

#### Service 1: Financial management and reporting

This service involves us providing advice on the Government's fiscal strategy, advice on the legislative framework underpinning financial management and accountability in the Western Australian public sector, the preparation and publication of regular reports on the State's finances, and management of the Public Ledger.

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 Actual	2009-10 Target	2009-10 Actual
Cost of financial management reporting per million dollars general government sector expenses	\$453	\$427	\$421 <sup>(1)</sup>	\$358	\$311
Percentage of financial reports released as per agreed timeframes	67%	64%	53%	100%	43%

<sup>(1)</sup> The 2008-09 actual has been recalculated to be consistent with current methodology.

The cost of financial management reporting per million dollars of general government sector expenses has remained stable from 2006-07 to 2008-09. However, the 2008-09 actual is higher than the 2009-10 target and the 2009-10 actual is lower than the 2009-10 target. This is due to lower direct expenditure, mainly attributable to vacancies. Additionally, general government expenditure is higher for 2009-10 target compared to 2008-09 actual and higher for 2009-10 actual compared to 2009-10 target.

For 2009-10, 43 per cent of financial reports were released on-time, compared with the 2009-10 target for all reports to be released on time. Below-target outcomes also occurred in prior years, with all delayed reporting in 2009-10 (and previous years) associated with finalising the eight Monthly Reports on General Government Finances that are released through the year.

Our monthly reports are prepared against a 42-day production timetable (i.e. a target release of six weeks after the end of the reported month), although no statutory deadline applies to these reports. For 2009-10, the average delay on release of our monthly reports was eight days. This reflected the additional analytical work required to monitor extraordinary costs in the 2009-10 monthly reports (in turn reflecting unusual financial events over this year, such as the impact of substantial Commonwealth stimulus funding passing through the State).

As in all previous years, all statutory deadlines applying to our publications required under the *Government Financial Responsibility Act 2000* were met.

## Service 2: State Fleet Service

This service involves the financing and leasing of 11,345 passenger and light commercial vehicles to State Government agencies and the management of government vehicle fleet policy.

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 Actual	2009-10 Target	2009-10 Actual
Average cost per vehicle of financing and managing the State Fleet Service	\$156	\$145	\$139 <sup>(1)</sup>	\$126	\$85

<sup>(1)</sup> The 2008-09 actual has been recalculated to be consistent with current methodology.

From 2006-07 to 2008-09, State Fleet's cost base remained relatively constant. A growth in vehicle numbers over the past three years has resulted in a reduction in the 'average cost per vehicle'. The 2009-10 actual on-average cost per vehicle is lower than target due to savings achieved from in-sourcing services that were previously provided externally. Some of these savings will however be offset when State Fleet reaches full staffing levels in the near future.

## Service 3: Economic and revenue forecasts and policy development

This service involves the analysis and advice on economic and revenue policy issues, including in relation to the State's major revenue sources, utilities regulation and reform, and economic, social and environmental developments generally.

This service contributes to the desired outcome of a strong and competitive State economy.

Key indicators of efficiency <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Percentage of ministerials, briefings or reports provided on economic issues within agreed timelines	97%	91%	85%	90%	93%
Percentage of regulatory impact statements assessed within agreed timeframes	N/A	N/A	N/A	90%	100%

<sup>(1)</sup> Indicators have been recast to be consistent with the revised Outcome-Based Management Structure with effect from 1 July 2009.

Providing timely advice to Government is a key aspect of our performance. In 2009-10, the percentage of briefing requests and other ministerials responded to within agreed timeframes was above target and consistent with previous years, with the exception of 2008-09 which was slightly below target.

All Regulatory Impact Statements were assessed within the agreed timeframe for 2009-10.



## Service 6: Evaluation and planning of government service delivery and infrastructure provision

This service involves investigating agencies' operations with regard to efficiency and effectiveness and advising government on the allocation of taxpayers' resources to achieve desired outcomes. It includes the analysis, evaluation and planning of government service delivery and infrastructure provision to ensure value-for-money outcomes.

This service contributes to the desired outcome of value-for-money outcomes in service delivery and infrastructure provision.

Key indicators of efficiency <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Cost of expenditure budget management per million dollars general government sector expenses	\$581	\$591	\$577 <sup>(2)</sup>	\$509	\$532
Percentage of ministerials, briefings or reports provided on service delivery and infrastructure within agreed timeframes	95%	97%	98%	90%	95%
Cost of infrastructure management per million dollars of forward estimates capital program	N/A	N/A	\$178 <sup>(2)</sup>	\$212	\$236

<sup>(1)</sup> Indicators have been recast to be consistent with the revised Outcome-Based Management Structure with effect from 1 July 2009.

<sup>(2)</sup> The 2008-09 actual has been recalculated to be consistent with current methodology.

The cost of expenditure budget management per million dollars of general government sector expenses has remained stable from 2006-07 to 2008-09. The 2009-10 target is lower than 2008-09 actual, with the 2009-10 actual back to a level broadly consistent with previous actuals. These variations can be attributed to movements in the targets and actual expenditure of the general government sector

Providing timely advice to Government is a key aspect of our performance. In 2009-10, the percentage of briefing requests and other ministerials responded to within agreed timeframes was above target and consistent with previous years.

In 2009-10, the cost of Infrastructure management per million dollars of forward estimates capital program is higher than Budget projections. This can be mainly attributed to expanded infrastructure management activity, including additional resourcing for the review of the Strategic Asset Management Framework.

## State Revenue business

### Service 4: Revenue assessment and collection

This service involves the assessment and collection of a range of statutory-based revenues, including:

- those for which the Commissioner of State Revenue has direct responsibility (duties, land tax and pay-roll tax); and
- those that are collected on behalf of other agencies (such as Perth parking licence fees) 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 are paid.

Key indicators of efficiency	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Average cost per land tax item assessed	\$8.79	\$11.10	\$10.79	\$11.99	\$9.83
Average cost per insurance duty client	N/A	\$1,846.89	\$1,196.84	\$1,203.14	\$642.02
Average cost per pay-roll tax client	N/A	\$634.22	\$579.84	\$644.58	\$600.98
Average cost per duties instrument assessed manually	N/A	\$46.25	\$101.88	\$81.85	\$67.27
Average cost per duties instrument assessed electronically	N/A	\$3.74	\$26.17	\$77.48	\$44.73

The average cost per land item assessed in 2009-10 was below budget expectations and reflected a reduction of around nine per cent when compared with 2008-09. This was due to lower than expected costs, including valuation charges, and a reduction in corporate cost allocations due to a change in methodology associated with FTE calculations.

The average cost per insurance duty client was significantly lower than the 2009-10 budget target and the 2008-09 result. This was due partially to an increase in the client base, but was largely driven by lower costs resulting from a reduction in resources allocated to insurance duty audits.

The average cost per pay-roll tax client did not increase to the extent expected in 2009-10. While costs did increase - in part due to the expenditure associated with developing a pay-roll tax interface for the Commonwealth's Standard Business Reporting initiative - this was mitigated by an increase of 12.8 per cent in the number of pay-roll tax clients. This increase in registrations was, in part, due to employers registering to ensure that they could access the pay-roll tax rebate available for employers with 2009-10 Australia-wide wages of \$3.2 million or less.

The average cost per duties instrument assessed manually in 2009-10 was lower than budgeted due to the number of instruments assessed being 12.6 per cent higher than anticipated, together with a reduction in costs due partially to a reduction in corporate cost allocations due to a change in methodology associated with FTE calculations.

The average cost per duties instrument assessed electronically decreased in 2009-10 relative to budget due to the number of instruments electronically assessed being 35.3 per cent higher than anticipated. However, the average cost still increased relative to 2008-09 due to the significant number of instruments no longer assessed resulting from the abolition of duty on mortgages and deeds. It is anticipated that this average cost will decrease over time as more manual assessing is moved into the self-assessment service channel.

## Service 5: 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 government rates and the emergency services levy, for pensioners and seniors.

This service contributes to the desired outcome that due and payable revenue is collected and eligible grants, subsidies and rebates are paid.

Key indicators of efficiency	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Average cost per application/claim processed	\$5.56	\$6.85	\$10.86	\$9.45	\$8.31

The average cost of grants and subsidies applications/claims processed in 2009-10 decreased relative to the budget target due to an increase in the number of pensioner and senior concession applications and an increase in FHOG applications. The increase in FHOG applications was partially due to the Commonwealth's First Home Owners Boost scheme which operated between October 2008 and December 2009 and brought forward grant demand due to the higher assistance amounts on offer.

## Government Procurement business

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

This service entails Government agencies effectively managing procurement risks, and establishing contracts that deliver value-for-money and efficiently meet their operational needs.

Key indicators of efficiency <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value	2.7%	1.9%	1.6%	1.5%	2.0%

<sup>(1)</sup> Indicators have been recast to be consistent with the revised Outcome-Based Management Structure with effect from 1 July 2009.

Whilst the 2009-10 actual was close to the target, there was a drop in direct costs due to FTE vacancies, this was offset by a reduction in the number and value of contracts awarded for the period.

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

DTF provides 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 <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Cost of developing and managing whole-of-government common use contract arrangements as a percentage of the total annual value of purchases through the arrangements	1.3%	1.3%	1.4%	1.0%	1.2%

<sup>(1)</sup> Indicators have been recast to be consistent with the revised Outcome-Based Management Structure with effect from 1 July 2009.

The variance between the 2009-10 target and actual can be attributed to the reduction in spending patterns and/or policy changes within a number of Common Use Arrangements including Government fleet acquisitions, advertising (campaign and non-campaign), temporary personnel services, human resources services (recruitment) and interstate air travel.

The downward trend associated with the cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value is an indication that our CUAs are delivering value-for-money outcomes.

## Shared Services business

### Service 9: Project management, coordination and implementation of the whole-of-government shared corporate services reform

The DTF Shared Services Project division is responsible for building the business system which will support the provision of shared corporate services to general government agencies and the rolling in of agencies. The initial release of the integrated finance and HR/payroll system has been completed and work is continuing on building finance functionality and payroll awards to enable further agencies to roll in to Shared Services.

Key indicators of efficiency <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 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	\$43.127 <sup>(1)</sup>	\$41.581	\$42.189

<sup>(1)</sup> The 2008-09 actual cost has been revised to reflect only the capital cost of providing the build and implementation of the Oracle system.

The earlier engagement of agencies in 2009-10 to ready them for roll in to Shared Services has contributed to the actual expenditure being over the 2009-10 capital works budget cashflow allocation by 1.5 per cent. The overall \$209 million capital works Shared Services Establishment Project, which is due for completion in 2011-12, continues to be on schedule and on budget.

## Service 10: Provision of financial and human resources services

The DTF Shared Services Centre is responsible for providing shared services to general government agencies across the sector in finance, procurement, human resource, payroll and on-line systems.

Key indicators of efficiency <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Cost of processing financial services per transaction <sup>(1) (2) (3)</sup>	N/A	N/A	N/A	\$64.14	\$57.17
Cost of providing human resource/payroll services per agency headcount <sup>(1) (2) (3)</sup>	N/A	N/A	N/A	\$5,332	\$5,901

<sup>(1)</sup> New indicators implemented following the revised Outcome-Based Management Structure effective from 1 July 2009.

<sup>(2)</sup> Indicators exclude the cost of Online Services (\$3.4 million) which is for the provision of internet and video conferencing services which are undertaken on a cost recovery basis.

<sup>(3)</sup> Cost per transaction and per head includes an allocation of non-cash items such as depreciation (\$16.6 million).

For the cost of processing financial services per transaction, the estimated number of transactions used to establish the 2009-10 target was understated as the volume of transactions for a number of agencies was unclear when the target was established. The cost per transaction is anticipated to decrease as further agencies roll in.

For the cost of providing human resource/payroll services per agency headcount, the 2009-10 actual is greater than the target by around 11 per cent due to a larger than anticipated allocation of corporate costs, which have been impacted by changes in FTE methodology, and a slight reduction in agency headcount which resulted in an increase in the cost per headcount. The cost per headcount is anticipated to decrease as more agencies roll in.



## Building Management and Works and Strategic Projects businesses

### Service 11: Leads the planning and delivery of new Government buildings

This encompasses strategic leadership and facilitation in the planning, project management and procurement of new non-residential buildings.

Key indicators of efficiency <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Cost as a percentage of the total annual value of the planning and delivery of capital works projects	N/A	N/A	N/A	5.0%	4.4%

<sup>(1)</sup> New indicators implemented following the revised Outcome-Based Management Structure effective 1 July 2009.

This Service was created as a result of the transfer of Government's non-residential building works function to the Department of Treasury and Finance in February 2009.

As this is a newly-created Service there are no comparative figures available for previous financial years.

The better-than-target improvement is the result of a significantly higher turnover and the resulting economies of scale due to the Commonwealth's economic stimulus package (BER program) that was announced in February 2009.

The result excluding the BER program would have been around 4.6 per cent, with the BER program itself at 3.9 per cent.

## Service 12: Leads the planning and delivery of Government building maintenance

The Building Management and Works business of DTF also provides strategic leadership and facilitation in the planning, project management and procurement of maintenance for non-residential buildings.

Key indicators of efficiency <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Cost as a percentage of the annual value of maintenance services delivered	N/A	N/A	N/A	10.7%	8.8%

<sup>(1)</sup> New indicators implemented following the revised Outcome-Based Management Structure effective 1 July 2009.

This service was created as a result of the transfer of Government's non-residential building works function to the Department of Treasury and Finance in February 2009.

As this is a newly-created service there are no comparative figures available for previous financial years.

The 2009-10 actuals show significant improvement over the 2009-10 target is due to the additional funding applied as a result of the Commonwealth's economic stimulus package (BER program) and the resulting economies of scale. Service 12 turnover increased from \$242.9 million to \$345.2 million due to the BER program.

The result excluding the BER program would have been around 10.8 per cent, with the BER program itself at 3.9 per cent.

## Service 13: Leads the planning and delivery of Government office accommodation

Strategic leadership and facilitation in the planning, project management and procurement of government office accommodation is provided by the Building Management and Works business of DTF.

Key indicators of efficiency <sup>(1)</sup>	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Target	2009-10 Actual
Cost as a percentage of the value of gross rentals of buildings and office accommodation managed	N/A	N/A	N/A	8.2%	6.7%

<sup>(1)</sup> New indicators implemented following the revised Outcome-Based Management Structure effective 1 July 2009.

This service was created as a result of the transfer of government's non-residential building works function to the Department of Treasury and Finance in February 2009.

As this is a newly-created Service there are no comparative figures available for previous financial years.

The variance between the 2009-10 target and 2009-10 actual is due to an adjustment of expenditure to recognise capital improvements to government owned buildings. The result of this adjustment is a \$3.8 million reduction in operating expenses.

The result excluding the adjustment would have been 8.3 per cent.

# OTHER FINANCIAL DISCLOSURES

## 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 revenue is received from sources other than the Consolidated Account. DTF provides a diverse range of services, mainly to public sector agencies, for which fees and charges are applied. The pricing policies reflect the type of service being provided and include the following services:

### Construction of new government buildings and maintenance and improvements

DTF's Building Management and Works business leads the planning and delivery of the Government's new non-residential buildings and building maintenance and improvement programs. DTF recovers the direct cost of the work performed on a 'fee for service' basis and also recovers from agencies the cost of planning and managing this work.

During 2009-10 the 'fee for service' funding model for new buildings and building maintenance for major agencies using Building Management and Works services was replaced with a 'direct appropriation' funding allocation model. This new funding model was a key part of the Works Reform Program.

Appropriation funding for 2010-11 and forward estimates previously received by agencies for program, project and contract management services was transferred to Building Management and Works as part of the 2010-11 budget process. The 2009-10 financial year was also partially impacted by the new direct appropriation funding model.

Key agencies currently using Building Management and Works' new buildings and building maintenance services that were impacted by the transfer of their fee funding to Building Management and Works as a direct appropriation are:

- Department of Education;
- Department of Corrective Services;
- Western Australia Police;
- Department of Health;
- Department for Communities;
- Department for Child Protection; and
- Department of the Attorney General.

Other agencies that receive new building and maintenance works from Building Management and Works, including those that do not primarily rely on Consolidated Account funding, will continue to be billed by Building Management and Works on a 'fee for service' basis.

### 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

Fremantle Prison offers a range of tourist activities to the public. Prices are reviewed annually, with price increases maintained close to the Consumer Price Index.

### State Fleet

DTF charges agencies fixed monthly vehicle rentals, set at the commencement of leases, based on a forecast residual value expected to be realised when the vehicle is sold at the end of the lease. The residual risk on vehicles is borne by State Fleet under commercially-based operating lease arrangements 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 Services business case (e.g, number of transactions processed). These charges have been indexed annually. It is proposed that a pricing and charging model based on a full cost recovery approach be implemented once all agencies have rolled in.

## Employment and industrial relations

The Department of Treasury and Finance employed an average 1638 full-time equivalent (FTE) staff during 2009-10, compared with 1537 FTE staff reported last year.

This increase in FTE numbers is due to a number of projects instigated during 2009-10, agency restructures as well as additional staff who joined DTF as part of the roll-in of agencies into Shared Services.

Business	Average FTE
Treasury	238
State Revenue	229
Shared Services	416
Corporate Services	141
Building Management and Works and Strategic Projects	350
Government Procurement	247
Under Treasurers Office, Audit and PMO	10
<b>Total</b>	<b>1,631</b>

## Capital Works

In 2009-10, \$188 million was spent on capital investments. The key capital projects are detailed in the table below.

Project	Expected completion date	Actual expenditure 2008-09	Actual expenditure 2009-10	Estimated Cost to Complete	Estimated total cost
		\$'000	\$'000	\$'000	\$'000
Shared Services Establishment	2013	127,301	42,190	39,763	209,254
Revenue Collection Information System	2013	1,563	2,828	16,286	20,677
Strategic Information Management System	2013	1,278	1,752	2,561	5,591
Centre for Excellence and Innovation in Infrastructure Delivery	2013	352	117	3,531	4,000
State Fleet annual vehicle acquisition program	2010	-	133,869	-	-

## Shared Services implementation

The HR/payroll component of the Shared Services Oracle Business System went live in 2007-08, and further payroll functionality and award builds have subsequently been implemented. This increased functionality has facilitated an accelerated roll-in process, with 41 agencies currently receiving services and 20 of these agencies receiving the full suite of services from the Integrated Oracle System (finance, procurement and human resources/payroll). \$42 million was spent on enhancing payroll functionality and facilitating the award builds in 2009-10. The project has also been expanded to facilitate the build of the Oracle Property Manager and Enterprise Asset Management modules, to facilitate the rolling in of the Building Management and Works business as well as use by other State Government agencies managing significant property and asset holdings.

## Revenue Collection Information System

State Revenue is reliant upon the Revenue Collection Information System (RCIS) as its primary tool 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 to redevelop the RCIS into a contemporary web-based technology for the user-presentation layer and also address longevity issues commenced in 2008. The system will continue to be underpinned by an Oracle relational database system.

Development work incorporated a range of system changes, including measures implemented as part of the 2009-10 budget process. While the total project cost has remained the same, these system changes and measures have resulted in the project schedule being extended by 12 months and the project is now due for completion in 2013.

## Strategic Information Management System

The Strategic Information Management System (SIMS) project will replace the existing Treasury Information Management System (TIMS), which currently provides the Department with the critical business tools to support whole-of-government economic management, budget management and financial reporting business requirements. This project is progressing as planned and is on schedule for completion in 2011.

## Centre for Excellence and Innovation in Infrastructure Delivery

The Centre for Excellence and Innovation in Infrastructure Delivery (CEIID) is progressively implementing a common software solution for agencies to manage projects and contracts associated with infrastructure delivery. The software product will enable a more consistent and risk-managed approach to be applied to project and contract management. The product is now operational at the Public Transport Authority and is about to be implemented in the Building Management and Works business.

A Capital Works reporting system has also been developed to provide status reporting on major, high-risk infrastructure projects. This system will be extended to cover all infrastructure projects, both in planning and under construction, that are valued above a nominated threshold.

## State Fleet annual vehicle acquisition program

State Fleet finances the passenger and light commercial vehicles for government agency use. Vehicles are purchased through a financing arrangement with the Western Australian Treasury Corporation. The actual number of vehicles acquired is based on agency needs. During 2009-10 State Fleet spent \$133.9 million on vehicle acquisitions, less than its budget of \$184.2 million. This reduction in expenditure reflects the government's vehicle reduction initiative, introduced in 2009-10, which has resulted in 427 Government vehicles not being replaced.



## Other legal requirements

### Compliance with Public Sector standards and ethical codes

#### Compliance with *Public Sector Management Act 1994 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 Australian 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 one is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:
 

• number lodged	12
• number of breaches found, including details of multiple breaches per application	1
• number still under review	1



**Timothy Marney**  
Under Treasurer  
13 September 2010

## Advertising

In accordance with section 175ZE of the *Electoral Act 1907* the following table details expenditure incurred by, or on behalf of, the Department of Treasury and Finance in the 2009-10 period.

	\$
<b>Advertising</b>	<b>679,898</b>
Adcorp	372,677
Beilby Corporation Pty Ltd	1,440
Bomas Graphics	1,697
Datadata	1,909
Experience Perth	1,000
Marketforce Express	4,729
Media Decisions	283,030
Perth Advertising Services	2,450
Sensis Pty Ltd	9,486
Spotlight Cinema Advertising	1,480
<b>Market Research Organisations</b>	<b>43,240</b>
Advantage Communications & Marketing	43,240
<b>Media Advertising Organisations</b>	<b>1,415</b>
Marketforce	1,415
Graduate Careers Australia	-

## Disability Access and Inclusion Plan outcomes

The Department is committed to ensuring that people with disabilities, their families and their carers have full access to the range of services and facilities we provide. 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 the Department;
- people with disabilities have the same opportunities as other people to access the buildings and other facilities of the Department;
- people with disabilities receive information from the Department in a format that will enable them to access the information, as readily as other people;
- people with disabilities receive the same level and quality of service from the Department's staff;
- people with disabilities have the same opportunities as other people to make complaints to the Department; and
- people with disabilities have the same opportunities as other people to participate in any public consultation by the Department.

To assist people with disabilities to access DTF buildings, facilities and information, policies are regularly reviewed and updated to ensure guidelines are met.

Progress on the Disability Access and Inclusion Plan (DAIP) implementation was reported to the Disability Services Commission on 18 May 2010. The DAIP can be accessed through the DTF website and all timelines contained in the Implementation Plan have been met.

## Recordkeeping plans

### Compliance with the *State Records Act 2000*

The Department is committed to establishing and maintaining recordkeeping practices that meet its business needs, the State Records Commission's minimum requirements and stakeholder expectations.

State Records Commission's minimum compliance requirement	Department of Treasury and Finance action
<b>Requirement 1</b> The efficiency and effectiveness of the organisation's recordkeeping systems is evaluated not less than once every five years.	The Department completed an evaluation of its recordkeeping systems in 2009. The growth and fluid nature of the Department and its information assets has been a driver for systems development.
<b>Requirement 2</b> The organisation conducts a recordkeeping training program.	Records management and employee awareness programs were revised in 2010. An on-line learning program was evaluated and will be implemented in late 2010. This flexible learning approach has been identified as a key solution to educate the Department's regional employees and staff who have flexible work arrangements.
<b>Requirement 3</b> The efficiency and effectiveness of the recordkeeping training program is reviewed periodically.	Feedback from employees who have completed the training and awareness program is used to periodically review and improve the program.
<b>Requirement 4</b> The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's recordkeeping plan.	Records awareness training, including an employee's role and responsibility in regard to recordkeeping, is integrated with the Department's induction program. Feedback is collected from the participants and the content informs the development of future training solutions. The program is mandatory for all new employees and this saw our 120 employees completing the program.

## Government policy requirements

### Occupational Safety, Health and Injury Management

The Department of Treasury and Finance is committed to the health and wellbeing of all our employees, and to providing a safe working environment for all staff.

We ensure compliance with Western Australia Occupational Safety and Health Act and Regulations, other legislation and current industry standards by:

- providing and maintaining safe workplaces, equipment and systems of work;
- providing information, instruction, training and supervision to ensure safe systems of work;
- ensuring that nominated safety personnel are adequately trained and supported;
- consulting and cooperating with safety and health representatives, employees and others;
- providing and maintaining personal protective equipment as required; and
- continuously reviewing and improving its safety performance.

We have adopted a consultative approach in all matters involving our people. A Joint Consultative Committee has been formed to discuss all relevant issues, and this committee is regularly updated on occupational safety and health issues.

A project team also has been established with the aim of implementing enhancements to occupational safety and health across DTF.

Some of the initiatives commenced in 2009-10 include:

- establishment of working groups to drive initiatives of the Occupational Safety and Health Committee;
- a revamp of occupational safety and health governance with occupational safety and health as a standing agenda item at the Risk Management Committee as well as quarterly reports to DTF's Corporate Executive group;
- the integration of occupational safety and health into DTF's risk assessment methodologies;
- the integration of 'bottom up' initiatives (via working groups) with 'top down' articulation of management commitment, incorporating occupational safety and health into strategic planning as well as business plans;
- improvements to the dedicated occupational safety and health section on DTF's intranet site;
- web-based training programs to all staff as well as targeted training programs for management; and
- a program of monthly workplace inspections for all areas in all locations.

We will invest considerable time and resources in progressing occupational safety and health in 2010-11.

## Occupational Safety, Health and Injury Management performance

Indicator	Actual 2009–10
Number of fatalities	0
Lost time injury/disease (LTI/D) incidence rate	6
Lost time injury severity rate	33.33%
Percentage of injured workers returned to work within 28 weeks	100%
Percentage of managers trained in occupational safety, health and injury management responsibilities	44.14%

## Substantive Equality

The Department of Treasury and Finance is committed to achieving substantive equality by eliminating systemic racial discrimination in the provision of our services and promoting sensitivity to the differing needs of our client groups.

In this financial year a needs impact assessment was undertaken of the administration of the First Home Owner Grant in the Office of State Revenue. The application form and proof of identity form were both reviewed to identify any barriers to participation or areas for service improvement for Indigenous Australians.

We will work with the Equal Opportunity Commission's Substantive Equality Unit to implement any outcomes required by this assessment.

## DTF Wellness Program

The Department of Treasury and Finance Wellness Program is a way of achieving optimal health and offering a broad range of activities for people who need to be encouraged to have happier, healthier and balanced lives.

Our Wellness Program offers a range of activities from simply offering information, to free influenza vaccinations, health and fitness education, discounts on gym membership and eyesight screening and testing.

# WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY

## ANNUAL REPORT 2009-10

### Overview

The Western Australian Building Management Authority (WABMA) was established under the *Public Works Act 1902* as a body corporate. The Authority is 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 requirements related to staffing and compliance with statutory reporting requirements, as well as the Public Sector Standards and Codes, were previously integrated into the Department of Housing and Works' annual report.

The responsibility for the Authority was transferred to the Department of Treasury and Finance on 2 February 2009, along with the Government's 'works' function.

## Financial statements

### Certification of financial statements

For the year ended 30 June 2010

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 2010 and the financial position as at 30 June 2010.

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.



**Johnathon Warrington**  
Chief Finance Officer  
13 September 2010



**Timothy Marney**  
Accountable Authority  
13 September 2010

## Statement of comprehensive income For the year ended 30 June 2010

	Note	2010	2009
		\$'000	\$'000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Finance costs	4	-	1,941
Supplies and services	5	-	674
<b>Total cost of services</b>		-	2,615
<b>Income</b>			
<b>Revenue</b>			
Interest revenue	6	-	2,309
<b>Total revenue</b>		-	2,309
<b>Total income other than income from State Government</b>		-	2,309
<b>NET COST OF SERVICES</b>		-	306
<b>INCOME FROM STATE GOVERNMENT</b>			
Service Appropriation	7	-	312
<b>Total income from State Government</b>		-	312
<b>SURPLUS FOR THE PERIOD</b>		-	6
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Total other comprehensive income</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		-	6
The Statement of comprehensive income should be read in conjunction with the accompanying notes.			



## Statement of financial position For the year ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	12	-	-
Receivables	8	-	-
Total Current Assets		-	-
<b>Non-Current Assets</b>			
Receivables	8	-	-
Total Non-Current Assets		-	-
<b>TOTAL ASSETS</b>		-	-
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	9	-	-
Borrowings	10	-	-
Total Current Liabilities		-	-
<b>Non-Current Liabilities</b>			
Borrowings	10	-	-
Total Non-Current Liabilities		-	-
Total Liabilities		-	-
<b>NET LIABILITIES</b>		-	-
<b>EQUITY</b>	11		
Contributed equity		83,311	83,311
Accumulated deficit		(83,311)	(83,311)
<b>TOTAL EQUITY</b>		-	-
The Statement of Financial Position should be read in conjunction with the accompanying notes.			

## Statement of changes in equity For the year ended 30 June 2010

	Note	Contributed equity	Accumulated surplus/(deficit)	Total equity
		\$'000	\$'000	\$'000
<b>Balance at 1 July 2008</b>	11	20,587	(83,317)	(62,730)
Total comprehensive income for the year		-	6	6
Transactions with owners in their capacity as owners:				
Contributions by owners		62,724	-	62,724
<b>Balance at 30 June 2009</b>		83,311	(83,311)	-
<b>Balance at 1 July 2009</b>		83,311	(83,311)	-
Total comprehensive income for the year		-	-	
Transactions with owners in their capacity as owners:				
Contributions by owners		-	-	-
<b>Balance at 30 June 2010</b>		83,311	(83,311)	-
The Statement of Changes in Equity should be read in conjunction with the accompanying notes.				

## Statement of cash flows For the year ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		-	312
Capital contributions		-	62,724
Non-retained revenue distributed to owner		-	(674)
<b>Net cash provided by State Government</b>		-	62,362
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Finance costs		-	(2,804)
Supplies and Services		-	(17)
<b>Receipts</b>			
Interest received		-	2,762
<b>Net cash used in operating activities</b>	12	-	(59)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		-	41,421
Repayment of borrowings		-	(104,145)
<b>Net cash used in financing activities</b>		-	(62,724)
Net (decrease) in cash and cash equivalents		-	(421)
Cash and cash equivalents at the beginning of period		-	421
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>			
	12	-	-
The Statement of Cash Flows should be read in conjunction with the accompanying notes.			

## Notes to the financial statements

For the year ended 30 June 2010

### 1. Australian equivalents to International Financial Reporting Standards

The Authority's financial statements for the year ended 30 June 2010 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 2010.

### 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 working.

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 WABMA completed construction of the Peel Health Campus in 1998–99. 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 (1984–87 financial years) and to provide funding for the construction of the Peel Health campus.

The 1984–87 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 1995–96 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 \$41.421m. The WATC also received the full balance of borrowings on 1 July 2008 of \$41.421m. 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 \$63.586m paid by 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 2009 that impacted on the Authority:

AASB 101

Presentation of Financial Statements (September 2007). This standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.

AASB 2007-10

Further Amendments to Australian Accounting Standards arising from AASB 101. This Standard changes the term 'general purpose financial statements',

where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.

#### AASB 2009-2

Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023, & AASB 1038. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

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:

#### AASB 2009-11

Operative for reporting periods beginning on/after 1 January 2013.

Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and interpretations 10 & 12.

The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The authority does not expect any financial impact when the standard is first applied. The disclosure of any financial assets in the notes will change.

2010	2009
\$'000	\$'000

#### 4 Finance costs

Interest on 1984-87 borrowings	-	2,762
Interest on Peel Health Campus borrowings	-	(821)
	-	1,941
See note 10 and note 2(k) 'Borrowings'		

#### 5 Supplies and services

Accrued Audit Fees	-	-
Treasury Consolidated Fund Repayment <sup>(a)</sup>	-	674
	-	674

(a) Payment made to Department of Treasury and Finance Consolidated Fund. See note 12 'Notes to the Cash Flow Statement'.

#### 6 Interest revenue

Interest on lease payments in respect of Peel Health Campus	-	2,309
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#### 7 Income from State Government

Appropriation received during the year:		
Service appropriation	-	312



	2010 \$'000	2009 \$'000
<b>8 Receivables</b>		
Leases		
Current	-	-
Non-current	-	-
	<hr/>	<hr/>
Total Lease Receivables	-	-
	<hr/>	<hr/>

(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'.

**9 Payables**

Accrued expenses	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

	2010 \$'000	2009 \$'000
<b>10 Borrowings</b>		
WABMA had two separate borrowings through the WA Treasury Corporation:		
1984-87 borrowings	-	285,074
Less: Repayments of borrowings	-	(285,074)
	<hr/>	<hr/>
	-	-
Peel Health Campus borrowings	-	55,923
Less: Repayments of borrowings	-	(55,923)
	<hr/>	<hr/>
	-	-
Total borrowings	-	-
	<hr/>	<hr/>
Current	-	-
Non-current	-	-
	<hr/>	<hr/>
Total borrowings	-	-
	<hr/>	<hr/>

## 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.

	2010 \$'000	2009 \$'000
<b>Contributed Equity</b>		
Balance at start of year	-	20,587
<b>Contributions by owners</b>		
Capital Contribution	-	62,724
Balance at end of year	-	83,311

(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.

### Accumulated deficit

Balance at start of year	-	(83,317)
Result for the period	-	6
Balance at end of year	-	(83,311)

## 12 Notes to the Statement of Cash Flows

### 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:

	2010 \$'000	2009 \$'000
Cash and cash equivalents	-	-

### Reconciliation of net cost of services to net cash flows used in operating activities

Net cost of services	-	(306)
Decrease / (Increase) in assets:		
Current receivables	-	453
(Decrease) in liabilities:		
Current Liabilities	-	(17)
Non-Current Liabilities	-	(863)
Treasury Consolidated Fund Repayment (a)	-	674
Net cash used in operating activities	-	(59)

(a) Payment made to Department of Treasury and Finance Consolidated Fund. See note 5 'Supplies and Services'

	2010 \$'000	2009 \$'000
<b>13 Finance lease commitments</b>		
Minimum lease payments receivable not later than one year	-	-
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	-	-
Discounting of lease receivable (i)	-	-
Gross investment in lease receivable as 30 June 2010	-	-
(i) Discounting is at implicit interest rate of lease		

#### 14 Contingent liabilities and contingent assets

The Authority does not have any contingent liabilities or assets.

	2010 \$'000	2009 \$'000
<b>15 Events occurring after the end of the reporting period</b>		

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

#### 16 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 \$7,400 (excl. GST) has been quoted and will be paid by Department of Treasury and Finance - Building Management and Works for the 2009-10 financial year.

#### 17 Remuneration of members of the accountable authority and senior officers

The remuneration for the Accountable Authority and Senior Officers of the Western Australian Building Management Authority has been disclosed within the Department of Treasury and Finance annual report.

No senior officers are members of the Pension Scheme.

## (i) Significant Terms and Conditions

	1984-87 borrowings	Peel borrowings
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

The weighted average effective interest rates are:

	2010 %	2009 %
1984-87 borrowings:	-	-
Peel Health Campus borrowings:	-	-

See note 18 'Financial Instruments', note 2(f) 'Leases' and note 2(k) 'Borrowings'

## (ii) Interest Rate Risk Exposure

WABMA's exposure to interest rate risk and repricing maturities on its borrowings as at 30 June 2010 are:

	2010 \$'000	2009 \$'000
Carrying amounts of financial liabilities exposed to interest rate risk		
1 year or less	-	-
1 to 5 years	-	-
Over 5 years	-	-
Total borrowings with interest rate risk	-	-

## 18 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:

##### **Financial Assets**

	2010 \$'000	2009 \$'000
Cash and cash equivalents	-	-
Loans and receivables	-	-
	<hr/>	<hr/>
	-	-

##### **Financial Liabilities**

Financial liabilities measured at amortised cost	-	-
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#### (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
2010	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

#### Financial Liabilities

Payables	-	-	-	-	-	-	-	-
WATC Borrowings	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

2009	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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#### Financial Liabilities

Payables	-	-	-	-	-	-	-	-
WATC Borrowings (a)	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

(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.

## 19 Explanatory Statement

The balance of WATC loans as at 30 June 2010 is nil. There was no activity during 2009-10.

## Certification of key performance indicators

**For the year ended 30 June 2010**

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 2010.



**Timothy Marney**  
Under Treasurer  
13 September 2010

## 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 is 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 the Department of Housing and Works (DHW), as DHW was made responsible for the procurement of the Government's building works from 2002-03. The responsibility for WABMA was transferred to the Department of Treasury and Finance on 2 February 2009, along with the Government's building works function.

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 2010 is nil. There was no activity during 2009-10.

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 Western Australian Treasury Corporation (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 \$63.6m paid by 16 July 2008.

### Efficiency and effectiveness indicator

This indicator provides information on how the 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 balances of both loans were repaid to the WATC in July 2008.

Since all loans were repaid in 2008-09, the effectiveness indicator for the percentage of loan repayment transactions processed in accordance with the WATC loan repayment schedule is not relevant for 2009-10.

Effectiveness Indicator	Actual for 2008-09	Target for 2009-10	Actual for 2009-10
Percentage of loan repayment transactions processed in accordance with the WATC loan repayment schedule.	100%	N/A	N/A