



2012-13

Department of Finance Annual Report

Statement of compliance for the year ended 30 June 2013.

Honourable Dr Mike Nahan MLA, Minister for Energy; Finance.

I hereby submit for your information and presentation to Parliament, the Annual Report for the Department of Finance for the financial year ended 30 June 2013.

The Annual Report has been prepared in accordance with the provisions of section 61 of the *Financial Management Act 2006*.



Anne Nolan
Director General
13 September 2013

About this report

Every effort has been made to improve readability and accessibility of this report in print and online.

The Department of Finance supports sustainability and encourages readers to view the report at www.finance.wa.gov.au. Only limited professional printed copies have been produced using Onyx recycled paper.

As part of the Department's focus on continuous improvement we encourage your feedback about this document. Contact details for the Department are on page 114.

Key Legislation

The Department of Finance complies with all relevant legislation that governs its functions.

The Department also has responsibility for the administration of 33 Acts and collected taxes, duties and fees, and paid subsidies, grants and rebates during 2012–13 in accordance with legislation.

These are listed at Appendix 1 on page 110.

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A message from the Director General



The Department of Finance, during its second year of operations, has begun to demonstrate its ability to provide quality advice and services to facilitate the achievement of government's objectives.

This year, the Department's six businesses have focused on consolidating the directions, goals and values as set out in the guiding document *Strategic Directions 2012–2015*. This work, I believe, has enhanced the reach of our expert advice and our quality of service provision across the public sector, such that we are making a real difference.

We have achieved some outstanding successes in providing quality services to our customers. The Public Utilities Office and State Revenue combined their skill and expertise to deliver the Energy Concession Extension Scheme to help concession card holders with their bills. Building Management and Works responded quickly, effectively and professionally to the needs of the Mt Lawley Primary School community after a fire destroyed much of the school in July 2012.

The Department has also continued to shape and lead the development of influential advice through the Public Utilities Office. The Office emerged from its first year of operations as a driver of informed debate on utilities policy, including playing a major role in the merger of Verve Energy and Synergy.

Our emphasis on building excellent relationships is paying dividends. Government Procurement invested heavily in its relationships with health-related client agencies to successfully support procurement for Fiona Stanley Hospital and the New Children's Hospital. In 2012–13, Building Management and Works was similarly successful in collaborating with agencies to deliver its biggest ever program valued at more than \$1 billion.

Illustrating our focus on ensuring the efficiency and effectiveness of our systems and processes, Shared Services balanced the need to maintain payroll and finance services to agencies while progressively decommissioning services. State Revenue also completed a revenue systems modernisation program on time and under budget. Internally, Corporate Services continues to improve our systems and processes, which underpin everything we do.

Our achievements would not have been possible without investing in our people and workplace. We support our people to perform at their best and we will continue to invest in our people so we can learn and further enhance the quality of our services and advice.

The State election brought a new minister to the portfolio with the Honourable Dr Mike Nahan MLA announced as the Minister for Energy, Finance, Citizenship and Multicultural Interests on 20 March 2013. The Department previously reported to the Honourable Simon O'Brien MLC Minister for Finance, Commerce, Small Business; and the Honourable Peter Collier MLC, Minister for Education, Energy, Indigenous Affairs. Dr Nahan's appointment has refocused our efforts to best serve and meet the needs of the people of Western Australia.

I thank the Corporate Executive team for their support throughout the year and the many talented people across the whole Department who have made the year such a success. We look forward to continuing to serve in 2013–14.

Anne Nolan
Director General

Annual highlights

Capital works worth \$2.6 billion

More than 300 non-residential capital works projects in various stages of delivery worth \$2.6 billion were managed by Building Management and Works. Of these 78 projects had a value greater than \$10 million.

Planning for Government offices

The office relocation of public servants managed by Building Management and Works avoided costs of approximately \$18 million in 2012–13 with up to \$25 million per year expected by 2015.

\$1 billion of agency specific contracts

Government Procurement facilitated approximately \$1 billion of agency specific contracts to increase value-for-money.

Supporting community services

Government Procurement won a Premier's Award for its work to enhance the relationship between government and the not-for-profit community sector through the Community Services in Partnership policy.

Shared Services decommissioning on track

More than 50 per cent of 59 client agencies resumed responsibility for finance and payroll while Shared Services maintained service levels for remaining client agencies.

Improved revenue services

The five-year Revenue Systems Modernisation Project was completed on time and under budget.

Growth in grants and subsidies

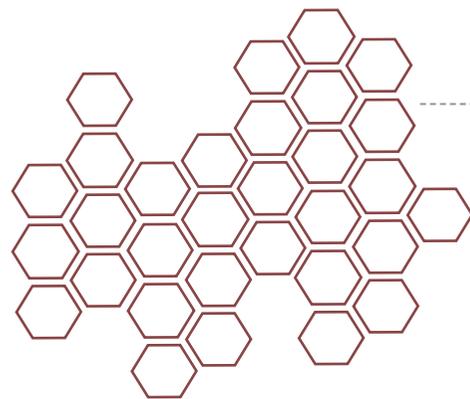
State Revenue collected more than \$7 billion in revenue and disbursed more than \$220 million in grants and subsidies.

New gas market information

New regulations for a Gas Bulletin Board and Gas Statement of Opportunities developed by the Public Utilities Office will benefit industry and customers.

Electricity market reforms

A study into drivers of costs in the electricity industry was completed to provide a foundation for policy and regulatory reform to reduce cost and price pressures.



Verve Energy and Synergy merger

The Public Utilities Office managed the appointment of a common board for Verve Energy and Synergy by 1 July 2013, the first step to the merger of Verve and Synergy.

Finance and payroll on schedule

Corporate Services is on track to transfer finance and payroll services from Shared Services by December 2013. A Corporate Services Improvement project is implementing a single more efficient corporate services model in the Department.

Overview of the Department

The Department of Finance provides quality advice and services to facilitate the achievement of government's objectives.

It achieves this through:

- leadership and strategic advice to government on initiatives to improve the operations and management of services in the public sector
- continuous improvement in the provision of efficient and effective corporate, procurement and non-residential building services to government agencies
- the fair and efficient administration of revenue laws and the payment of grants and subsidies to the community
- leading the provision of strategic advice and policy development on essential services to government.

Organisational strategy

Access to quality information and advice underpins the government's ability to make good decisions.

Strategic Directions 2012–2015 is the principal document that drives the Department's role and functions, major priorities and way of doing business. It sets out a clear pathway for the Department to provide better information and timely, reliable and innovative advice.

The goals of the Department of Finance are to:

- provide quality services for our customers
- shape and lead the development of influential advice
- build excellent relationships
- ensure efficiency and effectiveness in our systems and processes
- invest in our people and our workplace.

These goals set the benchmark for the Department's annual reporting framework in 2012–13 with a focus on how each business achieved project deliverables against their stated goals. The Department's strategic goals support the delivery of services that meet the outcomes of State Government goals reported on in the Performance Management Framework.

Integral to the success of the Department and the government is the ability to partner with others. As a central agency, the Department contributes to cross-sector initiatives and works closely with all agencies across government including the key service delivery agencies such as the Department of Health, the Department of Education and Western Australia Police by providing services that assist them to meet their objectives.

The Department recognises the pivotal role played by its staff. It provides them with the right tools, skills and confidence to ensure success in meeting its goals and objectives.

Underpinning the Department's strategic goals is a strong values culture that encourages collaboration, accountability, commitment and leadership. These values are recognised and rewarded internally through formal programs.

Organisational structure

The Department comprises six businesses that deliver functions and services to government and the community.

Building Management and Works

Leads the planning, delivery and management of a property portfolio that supports the delivery of government services to the community. This includes the delivery of new building works, maintenance programs for buildings and office accommodation.

Government Procurement

Leads a whole-of-government approach to public sector procurement that efficiently meets the needs of agencies and delivers value for money.

State Revenue

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

Public Utilities Office

Leads the provision of advice to government on the delivery of gas and electricity services to ensure Western Australian businesses and the community have access to affordable, secure, reliable and cleaner energy services.

Shared Services

Shared Services is leading the re-establishment of human and financial services in government agencies and is in the final stages of decommissioning.

Corporate Services

Provides corporate services to enable the Department to efficiently and effectively conduct its business.

Our values and focus

Listening and caring

We work collaboratively and openly and treat others with fairness and respect.

Commitment

We are dedicated to providing high quality work which delivers value and we constantly seek to improve the way we operate.

Leadership

We lead people and ideas so that we can make a positive difference. We value the strength that comes from diversity.

Accountability

We do what we say we will. We are reliable, trustworthy and inspire confidence.

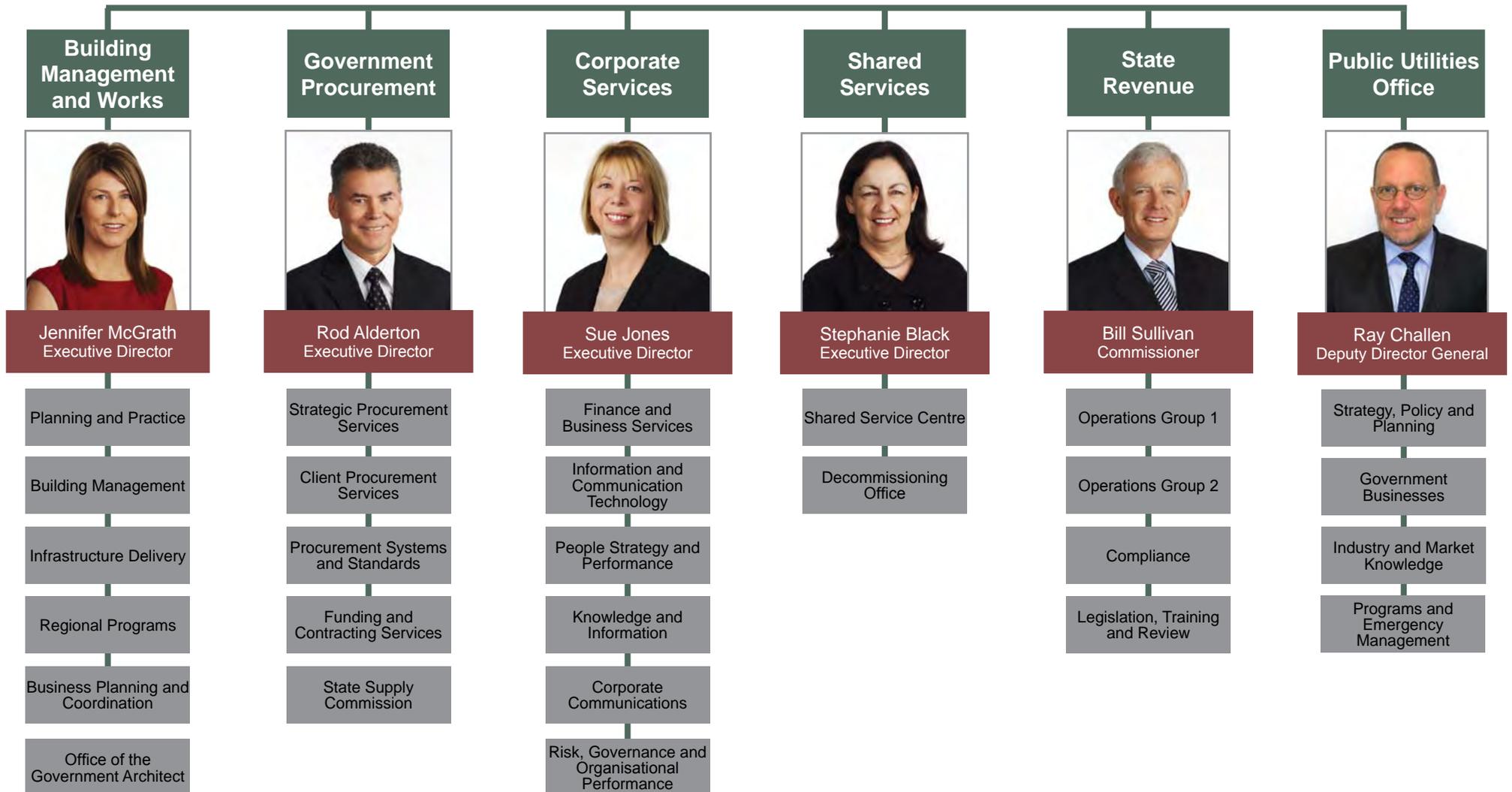
People matter

We build relationships and promote teamwork. We appreciate and support people, thereby empowering them.

Organisational Chart



Anne Nolan
Director General



Executive Team

Anne Nolan

Anne Nolan is Director General of the Department of Finance. She is an economist from the University of Western Australia and has a wealth of experience in leading and developing public sector agencies. Anne's expertise encompasses State development, tax policy, energy policy, intergovernmental relations and the role of government trading enterprises.

Ray Challen

Ray was appointed to the position of Deputy Director General, Public Utilities Office in July 2012. Before joining the Department, Ray had a long career in consulting in the energy and utilities sector, most recently with PricewaterhouseCoopers.

Bill Sullivan

Bill was appointed as the Western Australian Commissioner of State Revenue in February 2002. He previously held various policy and legislation related roles in the former Treasury and State Taxation Departments. Bill has formal qualifications in taxation, economics and financial markets.

Rod Alderton

Rod has been the Executive Director of Government Procurement since December 2008. He was a former Chief Executive Officer for the State Supply Commission and has been a board member of the Commission since June 2009. Rod has more than 20 years experience in a range of senior procurement roles.

Stephanie Black

Stephanie is the Executive Director of Shared Services, having joined the Department of Finance in July 2011 from the Department of State Development. Stephanie has a commercial background and has worked at senior levels in the financial sector for many years. She is also a Fellow of the Financial Services Institute of Australia and a Chartered Secretary of Australia.

Sue Jones

Sue has been Executive Director of Corporate Services since April 2008. Before joining the Department, Sue worked in the public health system where she spent 10 years managing the delivery of health services in regional areas. Sue previously held senior executive positions in the Health Department including Acting Chief Executive Officer and Director, Operations in Country Health.

Jennifer McGrath

Jennifer is the Acting Executive Director of Building Management and Works. Her background is commercial and corporate, having occupied senior management and leadership roles in the Western Australian public and university sectors for the last 15 years. Jennifer also has experience in the private manufacturing sector and is a Certified Practising Accountant.

Performance Management Framework

Through a broad range of functions and services, the Department directly contributes to these State Government strategic goals:

- financial and economic responsibility
- State building – major projects
- results-based service delivery
- social and environmental responsibility.

Government Goals	Desired Outcomes	Services
Financial and economic responsibility:		
Managing the State's finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector.	Sustainable and transparent public sector finances. Due and payable revenue is collected and eligible grants, subsidies and rebates paid.	State Fleet Service. Revenue assessment and collection and grants and subsidies administration.
Results-based service delivery:		
Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.	Value for money from public sector procurement.	Facilitate the development and management of agency specific contracts. Development and management of whole-of-government common use contract arrangements.
	Decommissioning of Shared Services.	Project management, decommissioning of the whole-of-government shared corporate services reform. Provision of financial and payroll services.
	Provision of corporate services.	Services to government.

Government Goals	Desired Outcomes	Services
State building – major projects:		
Building strategic infrastructure that will create jobs and underpin Western Australia's long-term economic development.	Value for money from the management of the government's non-residential buildings and public works.	Leads the planning and delivery of new government buildings, government building maintenance and government office accommodation.
Social and environmental responsibility:		
Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long-term benefit of the State.	A sustainable, efficient, secure and affordable energy sector.	Development and implementation of energy policy and programs.

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Agency Performance - Report on Operations

Financial Targets: Actual Results versus Budget Targets

	2012-13 Target \$000	2012-13 Estimated Actual \$000	2012-13 Actual \$000	Variation \$000
Total cost of services (expense limit)	1,719,376	1,675,527	1,569,515	149,861
Net cost of services	337,421	291,510	261,114	76,307
Total equity	1,064,322	1,018,095	1,058,514	5,808
Net (decrease) in cash held	(3,922)	(472)	(111,934)	(108,012)
Approved full-time equivalent (FTE) staff level – average over the full year	1,678	1,427	1,402	276

Total cost of services

The Department of Finance commenced 2012–13 with an initial expense limit of \$1,719.4 million. This limit was decreased by \$43.9 million to \$1,675.5 million during the year primarily due to:

- transfer of the global funding relating to the roll out of agencies associated with the decommissioning of Shared Services (\$26.2 million)
- decrease in State Fleet turnover (\$7.2 million)
- 2012–13 reduction in full time equivalent (FTE) ceiling (\$6.3 million)
- 2012–13 temporary procurement freeze (\$2.3 million)
- 1.5 per cent reduction in procurement expenditure (\$1.6 million).

The actual result of \$1,569.5 million was \$106 million below the approved estimated actual of \$1,675.5 million and mainly reflects lower than budgeted construction and maintenance work by Building Management and Works on behalf of client agencies. This lower than budgeted expense outcome was matched with lower than budgeted client agency revenue.

Net cost of services

The actual net cost of services for 2012–13 was \$261.1 million, approximately \$76.3 million lower than the original budget estimate, which largely reflects lower employee benefits and lower depreciation and amortisation expenses.

Cash held

The reduction in cash resources is related to a commensurate increase in receivables. On this basis, the Department's overall liquidity has remained at a static and strong level across the year.

FTEs

The decrease in FTEs is mainly due to the 2012–13 corrective measures and the decommissioning of Shared Services.

Organisational performance

The Department of Finance is a diverse agency made up of business activities, people and experience that provide the foundation to address complex issues, develop innovative services and provide influential advice to government.

The Department's businesses are continually evolving in line with strategic priorities, adapting to internal and external influences to improve service delivery.

The five strategic goals set the benchmark for annual reporting. They detail how each business achieved key deliverables against these goals, making them accountable for the services they provide to government and the community.

The strategic goals contribute to the overarching State Government goals from the Performance Management Framework.

Strategic goals

Provide quality services for our customers

The Department provides quality services to government and the community.

Quality services means:

- Our services are timely, reliable, relevant and responsible
- Our value-add improves outcomes for agencies and government
- People seek us out for advice and service and have confidence in us
- Customers can make more informed decisions and achieve better outcomes.

Shape and lead the development of influential advice

The Department of Finance takes a leadership role in the provision of strategic advice to the State Government.

Leading and shaping influential advice includes:

- Providing strategic advice and leadership to enhance public sector service delivery
- Leveraging our expertise and infrastructure to develop whole-of-government approaches to issues
- Identifying emerging issues and providing proactive strategic advice to agencies
- Working with agencies to develop new ways of doing things
- Working with industry and community to develop regulatory and policy frameworks that facilitate the achievement of strategic objectives.

The Department's businesses are continually evolving in line with strategic priorities, adapting to internal and external influences to improve service delivery.

Build excellent relationships

A deliverable for the Department is building and maintaining excellent relationships with stakeholders including taxpayers and grant applicants, industry and professional representative bodies and other government agencies at a State and Commonwealth level.

Building excellent relationship means:

- We work closely with our stakeholders to build shared understanding and to earn their trust
- We respond to feedback
- Collaboration and consultation are locked into our way of working
- We communicate using practical, accessible and current technologies
- We provide government with advice on which it can rely.

Ensure efficiency and effectiveness in our systems and processes

Efficient and effective systems and processes are essential to providing quality services.

Efficient and effective systems and processes means:

- Our processes are easy to use and understand and they achieve agreed objectives
- We build reliable, robust and adaptable systems
- Our systems and processes aid decision making
- Business performance continually improves through innovation
- Risk and governance practices adapt to current issues and trends.

Invest in our people and our workplace

The Department is committed to supporting its people to perform at their best and to recognise their successes. The Department works hard to provide a safe and healthy environment for staff. It encourages teamwork and helps people fulfil their career aspirations and build technical expertise in their specialty fields.

Investing in our people and our workplace means:

- Our people have the confidence to perform at their best
- We recognise success
- We encourage teamwork
- Our work environment is safe and healthy
- We develop our technical excellence
- Our people are able to fulfil their career aspirations.

Building Management and Works

A major focus for Building Management and Works during 2012–13 was strengthening relationships and collaborating with agencies.

Building Management and Works delivered its largest program in 2012–13 valued at approximately \$1.141 billion, including:

- A significant building program, particularly for the Departments of Education and Health, of approximately \$737 million
- Office accommodation of around \$223 million which included the completion of master planning phase one. The focus is now on the next phase and developing business cases to support the Master Planning Implementation 2012–2018
- Maintenance programs for existing buildings, particularly for the Departments of Education and Corrective Services valued at approximately \$181 million.

Key deliverables

Provide quality services for our customers

Building Management and Works completed nine new schools for the start of the 2013 academic year. A number of large programs of work were also managed for the Department of Education, including the provision of air cooling units to schools and the completion of ember protection for air cooling units in bushfire prone areas. Work began on transitioning Year 7 students to 29 high schools, with progressive tendering projects due for completion at start of the 2015 school year.

In the Perth metropolitan area, Building Management and Works completed the \$93 million Perth Police Centre and the \$102.6 million redevelopment of the Perth Rectangular Stadium, which is now operational.

The ongoing program of work for the Department of Health saw Building Management and Works undertake projects ranging in value from \$500,000 to \$100 million. Two major projects recently completed at the QEII Medical Centre are the \$58.3 million PathWest Laboratory Medicine facility and the \$54.4 million Cancer Centre Stage 2 development.

Several significant regional health projects are also under way including the last stage of the Kalgoorlie Health Campus and redevelopments at Esperance, Carnarvon and Exmouth Health Campuses. There was also a focus on delivering improved regional facilities during the year, with 102 capital projects worth \$355 million directly managed from the regions.

Under delegation from the Western Australian Planning Commission, the business assessed 145 development applications for primary schools with a 16-day average turnaround saving significant time on the standard 60-day development approval process.

Phase one of the Government Office Accommodation Master Plan was completed resulting in avoided costs of \$18 million per annum. The relocation saw approximately 5,000 public servants from 23 agencies in 18 locations move into nine buildings. The relocations provided more efficient, effective and sustainable workplaces and encouraged collaboration and stronger relationships within and across government.

During 2012–13, the value of State-wide maintenance and improvements managed by Building Management and Works totalled \$250 million. This included more than 145,000 breakdown repairs valued at \$92 million, and approximately 15,000 planned projects valued at \$158 million. In this program, \$166 million was directly managed by Building Management and Works and \$84 million managed by facilities management firms engaged by the Department.

Fremantle Prison recorded the highest visitation numbers in any financial year with more than 187,000 visitors entering its doors. This is an increase of more than five per cent over the previous financial year. In addition, the Fremantle Prison won a 2012 Premier's Award in the category Strengthening Families and Community.

Continuous improvement in the promotion of Fremantle Prison, along with an emphasis on education programs that comply with the Curriculum Council's history curriculum contributed to this increase.

Case Study: Provide quality services for our customers

In July 2012, fire destroyed 80 per cent of Mount Lawley Primary School displacing 430 students and 50 staff in the lead up to term three. The staff and students urgently needed temporary accommodation and neighbouring schools did not have capacity for them.

The school community wanted staff and students to stay together and the Departments of Finance and Education joined forces to make this happen. Together, they identified the soccer pitch at Mount Lawley Senior High School as an acceptable location for the temporary transportable school. In just 13 days the school was fully operational. This meant students could start Term Three on time and with minimal disruption – an outcome that exceeded all expectations.

The emergency situation highlighted the organisational effectiveness of both Departments and their ability to implement contingency plans in less than ideal circumstances.

The contributions of both Departments were recognised by the Premier, the Ministers for Finance and Education, and the Directors General of both agencies; along with a great appreciation from the school community including students, teachers and parents.

Shape and lead the development of influential advice

In partnership with the Department of Education, initiatives outlined in the Cost of Public Secondary Schools Report were incorporated into operational practice to improve the delivery of new secondary schools. These initiatives included stronger planning at business case stage, better defined quality and technical standards, appropriate cost benchmarks, enhanced design reviews and improved site selection.

As part of its lead role in managing a 550,000 square metre government office accommodation portfolio, Building Management and Works commenced development of business cases to support the Master Planning Implementation Plan 2012–2018.

In 2012–13, Building Management and Works assisted the development of 35 business cases for 12 agencies to support investment decisions by the Government, and ensure achievable project budgets and timelines.

In January 2013, the Minister for Finance launched the Better Places and Spaces Policy, the first State Government built environment policy to be developed in Australia. The policy was developed by the Office of the Government Architect, which is leading its implementation. The policy will foster a culture of design excellence in Western Australia by promoting the value of good design and establishing parameters for measuring and assessing good design.

To effectively support the Better Places and Spaces Policy, Building Management and Works has implemented a process of design review for all new projects valued at more than \$2 million. The review process ensures design issues can be addressed well before construction commences. So far, 53 projects have been reviewed.

Build excellent relationships

Building Management and Works focused on developing collaborative relationships that are essential to the delivery and management of the State Government's non-residential building program.

The business continued to meet with asset customers including the Departments of Education, Health, Corrective Services, Attorney General and Western Australia Police to identify detailed planning, programming and delivery of their works programs. In 2012–13, meetings were also held with the Departments of Training and Workforce Development and Fire and Emergency Services.

A shared approach was developed with the Department of Health to governance arrangements, reporting and work management processes. This approach ensures Building Management and Works is more responsive to the Department of Health's needs and improves the delivery of health facilities across the State.

Building Management and Works continued working closely with agencies to identify improvements to the operation of facilities management contracts for government building maintenance. Feedback from agencies will be incorporated in future arrangements including improved contract management, maintenance planning and advice.

A focus for Building Management and Works was relationship building and stakeholder engagement with agencies in the regions. The business maintained strong working relationships by having staff based in close proximity to local clients to enable better face-to-face interaction and reduced reliance on third parties to deliver services.

In December 2012, contractors were invited to register for the new Building Management Regional Service Alliance. The Alliance replaces the low-value building maintenance and improvement contracting framework used across regional Western Australia, and will be operational from 1 July 2013.

The business also established a new industry liaison forum to enhance its relationships with subcontractor industry associations, including builders through the Master Builders Association, and consultants through the Built Environment Design Professionals.

The Building Management and Works apprentice training program for the building and construction industry was successful during 2012–13, with 69 apprentices rotated through 36 projects. In November 2012, one of the Department's apprentices won the prestigious Ric New Award at the Master Builders Association Apprentice of the Year Awards.

Ensure efficiency and effectiveness in our systems and processes

Building Management and Works enhanced its Project and Contract Management system (PACMan) to support the project management framework. Further enhancements will improve reporting to agencies and integrate PACMan with the Department's new finance system.

To support agency specific strategic asset plans, a process was developed to effectively manage annual 10-year office accommodation plans. This information will assist the business with strategic office accommodation planning and enable more comprehensive whole-of-portfolio data reporting on total size, cost and workspace density.

In December 2012, Building Management and Works implemented a new complaints management system. The complaints process was widely publicised through established networks with contractors and industry associations.

The Department provided greater protection for subcontractors on projects managed by Building Management and Works after accepting all of the recommendations of the Small Business Commissioner's Report for the Construction Subcontractor Investigation.

A number of improvements were made to internal processes based on the report including an independent review of its pre-qualification and business risk assessments processes, as well as the development of education and awareness sessions for staff and industry.

Building Management and Works will also trial the use of project bank accounts on a select number of construction projects in 2013–14 with a view to a progressive rollout in the near future. The project bank accounts are intended to ensure subcontractors are paid in a timely manner and not adversely impacted by financial difficulties of head contractors.

The Department is also working with other government agencies to improve the level of information available to industry, particularly with respect to their rights and responsibilities.

Invest in our people and our workplace

Building Management and Works offered a range of training courses in 2012–13 to develop staff capability. This included an ongoing commitment to the vocational level Diploma of Project Management and the Department's Springboard educational development program.

Thirty-two staff attended the six-day Diploma of Project Management course in September and November 2012, and May 2013.

The introduction of the Recognition of Prior Learning process for experienced project managers was also successful with 48 staff awarded a Diploma of Project Management. A targeted regional program was implemented to recognise the experience of regional staff with 14 employees completing the Diploma of Project Management.

Through a contract with Curtin University's Construction Management School, 33 employees are enrolled in postgraduate studies in project management.

A new program of contract management training for AS2124 was introduced in 2012–13. Contract Control International conducted four sessions including New to Administration of Construction Contracts to AS2124, with 82 attendees; and Advanced Administration of Construction Contracts to AS2124, with 62 attendees.

The Building Management and Works InSite forum continued to grow with a 60 per cent increase in attendance. The forum shares knowledge and experience across the business with each business unit hosting a forum on a bi-monthly basis.

Support for a number of workforce development programs continued, including the appointment of eight new graduates through the Department's graduate program, and hosting a trainee in the Tenders Office as part of the Department's traineeship program.



Building Management and Works offered a range of training courses in 2012–13 to develop staff capability.

Government Procurement

Government Procurement continued to assist its client agencies to efficiently meet their procurement needs and achieve value for money. The business supported agencies by facilitating approximately \$1 billion of agency specific contracts, and managing increased demand for community services procurement.

Government Procurement also managed a whole-of-government procurement framework including 43 Common Use Arrangements (CUAs) with 672 suppliers and an estimated annual turnover of \$914 million. These CUAs delivered an estimated average saving of 10 per cent when compared to the best pricing received by agencies.

The business established a number of new CUAs in response to client agency requests in 2012–13 including:

- Finance, HR and Payroll
- Retail Electricity
- Interpreting and Translating Services.

Government Procurement supported and implemented the reforms associated with the Delivering Community Services in Partnership Policy, a major whole-of-government funding and contract initiative introduced in 2011. The business introduced a number of capacity building programs to aid implementation, including direct support to government agencies and community sector organisations as well as an extensive training program.

Through training, education and awareness programs, the business supported an increase in procurement knowledge and skills for officers at all levels. Effective education and training for agency staff in regional areas remains a priority for Government Procurement.

Key deliverables

Provide quality services for our customers

In 2012–13, the independent quarterly customer satisfaction survey with government agencies showed a customer satisfaction rating of 90 per cent with CUA, and a 94 per cent satisfaction rating for assistance to agencies with contract development.

Through its CUA framework and a commitment to continuous improvement, Government Procurement addressed agency needs and offered value by developing new CUAs and renewing or varying existing CUAs to respond to market changes including industry and technical advances.

In response to agency needs, Government Procurement in collaboration with the Office of Multicultural Interests, identified a requirement for interpreting and translating services, and established a new CUA to address this. The Interpreting and Translating Services arrangement ensures that agencies can provide government services that are equally accessible to people who require assistance in written or spoken English.

New and renewed CUAs and their estimated contract value included:

- Office and Classroom Furniture (\$35 million over 5 years)
- Training Courses (\$9.5 million over 5 years)
- HR Investigations Services (\$2.6 million over 5 years)
- Interpreting and Translating Services (\$17 million over 5 years)
- Retail Electricity (\$1.4 billion over 10 years)
- Master Media Services (\$305 million over 5 years)
- Fuel and Petroleum Products (\$420 million over 5 years)
- Debt Recovery Services (\$3.3 million over 5 years)

- Removalist Services (\$62 million over 5 years)
- Over the Counter (\$45.6 million over 5 years)
- Finance, HR and Payroll (\$85 million over 10 years)
- ICT Services (\$722 million over 5 years).

In 2012–13 approximately 1,500 agency specific goods and services contracts were established with 1,887 suppliers and a total value of \$1.2 billion.

The business facilitated a number of contracts reflecting the diversity of agency needs including:

- The CyberKnife System, a \$9 million high precision robotic radiosurgery system – an Australian first in technology for the QEII Medical Centre
- Linen Rental and Laundering Services worth \$199.5 million for the Department of Health
- Metropolitan Schools Lawn Mowing for more than 600 metropolitan schools worth \$30 million.

New contractual arrangements were also established for the 16 agencies rolling out of Shared Services under the decommissioning project.

Demand increased for high-level procurement planning and advice for major infrastructure projects including Elizabeth Quay, Perth City Link and the Stirling Alliance Project.

Government Procurement assisted agencies with vehicle fleet cost reduction measures including managing the completion of the State Government's four-year initiative to reduce costs by \$42.2 million by 2012–13. The State Fleet team delivered savings to agencies by extending fleet leases from 40,000 to 60,000 kilometres. It is working with agencies to minimise spending on vehicle refurbishments, maximise vehicle resale values and facilitate changes to lower the cost of vehicles.

The Funding and Contracting Services Direct Agency Support team worked with agencies to implement procurement reforms associated with the Delivering Community Services in Partnership Policy, and roll-out of the linked Component II funding process. The team provided project support and assisted agencies to develop their procurement experience and capability through specific procurement processes.

The Capability Review team evaluated 12 of 19 agencies that procure community services under the new Review Framework. The results identified the procurement maturity of these agencies and their capability to respond to the Delivering Community Services in Partnership Policy and associated procurement reforms.

The Procurement Systems and Standards team continued to promote better procurement practice by collecting and analysing procurement data used across the business, and produced the quarterly Buying Behaviour Report for agencies. This analysis has specifically supported agencies in 2012–13 to identify telecommunication savings, resulting in a \$400,000 saving for the WA Country Health Service alone by identifying charges for unused telephone lines.

Shape and lead the development of influential advice

Addressing cyber threats against the State Government network was a focus for Government Procurement. The business delivered briefings for Directors General, Chief Executive Officers and Chief Information Officers on mitigation strategies and guidelines, and information about the Information Security Management Services CUA.

Work continued with agencies to develop a whole-of-government Data Centre and Cloud Computing Services strategy. The strategy will provide leadership and direction to government on critical data storage issues, including cloud computing.

Work also continued to facilitate the government initiative for agencies to contract with Australian Disability Enterprises for goods and services. Government agencies can now directly engage with these enterprises where it represents value for money without the minimum competitive requirements being applied.

Following consultation with the Department of Aboriginal Affairs, the State Supply Commission's Open and Effective Competition Policy was amended to allow agencies to purchase directly from a registered Aboriginal business where the value of the purchase does not exceed \$150,000. This amendment is in line with the State Government's Aboriginal Economic Participation Strategy.

The Funding and Contracting Services unit worked with the Departments of the Premier and Cabinet and Treasury to progress Component II funding, providing advice on government agencies readiness to progress contracting reforms. Government Procurement will provide integral support to agencies as they develop their implementation plans.

Contract Management Advisory Services worked with clients to improve their internal governance and contract management arrangements. This strategy included metropolitan and regional seminars on the importance of good contract management practices and developing public sector staff capability and capacity.

Government Procurement undertook a collaborative assessment with 22 agencies on the ongoing effectiveness of the Gateway Review Process and found that it was valued but under-used. The team is working with the Department of Treasury's Strategic Projects team to embed Gateway into the revised Strategic Asset Management Framework.

Build excellent relationships

Government Procurement fosters relationships between the public and community sectors through the Government Community Services Procurement Leaders Council and the Community Services Procurement Review Committee, as well as involvement with the Partnership Forum, a joint public and community sector body of leaders.

An exchange program with community services organisations, including Anglicare WA and the Autism Association, built closer working relationships and a better appreciation of each organisation's needs, while improving relationships between the public and community services sectors.

The business continues to invest in its relationships by placing procurement teams in its client agencies to help them better understand the agency's business and facilitate their procurement needs.

Providing support for essential health related projects, Government Procurement worked with the Department of Treasury's Strategic Projects team and the Department of Health on the Fiona Stanley Hospital and the New Children's Hospital.

The Department of Education is a key client agency with a CUA spend of \$106 million and agency contracts under development with a value of \$276 million. To continue its support to this sector, Government Procurement presented at the Department of Education's South West Forum and hosted the second annual Smarter Buying Schools Expo. The presentation focused on services, ways to maximise value for money by using CUAs for goods and services, and approved buying procedures.

A new Retail Electricity CUA was developed with input from a client reference group spanning 38 agencies. This CUA improves flexibility to meet an agency's specific needs while reducing the Government's risks. Feedback about the development of this complex CUA was positive with agencies complimenting Government Procurement's strategic process.

In late 2012, Government Procurement held an interactive expo to announce new CUAs for Interpreting and Translating Services, Furniture (Office and Classroom), and Training Courses, emphasising their benefits and associated purchasing processes. The team further promoted the opportunities for efficiencies and value for money associated with CUAs.

Ensure efficiency and effectiveness in our systems and processes

The Contract Development and Management System is the primary system for Government Procurement contract development. It underwent a software and database upgrade to meet technology standards and functionality developments to enhance navigation, search capabilities, topical help and customisation of data entry screens.

A Procurement Data Management System was launched in early 2013 to automate the loading and validation of all catalogues to the ContractsWA system. This ensures efficiency and accuracy and captures all historical data for reporting and analysis.

The Contract Management Advisory Services team launched the *I'm a Contract Manager* web page in late 2012, providing information on training and offering resources and tools to assist public sector employees in their contract management roles.

An e-learning module, *Introduction to Buying*, is being piloted across the Department. This tool will help educate procurement officers about purchasing rules, policies, guidelines and processes, and will be of particular benefit to officers in the regions.

Enhancements to the Tenders WA website improved access for suppliers to government tenders by streamlining the electronic tender lodgement process, improving advanced search functions, and creating an automated process for users to reset passwords.

Government Procurement's ServiceNet, the State Government's internet service provider, enabled hosting of websites and web systems and provided web services for 53 agencies. With an increase in cyber threats, the team successfully mitigated risk by blocking on average 500,000 security breach attempts per month.

Invest in our people and our workplace

Government Procurement invested in the procurement capability of its employees and focused on promoting sector-wide procurement excellence.

The Procurement Vocational Program continued to improve the technical skills and capabilities of procurement staff across the public sector. In 2012–13, 46 agencies and more than 174 staff participated in the program. Four staff completed the full qualification and were awarded a Chartered Institute of Purchasing and Supply Level 4 Foundation Diploma in Purchasing and Supply – an internationally recognised procurement qualification.

Staff also participated in the strategic procurement stream of the Department's Springboard Educational Development Program. Thirty staff enrolled in Curtin University's postgraduate procurement qualification and 13 students graduated. Fourteen staff completed the third stream of the Government Procurement Leadership Program. The program, based on the Department of Finance's core values, develops leadership capabilities for emerging leaders.

Government Procurement continued to support the Department's graduate program, appointing 15 graduate officers in 2012–13. Graduates completed formal procurement training and developed and managed processes for government tenders and contracts.

The business continued with education and awareness programs for government buyers and suppliers with 177 potential buyers from metropolitan and regional WA attending *Better Buying: An introduction to Government buying policy and practice* sessions. More than 400 suppliers attended the New to Quotes and Tenders information session.

In 2012, the Funding and Contracting Services unit won the Premier's Award for Public Sector Excellence for Improving Government for enhancing the relationship between government and the community sector. This is a direct reflection of the collaboration between the not-for-profit and public sectors on the implementation of the Delivering Community Services in Partnership Policy and the reforms that ensure sustainable and better outcomes for the community.



Staff participated in the strategic procurement stream of the Department's Springboard Educational Development Program.

State Revenue

State Revenue collected more than \$7 billion in revenue and disbursed more than \$220 million in grants and subsidies in 2012–13.

The year was characterised by strong growth in the payroll tax base and a marked recovery in property market related activity particularly with the first home owner market.

State Revenue refreshed and redesigned the technology that supports revenue collection and grant administration with the enhancement of online services for duties, payroll tax and insurance duties, and expanded payment options for land tax customers.

Key deliverables

Provide quality services for our customers

In 2012–13, the focus was on improving customer service, reducing red tape and redesigning the State's revenue collection systems. This included developing new systems and processes to administer the Energy Concession Extension Scheme and payroll tax rebates.

Client satisfaction was a key metric for this goal. In November 2012, a perception survey of State Revenue's customers showed a consistent level of satisfaction. Of 1,400 respondents, 84 per cent were satisfied or very satisfied with the service they received, and 84 per cent indicated they were satisfied or very satisfied with the accountability and transparency of decision-making. State Revenue also met its Customer Charter service targets.

Shape and lead the development of influential advice

State Revenue advised the Minister for Finance on a range of revenue and grants administration matters, and worked closely with the Department of Treasury to develop advice to government on a range of policy issues.

Work on the duties aspects of implementing a proposed national e-conveyancing platform continued with Landgate, State and Territory revenue offices and National Electronic Conveyancing Development Limited. The first property transfers to be processed through the new system are expected in 2014.

Case study: Shape and lead the development of influential advice

State Revenue and the Public Utilities Office combined forces in 2012–13 to deliver a \$200 Cost of Living Assistance payment to pensioners and seniors through the Energy Concession Extension Scheme.

The payments were being made to customers of Synergy and Horizon Power who held an eligible concession card. However, residential electricity customers who were on-sold electricity and who did not have a direct billing relationship with Synergy or Horizon Power had not been able to access the energy rebate. This is because they typically reside in group dwellings such as retirement villages and apartments where the electricity costs are recouped from the tenants by the owner, such as a strata entity or retirement village management.

The Public Utilities Office had done extensive policy work to extend the scheme to households that did not have a direct billing relationship but it was not well-placed to deliver the concessions directly to the general public. This is where State Revenue was able to help with its experience in billing and payment systems. The two businesses leveraged their existing relationship and previous work on subsidy schemes to implement the policy under a very tight deadline.

The Minister for Energy; Finance, Dr Mike Nahan launched the scheme in May 2013 with first payments made to eligible applicants in June 2013.

Build excellent relationships

During 2012–13, State Revenue was involved in planning and coordinating a number of taxation technical conferences, including contributing to the agenda of the Taxation Institute's Annual States' Taxation Conference. These events aimed to improve the technical knowledge of State Revenue staff and tax advisers, and raise the profile of State taxes within the advising community.

State Revenue also continued to support and be involved in inter-jurisdictional committees with other State and Territory revenue offices including the:

- National First Home Owner Grant Committee
- Tax Law Committee
- Business Practices Committee
- Training and Customer Education Committee.

Western Australia has also played a lead role in the Revenue Offices' Compliance Committee through its chairing and sponsorship role.

State Revenue worked closely with the Australian Taxation Office through the Australian Tax and Revenue Office Forum and its associated sub-committees to improve services, data quality and exchange, and improve compliance activities.

To identify and better address the needs of Western Australian taxpayers and grant recipients, State Revenue engaged and consulted industry and professional representative bodies to partner with them in providing education.

Through the State Revenue Liaison Committee, attendees from industry and representative bodies met at a bi-annual meeting to discuss matters such as red tape reduction strategies, stakeholder training needs, and changes to legislation.

Ensure efficiency and effectiveness in our systems and processes

The five-year Revenue Systems Modernisation Project was completed on time and under budget on 30 June 2013. This project focused on improving the revenue service delivery platform, the Revenue Collection Information System, and related systems.

As part of the modernisation project, State Revenue launched improvements to the web-based Revenue Online system that supports payroll tax, routine transfer duty transactions and insurance duty.

A further step in the payment channel strategy included expanding credit card payment availability for land tax, and a BPAY facility for Perth parking licence fees. This is an ongoing project in 2013–14.

State Revenue also started work on an updated service channel strategy to improve the way services are delivered. This included a pilot of SMS reminders to First Home Owner Grant applicants.

State Revenue developed systems to administer the Energy Concession Extension Scheme and payroll tax rebates that will be paid in 2013–14.

Invest in our people and our workplace

Due to the age profile of employees in State Revenue, experienced staff will continue to retire over the next few years. Developing and improving the technical skills of staff, including future leaders and managers, is crucial to maintaining service delivery standards.

To address this, the Succession Management Program again focused on critical roles in the business in 2012–13 and encouraged employees to nominate for training and development. This will help staff stay competitive and ensure they are able to transition into management and leadership roles. People capability requirements were also a focus with an emphasis on revamping technical training.

The third and final intake of the Revenue Future Leaders Program started and will continue over the next 12 months. The first intake of the Program was completed in July 2012, and the second intake will be completed in August 2013. This program will be replaced by the Department-wide Leadership Development Program in 2013–14.



Developing and improving the skills of future leaders and managers was a core focus.

Public Utilities Office

This was the first full year of operations for the Public Utilities Office.

During 2012–13, the Office realigned its organisational structure to meet Department of Finance goals of delivering quality services and influential advice to government. A focus was expanding the capability to advise the Minister for Energy on the financial and operational performance of the State-owned electricity corporations.

A new organisational structure was established and there were appointments to a number of executive and senior positions. The recruitment will continue in 2013–14 to build the skills and capabilities of the office in line with the changing nature of demand for service from the Public Utilities Office.

Key deliverables

Provide quality services for our customers

The Public Utilities Office established a new Government Businesses division to ensure government is well advised on the financial and operational performance of the State-owned electricity corporations. This resulted in significant improvements in the quality of advice to government on quarterly and annual reports of the electricity corporations, and on the corporations' budget submissions and major commercial transactions.

The Office facilitated an interdepartmental project aimed at securing additional electricity generation capacity in the Pilbara to meet growing demand and address reliability requirements. The project is in progress, overseen by a board of senior executives from government and Horizon Power, and chaired by the Director General of the Department of Finance. A procurement process is under way to ensure Horizon Power has access to generation capacity beyond 2014 at the lowest possible cost to electricity customers.

The Office supported the Deputy Director General Ray Challen in his role as the Coordinator of Energy and the hazard management agency for gas and liquid fuel supplies in Western Australia.

When the BP Refinery at Kwinana reported an unplanned maintenance problem during the year that restricted supplies to the market of high octane unleaded fuel grades 95 and 98, the Office used aspects of Westplan-Liquid Fuel Supply Disruption to effectively coordinate information across industry and government, advise the Coordinator of Energy, mitigate risks and ensure a high state of preparedness.

Subsidies and rebates were issued for installing renewable energy systems, including household solar water heaters and small and large-scale renewable energy power systems. The business made final payments under the Western Australian Solar Schools Program and the Commonwealth-funded Renewable Remote Power Generation Program and completed the scheduled closure of the Western Australian Solar Water Heater Subsidy by 30 June 2013.

Shape and lead the development of influential advice

The Office reviewed the Electricity Industry Metering Code that outlines the responsibilities of network operators and retailers associated with the measurement of electricity and the provision of metering services and energy data. The review was conducted in response to concerns raised by industry and the Economic Regulation Authority that the Code was no longer meeting its objectives or the needs of the market. Substantial amendments were made to the Code and it was implemented in December 2012 to ensure that metering supports the efficient operation of the electricity market, while minimising the regulatory burden on market participants and providing necessary customer protections.

The Office facilitated the granting of electricity licence exemptions to remove the need for licensing of electricity generators that provide generation on commercial premises and sell electricity to customers on those premises.

The exemptions were introduced in response to applications from independent power producers and remove a regulatory burden on electricity businesses in circumstances where there is no justifying public benefit. These exemptions contributed to a secure energy supply for industry and mining in remote areas by removing a regulatory barrier to specialist electricity businesses operating in these areas.

The Office developed regulations that broaden the gas quality specification for gas supplied to the domestic market in Western Australia. This was undertaken to allow new gas producers and new gas fields to supply the gas market through existing transmission pipelines and distribution systems. Entry into the market of new gas producers improves the security of gas supplies and increases competition in the gas market.

New regulations were developed for a Gas Bulletin Board and Gas Statement of Opportunities in Western Australia. The Gas Bulletin Board website will be launched in August 2013 to publish near-term information on gas production, transmission, storage capacity and demand. It will also include an emergency management facility to assist government and industry with the notification and management of gas supply disruptions. The Gas Statement of Opportunities is an annual publication providing a medium to long-term outlook of gas supply and demand in the State. These services will benefit industry and customers by making gas market information readily available.

Build excellent relationships

In October 2012, the Public Utilities Office co-hosted the 2012 Energy in WA Conference with the Australian Institute of Energy. The annual conference provided industry, government and major consumers with a forum to discuss challenges for the Western Australian energy sector. The event was a success with more than 200 delegates attending.

With collaboration and consultation an integral part of policy work, staff have engaged in many meetings with industry stakeholders to understand their needs and build awareness of the Office.

Considerable effort went into building effective relationships within government, particularly with the electricity corporations and government agencies such as the Departments of the Premier and Cabinet and Treasury.

The Office also focused on relationship building in other areas of government by:

- participating in an inter-departmental project, led by the Department of State Development, to engage a private proponent to build and operate a new gas pipeline from Bunbury to Albany
- advising the State Advisory Group on Municipal and Essential Services on developing new electricity quality and reliability standards for remote (including Aboriginal) communities
- providing feedback to the Department of Housing on its draft Sustainable Housing and Land Development Strategy and advice to Landcorp on energy efficient housing design in the Pilbara
- facilitating the flow of information to prospective proponents and the Commonwealth Government relating to funding opportunities for energy projects in Western Australia.

Case study: Build excellent relationships

In 2012–13, the Public Utilities Office and Government Procurement collaborated with the Department of Housing to deliver more than 500 solar panels for State social housing at a lower price than had been previously achieved by government.

The procurement and installation of the solar panels was essential to help public housing tenants who had been facing financial hardship to reduce their energy bills.

The Department of Housing would ordinarily manage their own procurement and building works. However in their advisory role on the project, the Public Utilities Office saw an opportunity for a best practice procurement process and offered their services to Housing in partnership with Government Procurement.

Input from the Public Utilities Office and sound procurement advice from Government Procurement saw the panels purchased at the lower price.

The Public Utilities Office is analysing the cost-effectiveness of the program and the extent of benefits to householders.

Ensure efficiency and effectiveness in our systems and processes

An important function of the Public Utilities Office is to develop and maintain effective and efficient systems to support the Coordinator of Energy as the hazard management agency for gas and liquid fuel supply disruptions.

Several initiatives were undertaken during the year to support this function including a review of Westplan-Gas Supply Disruption in consultation with the gas industry and government organisations. The successful review leveraged collective expertise and industry knowledge to develop State-wide approaches and solutions to supply contingencies.

The Office also conducted annual tests for Westplan-Liquid Fuel Supply Disruption and Westplan-Gas Supply Disruption and associated response plans. The tests were undertaken with the State Fuel Emergency Management Committee and the Gas Emergency Planning Committee. The exercises contributed to the continual improvement of the State's ability to respond effectively to gas and liquid fuel supply disruptions.

Tenders were also sought to establish a crisis information management system to effectively manage energy supply disruption incidents in Western Australia.

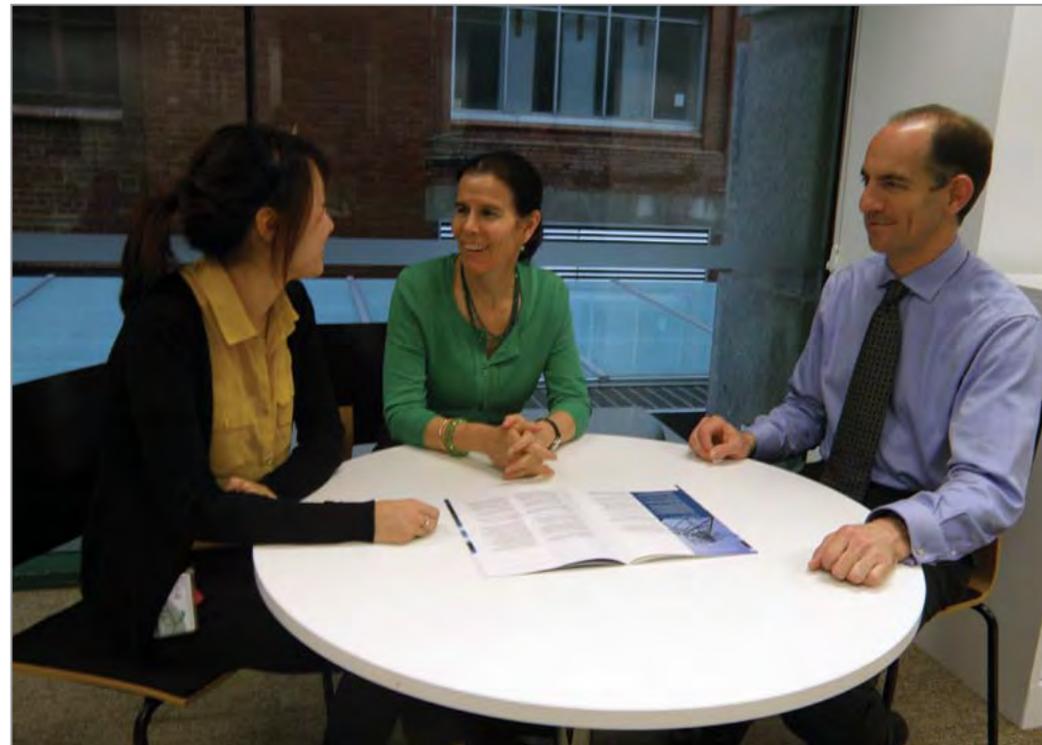
Invest in our people and our workplace

Four new divisions for general business functions and capabilities were established in 2012–13.

The new structure provides flexibility to allow changes in response to government priorities, provides opportunities for staff to develop and apply technical expertise, and fosters an interesting and challenging work environment to assist in attracting and retaining staff.

Employees were engaged during the set-up of the new structure through a change management plan that included workshops, presentations and feedback to management.

The new Public Utilities Office structure provides a flexible team environment equipped to deal with changes to government priorities.



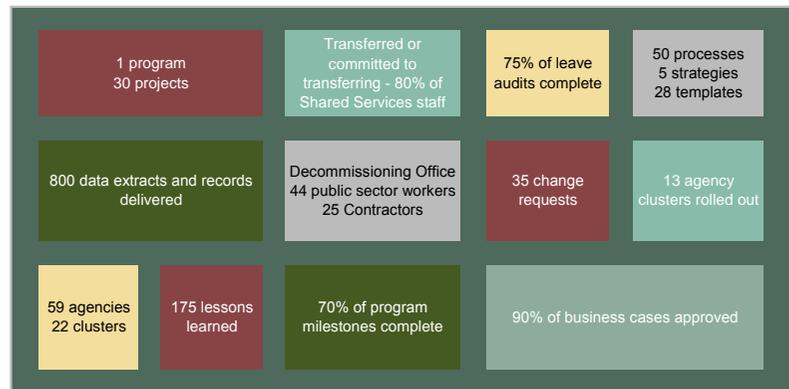
Employees were engaged in the change management plan.

Shared Services

The decommissioning program supported agencies in their transition from Shared Services to new payroll and finance arrangements in 2012–13. Shared Services transferred responsibility for relevant corporate services back to more than 50 per cent of its client agencies as they transitioned to new arrangements.

Thirty-one agencies successfully completed their transition from Shared Services during the year.

Shared Services made significant progress in placing permanent staff into other positions as the decommissioning program nears its end in December 2013. The business is using a combination of strategies including allocating staff to agencies as part of their scheduled transition and filling positions in client and non-client agencies through targeted placements.



Shared Services decommissioning at a glance

Key deliverables

Provide quality services for our customers

Shared Services improved service levels for remaining client agencies during this time and conducted a number of reviews to ensure services continued to match demand and resource availability. Feedback from agencies during formal and informal discussions was positive about the level of service.

The Shared Service Centre changed the operating model to integrate Customer Service Centre staff into business areas and improve direct client access to staff in transactional areas. These changes made the best use of decreasing resources, enabled employees to broaden their knowledge and skills ahead of decommissioning and gave customers direct access to the staff performing transactions.

To manage the continuation of quality services during decommissioning, Shared Services established recruitment pools, succession plans and increased staff cross-skilling.

Decommissioning is a significant project for both agencies and Shared Services. Considerable effort went into developing documents and processes to support agencies through a smooth transition. Many agencies willingly tested transition processes and documents before they went live, allowing the decommissioning team to identify areas for improvement. Processes to support their decommissioning were available to agencies.

The business circulated eight agency information packs during the program with information sheets about specific program milestones. The packs included progress reports about procurement and people strategies, details about data extraction, transition processes, workshops, and technical and procurement advice. Agency feedback about the packs was positive.

Shared Services published a regular bulletin with updates on the status of transitioning agencies and the decommissioning program, including lessons learnt.

The Data Extraction and Leave Audit teams hosted workshops to provide agencies with the fundamentals of a successful transition including managing their data.

These activities have assisted agencies with their transitions out of Shared Services.

Shape and lead the development of influential advice

During 2012–13, the Decommissioning Office worked closely with Government Procurement to advise agencies about their finance and payroll procurement options. Agencies used this advice to procure systems suited to their business requirements, and many re-engineered business processes to ensure their systems were productive and cost effective.

Knowledge sharing was a key component of decommissioning. A forum for the heads of Corporate Services included presentations from two agencies that had successfully rolled out who shared their valuable experience. To facilitate future information sharing, the Decommissioning Office encouraged agencies to contact departments that had already transitioned.

The Decommissioning Office worked closely with agencies to advise on the development of business cases. In 2012–13, 90 per cent of business cases were approved.

Shared Services facilitated the flow of crucial information for agencies about how to apply industrial instrument provisions through regular client forums and notices in the e-Business portal.

Build excellent relationships

Shared Services continually sought to improve customer relationships. This year saw a minimal number of registered complaints and an increase in positive feedback. Executive managers are dealing closely with agencies producing positive results.

The Decommissioning Program Board, including the Shared Services Executive Director, Decommissioning Office General Manager, and Shared Service Centre General Manager visited each client agency in the quarter before their transition date. This gave parties an opportunity to raise issues, provide feedback and ensure certainty about the readiness of agencies to transfer to new systems.

In addition to regular client information sessions about transition, the Decommissioning Office conducted two surveys with client agencies. The first survey sought feedback about the quality of transitioning information and the second about overall agency satisfaction with the decommissioning process. The majority of responses to both surveys indicated that agencies were satisfied or very satisfied with the decommissioning information and their decommissioning experience.

Ensure efficiency and effectiveness in our systems and processes

In the environment where the number of clients is decreasing, the Shared Service Centre regularly reviewed the scope of its services.

Proposed improvements to systems and processes were considered in view of decommissioning, and only those that were cost effective and delivered substantial benefits to staff and customers were progressed. A change to the delivery method for transactional work within the Human Resources Transaction Services area improved efficiency in processing transactions and decreased handling times.

To provide the right mix of planning, monitoring, and control for 30 ongoing projects, the Decommissioning Office adopted a strict project management methodology. Results of an audit showed the effectiveness of governance, standards, processes, compliance and reporting practices.

Invest in our people and our workplace

Shared Services worked with government agencies to identify suitable employment opportunities for staff and were supported by the Public Sector Commission and Department of the Premier and Cabinet. Client and non-client agencies were cooperative and willing to consider placing Shared Services staff.

Employee wellbeing in the lead up to the final stages of decommissioning is essential and Shared Services trained managers to support their staff in dealing with issues relating to change.

The People Strategy team regularly met employees who were yet to be placed, offering support and advice. The team implemented leave management plans to maintain the work/life balance for remaining staff.

Training was offered to employees to improve their future employment options including courses in writing job applications, managing change and dealing with stress.

The Decommissioning Office trained managers to support their staff in dealing with issues relating to change.



The Decommissioning Office worked with government agencies to identify suitable employment opportunities for Shared Services staff.

Corporate Services

Corporate Services continued to promote business excellence and provide the Department with essential support services in 2012–13.

Corporate Services was responsible and accountable for ongoing support services including:

- human resource management, skills and development training, and organisational development
- recordkeeping handling and storage in compliance with the Department's statutory requirements
- information technology infrastructure and support for the Department's businesses
- budget management and corporate performance reporting
- corporate communications and ministerial liaison
- governance and risk management.

Key deliverables

Provide quality services for our customers

As the decommissioning of Shared Services progressed, the Corporate Information team worked closely with the State Records Office to ensure a smooth transition from Shared Services systems to appropriate alternative corporate service solutions for each agency.

Corporate Services developed a new *Disability Access and Inclusion Plan (DAIP) 2012–2017* and made it available for public comment. Following the consultation period, the Department adopted the plan and it was subsequently endorsed by the Disability Services Commission.

Shape and lead the development of influential advice

Following an announcement by the Premier in early 2013 to improve the service delivery of several government departments, Corporate Services started work to transition Economic Reform comprising the Regulatory Gatekeeping Unit, the Regulatory Reporting Branch, and the Office of Strategic Projects from the Department of Treasury to the Department of Finance.

The transition for Regulatory Gatekeeping and Regulatory Reform was completed on 30 June 2013.

The public can apply for access to the Department's documents through the *Freedom of Information Act 1992*. To support this, the Department published information on its website to guide the public on lodging Freedom of Information (FOI) requests. The *Information Statement* was updated to reflect changes in the Department's organisational structure and FOI process.

FOI initiatives for 2012–13 included:

- development of *Freedom of Information: Roles, Responsibilities and Process Guidelines* following an internal survey on how to improve FOI services. The guidelines streamline the internal FOI process and assist staff to manage FOI
- an FOI training session facilitated by the State Solicitor's Office for senior officers to refresh their knowledge and understanding of their obligations under the FOI Act.

Effective governance and risk management were a priority for Corporate Services in 2012–13. The Risk Management team implemented a number of initiatives including:

- strengthening risk management practices across the Department through the development and implementation of a Risk Appetite Statement and governance processes
- implementing quarterly risk register reviews for each business including rigorous risk assessment reviews, mitigation strategies and increased ownership by the Corporate Executive team
- developing a Fraud Policy and Fraud and Corruption Control Plan, and implementing a fraud risk category to assist in identifying fraud risks across the Department.

A compulsory Fraud and Corruption Awareness e-learning module is in development to be rolled out to all staff in August 2013.

Build excellent relationships

A Director Corporate Communications was appointed to boost strategic communications across the Department, and externally.

The Department revised the Reconciliation Action Plan to identify ways to close the gap between Aboriginal and non-Aboriginal Australians and improve equality in all aspects of life. The Reconciliation Action Plan committee also supported the Department's work on the Aboriginal Employment Strategy.

Ensure efficiency and effectiveness in our systems and processes

Corporate Services continued to drive the program of work referred to as Project Switch. This project will transition the Shared Services payroll and finance services into the Department of Finance at the final stage of decommissioning in late 2013.

The Information and Communication Technology (ICT) team assisted in the delivery of the Revenue Systems Modernisation Project for State Revenue and the development of a new application to support the introduction of the Electricity Concession Extension Scheme.

To help mitigate a key business risk, ICT sourced a secondary data centre facility to host approximately half of the Department's infrastructure from the primary site. In the event that the Department's primary data centre is unavailable for a period of time, the secondary data centre provides a location for applications and systems to be manually restored.

The Building Management and Works Transition Project saw ICT transfer their corporate information system applications from the Department of Housing network infrastructure to the Department of Finance. Building Management and Works staff can now communicate seamlessly with the rest of the Department through email, the Finance intranet, and through the TRIM document management system.

In line with the migration, the Corporate Information team facilitated the transfer of all Building Management and Works corporate records into the Finance TRIM database. This was completed in August 2012 and included more than 141,000 files and more than one million documents.

The intranet modernisation project was completed to improve internal communications and facilitate stronger knowledge and information sharing.

Invest in our people and our workplace

The Department is committed to supporting its employees to perform at their best and recognises their success by providing a safe and healthy work environment and opportunities to fulfil their career aspirations and develop technical expertise.

Corporate Services continued implementing the Workforce and Diversity Plan 2012–2015 using a number of strategies to manage human resources.

A new Succession Management Framework is in development to cater to the workforce planning needs and capitalise on the Department's diversity.

Performance and Development Plans helped employees and managers to build positive relationships based on regular constructive conversations.

Leadership, succession management and staff engagement were all areas of strong focus in 2012–13 as the Department sought to build staff capability and ensure a more productive and satisfying work environment.

More than 100 employees participated in these leadership and management programs:

- 10th Annual Leadership and Management Development Program
- Future Leaders' Program for State Revenue
- Government Procurement Leadership Program
- Springboard educational development program
- Mentoring Program – a joint initiative with the Department of Treasury and Department of Training and Workforce Development employees
- Public Sector Commission Foundations of Leadership Program
- Public Sector Commission Pathways to Leadership Program

- Australia and New Zealand School of Government - Executive Master of Public and Executive Fellows Program.

The Department focused on investing in people, encouraging employees to remain in the public sector and developing best practice leadership principles.

The graduate program gives graduates a variety of career opportunities and benefits through permanent roles with 12-month probations. Graduate intakes are held twice a year in February and July.

The first intake from February 2012 to February 2013 saw 24 graduates start and 15 graduates complete the program. All 15 are still employed by the Department.

The mid-year 2012 intake saw 11 graduates start and complete the program in June 2013, with all still employed by the Department.

Twenty-two graduates started in the February 2013 intake and will complete the program in February 2014.

The annual traineeship program employs trainees for 12 months to develop their office, business and administrative skills and on completion, awards them with a nationally recognised qualification.

The Indigenous Cadetship Program supported undergraduates to complete their degree with paid work experience and a federally funded study allowance.

Throughout the year, employees had access to a range of benefits to support work/life balance including a wellness program.

Corporate Services encouraged employees to attend seminars about mental health awareness and stress management that were complemented with a variety of exercise classes to promote a holistic approach to wellness. The Department also promoted 'R U OK?' day in September 2012 to raise awareness of coping with, and helping those who suffer with mental illness.

The Wellness Program also included a series of financial health seminars from providers including Centrelink and GESB; provided cross-cultural awareness training; celebrated Harmony Day with the Department of Training and Workforce Development; and in a first for Finance, secured places in the Cancer Council's Fresh Start Stop Smoking courses for employees.

The Occupational Safety and Health (OSH) team, wellness staff and first aid and grievance officers worked closely to maintain the commitment to the health and wellbeing of all employees. A new group of grievance officers were trained in 2012–13 to ensure that all staff had access to support if needed.

The Department committed to creating a workplace where health and safety is paramount, and which supports and encourages the wellbeing of employees and a number of OSH initiatives were undertaken during the year to reflect this. More information about OSH can be found in the Disclosures section.



Leadership, succession management and staff engagement were all areas of strong focus in 2012–13.

Outlook for the future

The Department's businesses will continue to adapt to internal and external shifts in priorities over the next financial year. Strategic Directions 2012–15 will support the Department's core activities through these shifts to ensure a common focus on understanding government and stakeholder needs to deliver effective services and advice.

Building Management and Works

On 26 June 2013, the Minister for Finance announced a trial of project bank accounts as one means of addressing speed and security of payment for subcontractors. The trial will commence in 2013–14 on a select number of projects and will allow the Department to develop and refine a model that works best for both government and industry.

Delivering a large program of works for key stakeholders including the Departments of Education and Health is a priority for Building Management and Works.

Eight schools are expected to be completed for the 2014 school year, and significant progress will be made on the Year 7 Program that will see 29 schools worth \$265 million completed for the 2015 school year.

The Department of Education needs new transportable buildings over the next two years as a result of the Year 7 Program and an increase in student numbers in schools around the State. The business will continue to build and move existing transportable buildings around the State to meet the increased demand.

The Southern Inland Health Initiative, a five year, \$325 million program involving upgrades to six major hospitals and 31 smaller health facilities, is under way with work continuing next financial year.

Reducing the cost of government office accommodation will also remain a priority for Building Management and Works, with the Master Planning 2012–2018 Implementation Plan focusing on the consolidation and decentralisation of government office accommodation in the

Perth CBD and metropolitan centres. It will include the co-location of agencies to regional towns and in collaboration with industry and agencies provide value for money and service delivery benefits to government.

A revised Government Office Accommodation Policy and related standards will be submitted for endorsement in 2013–14. It is expected to deliver long-term benefits to government and the community by maintaining a centralised and consistent procurement approach to government office accommodation and fit-out.

Building Management and Works has started the review of key maintenance service delivery contracts, with a view to consolidate the maintenance framework, improve efficiencies, manage risk and deliver better value for money outcomes.

Government Procurement

It is expected that agencies will continue to face tight budgetary environments in 2013–14 and look to Government Procurement to deliver increased savings and procurement efficiencies.

The business will investigate ways to further improve the performance of CUAs, assist agencies to better plan and identify savings opportunities, and look into new process efficiencies to reduce bureaucracy and facilitate the reallocation of resources to meet demand.

Government Procurement also anticipates increased demand from agencies to procure from the community sector in 2013–14. Procurement support and advice will increase as agencies define and determine processes for the Component II funding allocation in July 2013, and officers will be required to engage with them to implement the strategies outlined in their implementation plans.

To encourage greater uptake of the Gateway review process, Government Procurement will promote Gateway for major projects and new program initiatives and continue working with the Department of Treasury to embed the process in the Strategic Asset Management Framework.

Government Procurement will also review the State Supply Commission's Open and Effective Competition policy to identify further efficiencies in procurement processes for agencies and suppliers. The changes identified in the policy framework will require education and awareness initiatives.

The need for ongoing procurement education, training and awareness will continue and Government Procurement will deliver education and training to agency staff, specifically in regional areas. A pilot of the online e-learning module to educate government employees in buying policies and practice in Western Australia will be launched in 2013–14. This module will add to Government Procurement's suite of procurement training.

State Revenue

Simplifying procedures and improving services for customers in revenue and grants will be a focus for State Revenue in 2013–14. This will include further refining State Revenue's service and payment channel strategies, reviewing the Customer Charter, and examining compliance strategies.

State Revenue will administer the Energy Concession Extension Scheme and deliver the payroll tax rebates that were announced in the 2012–13 State Budget.

The business will also implement changes to support the roll-out of new electronic conveyancing infrastructure due to operate from 2014.

Public Utilities Office

Addressing cost pressures in the supply of electricity is a significant focus for government and will be a major part of the Public Utilities Office work program over the coming year.

Another priority for the Office is to start a review of the Western Australian wholesale electricity market. With the electricity market having been in operation for more than six years, a review is required to ensure the design of the market suits the needs of the State. The project, which will be undertaken in consultation with industry, will include a review of market rules, functioning and design of the market, and the role of the Independent Market Operator to identify and address market deficiencies.

Organisational development will continue to be an important focus next financial year. With a new structure in place, the focus for the business will shift to building capability, capacity and culture. The new Industry and Market Knowledge division is responsible for utilities sector research and analysis to support informed debate on policy and planning priorities.

The Office will deliver an emergency management and response plan for electricity supply disruption. This action is a result of the Gas Supply and Emergency Management Committee Report to Government in 2009.

Shared Services

The decommissioning of Shared Services and return of corporate services to agencies is on track for completion in late 2013.

As the decommissioning progresses, the Shared Service Centre will focus on providing services with a decreasing workforce and resource pool. The Decommissioning Office will continue to roll-out the remaining agencies and place remaining permanent public servants into meaningful roles in other government departments.

In early 2014, the final months of the program will focus on handing back all remaining records, decommissioning or transferring any remaining activities and closing the program.

Corporate Services

The Department has several models of corporate services operating as a result of diverse agencies transitioning into Finance. The Corporate Services Improvement Project will implement a single model across the Department with clear accountabilities and streamlined processes to deliver maximum value and service to the businesses.

Corporate Services will implement the Switch project in 2013–14 to deliver the Department's finance and payroll systems as a result of the decommissioning of Shared Services.

As part of the Department's ongoing commitment to supporting employees fulfil their career aspirations, Corporate Services will deliver a new leadership development program in partnership with the Curtin University Executive Business School.



Strategic Directions 2012–15 will support the Department's core activities to ensure a common focus on understanding government and stakeholder needs.

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Significant Issues

Significant issues affecting the Department

Streamlining internal business functions during the Department's second year of operations remained an issue. Machinery of government changes, the decommissioning of Shared Services, the Corporate Services Improvement Project and the transitioning of finance and payroll services through the Switch project have all had a significant impact on resources.

Some of the external factors that influenced the Department in 2012–13 were additional budget constraints, a downturn in the non-residential building market, an increase in the residential property market, and the merger of State-owned electricity generator Verve Energy and retailer Synergy.

Building Management and Works

Delivery of projects on time and on budget remained a priority in 2012–13. However, the downturn in the non-residential building market presented challenges and increased the need for effective and timely due diligence to deliver value for money.

Building Management and Works is improving its internal processes and is moving swiftly to implement the Small Business Commissioner's recommendations, including strengthening its pre-qualification and business risk assessment processes, and is planning to trial Project Bank Accounts in late 2013.

The ongoing delivery of value for money office accommodation that supported government service delivery in an environment of limited supply and high demand was a significant issue. The implementation of the Government Office Accommodation Master Plan is helping to avoid rising costs.

Government Procurement

Budget constraints experienced by agencies in 2012–13 highlighted the need for smarter procurement strategies and greater efficiencies to deliver savings and Government Procurement was increasingly called on to assist agencies in this area.

Agency demand for high level procurement planning and advice continued to increase for major infrastructure projects, such as the New Children's Hospital, Perth Stadium and Perth City Link Stirling Alliance Project.

Demand for funding and contracting services support also increased due to the continuing implementation of the procurement reforms associated with the Delivering Community Services in Partnership Policy.

The public and community services sectors increasingly sought advice on the roll-out of the Component II funding in relation to their existing service agreements. The increasing demand for contracting support with procurement from the community sector is expected to continue.

Growth in the number of independent public schools significantly increased general procurement enquiries, putting pressure on agency-based staff. The schools are also becoming more autonomous and looking for flexibility with purchasing from CUAs, putting additional pressure on the business.

Demand increased for procurement education and training services to assist agencies build procurement capability. Specifically, significant demand exists for regional training programs, as well as from the public and community services sector in response to the reforms in community services procurement.

State Revenue

Continued growth in the payroll tax base and a recovery in property related activity directly impacted on the demand for revenue collection and grant administration services. This is expected to continue in 2013–14.

State Revenue also made administrative and system changes in response to changes in government policy settings, in addition to undertaking the extra work associated with administering the Energy Concession Extension Scheme and payment of payroll tax rebates in 2013–14.

This work, along with the completion of the Revenue Systems Modernisation Project, saw a significant draw on business resources at a time of fiscal challenge and resource constraint. This is likely to continue in 2013–14.

Public Utilities Office

An immediate priority is implementing the State Government's decision to merge electricity generator Verve Energy and retailer Synergy to improve efficiency in electricity delivery. With a single board of directors in place from 1 July 2013, the next step will be the legislative changes to integrate the corporations into a single entity by 1 January 2014.

Cost pressures in the supply of energy are a significant issue for Western Australian households and businesses. While some of the cost drivers are outside the realm of government, others are being addressed through major energy market reforms announced in April 2013.

Western Australia's rapid growth in population is driving demand for infrastructure and services throughout the State. The Public Utilities Office's energy policy advisory services are focused on ensuring that demand is met in the most cost-effective way. For example, a review of

electricity services in regional and remote areas will be undertaken to ensure that the best possible use is made of public funds in providing services at acceptable cost and quality.

A major study into the drivers of electricity prices will inform policy development. Dealing with challenges arising from changes in the way electricity services are supplied and consumed will be an ongoing area of focus.

Shared Services

The decommissioning of Shared Services is an ambitious program with tight deadlines. It has been challenging this year to balance the need to maintain provision of services to client agencies while managing the complexities around transitioning agencies to their new payroll and finance systems.

Shared Services has made best use of diminishing resources as agencies took on their own corporate services functions through ongoing refinement of services, succession planning and rationalisation of organisational structures. Frequent operational examination of all corporate functions resulted in the maintenance of service delivery standards for client agencies that were yet to transition.

The other balancing act was between the need to release staff to their new roles while maintaining sufficient skills and knowledge to deliver services to remaining clients. This was managed against a backdrop where the volume of work sometimes exceeded the human resource capacity pending an agency's decommissioning. A flexible resourcing model established a transactional recruitment pool to minimise disruptions to service delivery by replacing departing employees with fixed-term contract staff.

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Financial statements

Certification of Financial Statements for the year ended 30 June 2013

The accompanying financial statements of the Department of 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 ended 30 June 2013, and the financial position as at 30 June 2013.

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



Anne Nolan
Director General
10 September 2013



Liam Carren
Chief Finance Officer
10 September 2013

Independent audit opinion



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

DEPARTMENT OF FINANCE

Report on the Financial Statements

I have audited the accounts and financial statements of the Department of Finance.

The financial statements comprise the Statement of Financial Position as at 30 June 2013, 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, and Notes comprising a summary of significant accounting policies and other explanatory information, including Administered transactions and balances.

Director General's Responsibility for the Financial Statements

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 for such internal control as the Director General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Department of Finance at 30 June 2013 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Independent audit opinion

Report on Controls

I have audited the controls exercised by the Department of Finance during the year ended 30 June 2013.

Controls exercised by the Department of Finance are those policies and procedures established by the Director General to ensure 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.

Director General's Responsibility for Controls

The Director General is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Department complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

Opinion

In my opinion, the controls exercised by the Department of Finance are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2013.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Department of Finance for the year ended 30 June 2013.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Director General's Responsibility for the Key Performance Indicators

The Director General is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Director General determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Director General's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

Opinion

In my opinion, the key performance indicators of the Department of Finance are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2013.

Independence

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

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Department of Finance for the year ended 30 June 2013 included on the Department's website. The Department's management is responsible for the integrity of the Department's website. This audit does not provide assurance on the integrity of the Department's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
13 September 2013

Statement of Comprehensive Income For the year ended 30 June 2013

	Note	2013	2012
		\$000	\$000
COST OF SERVICES			
Expenses			
Employee benefits expense	7	146,409	135,411
Supplies and services	8	1,215,596	1,340,773 *
Depreciation and amortisation expense	9	139,794	129,236
Finance costs	10	6,629	8,685
Accommodation expenses	11	41,689	42,123
Grants and subsidies	12	14,047	2,198
Loss on disposal of non-current assets	15	-	4
Other expenses	13	5,793	8,858
Total cost of services		1,569,957	1,667,288
Income			
Revenue	14		
User charges and fees		1,274,245	1,406,422
Commonwealth grants and contributions		13,044	1,610
Interest revenue		440	809
Other revenue		8,608	4,442
Total revenue		1,296,337	1,413,281
Gains			
Gain on disposal of non-current assets	15	10,307	11,524
Other gains	16	1,757	-
Total Gains		12,064	11,524
Total income other than income from State Government		1,308,401	1,424,806
NET COST OF SERVICES		(261,556)	(242,482)
Income from State Government	17		
Service appropriation		295,546	266,137
Services received free of charge		12,671	11,727
Royalties for Regions Fund		166	160
Total income from State Government		308,382	278,023
SURPLUS/(DEFICIT) FOR THE PERIOD		46,826	35,541
OTHER COMPREHENSIVE INCOME			
Changes in the revaluation surplus	32	16,329	2,938
Total other comprehensive income		16,329	2,938
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		63,155	38,479

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.

(*) Restated due to reclassification relating to work in progress.

Statement of Financial Position As at 30 June 2013

	Note	2013	2012
		\$000	\$000
ASSETS			
Current Assets			
Cash and cash equivalents	18	87,108	196,876
Restricted cash and cash equivalents	19	2,582	4,790
Receivables	20	357,597	251,637
Finance lease receivables	21	926	989
Inventories	22	82	67
Amounts receivable for services	23	1,402	1,466
Other current assets	24	21,018	19,938
Total Current Assets		470,715	475,764
Non-Current Assets			
Restricted cash and cash equivalents	19	3,812	3,770
Receivables	20	45	45
Finance lease receivables	21	2,158	3,551
Amounts receivable for services	23	241,478	149,510
Property, plant, equipment and vehicles	25	843,382	802,820
Intangible assets	26	84,346	133,043
Other non-current assets	24	12	-
Total Non-Current Assets		1,175,233	1,092,739
TOTAL ASSETS		1,645,947	1,568,503
LIABILITIES			
Current Liabilities			
Payables	28	378,099	361,349
Borrowings	29	48,355	59,854
Provisions	30	32,087	35,588
Total Current Liabilities		458,541	456,791
Non-Current Liabilities			
Borrowings	29	89,060	87,723
Provisions	30	7,647	8,062
Lease incentives	31	32,187	36,699
Total Non-Current Liabilities		128,893	132,484
Total Liabilities		587,434	589,275
NET ASSETS		1,058,514	979,228
EQUITY			
Contributed equity	32	956,880	940,749
Reserves		19,267	2,938
Accumulated surplus/(deficit)		82,367	35,541
TOTAL EQUITY		1,058,514	979,228

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.

(*) Restated due to reclassification relating to work in progress.

(**) Restated due to recognition of GST estimation.

Statement of Changes in Equity For the year ended 30 June 2013

	Note	Contributed equity	Reserves	Accumulated surplus	Total equity
	32	\$000	\$000	\$000	\$000
Balance at 1 July 2011		-	-	-	-
Surplus/(deficit) ^(a)		-	-	35,541	35,541
Other comprehensive income		-	2,938	-	2,938
Total comprehensive income for the period		-	2,938	35,541	38,479
Transactions with owners in their capacity as owners:					
Capital appropriations		93,906	-	-	93,906
Other contributions by owners		850,323	-	-	850,323
Distributions to owners		(3,480)	-	-	(3,480)
Total		940,749	-	-	940,749
Balance at 30 June 2012		940,749	2,938	35,541	979,228
Balance at 1 July 2012		940,749	2,938	35,541	979,228
Surplus/(deficit)		-	-	46,826	46,826
Other comprehensive income		-	16,329	-	16,329
Total comprehensive income for the period		-	16,329	46,826	63,155
Transactions with owners in their capacity as owners:					
Capital appropriations		15,073	-	-	15,073
Other contributions by owners		3,400	-	-	3,400
Distributions to owners		(2,342)	-	-	(2,342)
Total		16,131	-	-	16,131
Balance at 30 June 2013		956,880	19,267	82,367	1,058,514

^(a) Restated due to reclassification relating to work in progress. 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 2013

	Note	2013	2012
		\$000	\$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		202,176	224,909
Capital appropriations		15,073	93,906
Holding account drawdowns		1,466	5,548
Receipts from Treasurer's Advance		100,000	20,000
Payments to Treasurer's Advance		(100,000)	(20,000)
Royalties for Regions Fund		166	160
Net cash provided by State Government		218,881	324,522
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(135,739)	(130,311)
Supplies and services		(1,307,914)	(1,375,259)
Finance costs		(6,704)	(8,809)
Accommodation		(21,182)	(15,225)
Grants and subsidies		(14,047)	(2,198)
GST payments on purchases		(131,463)	(131,729)
GST payments to taxation authority		(2,189)	(4,419)
Other payments		(9,223)	(7,293)
Receipts			
User charges and fees		1,255,473	1,474,933
Commonwealth grants and contributions		11,035	1,610
Interest received		476	832
GST receipts on sales		120,647	125,702
GST receipts from taxation authority		12,423	11,719
Other receipts		8,367	5,152
Net cash provided by/(used in) operating activities	33	(220,041)	(55,295)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(151,853)	(170,541)
Receipts			
Proceeds from sale of non-current physical assets		51,241	11,524
Net cash provided by/(used in) investing activities		(100,612)	(159,017)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Repayment of borrowings		(13,163)	(48,128)
Receipts			
Proceeds from borrowings		3,001	5,903
Net cash provided by/(used in) financing activities		(10,162)	(42,225)
Net increase/(decrease) in cash and cash equivalents		(111,934)	67,986
Cash balance transferred in from Department of Treasury		-	126,922
Cash balance transferred in from Office of Energy		-	10,528
Cash and cash equivalents at the beginning of period		205,436	-
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	33	93,502	205,436

The *Statement of Cash Flows* should be read in conjunction with the accompanying notes. (*) Restated due to reclassification relating to work in progress.

Schedule of Income and Expenses by Service

For the year ended 30 June 2013

	State fleet service		Revenue assessment and collection		Grants and subsidies administration		Facilitate the development and management of agency specific contracts		Development and management of whole-of-government common use contract arrangements	
	Service 1		Service 2		Service 3		Service 4		Service 5	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
COST OF SERVICES										
Expenses										
Employee benefits expense	783	734	23,347	20,399	2,414	2,196	24,584	25,973	7,763	7,588
Supplies and services	40	398	15,808	14,258	1,634	1,535	5,738	2,754	1,812	5,589
Depreciation and amortisation expense	61,791	69,113	545	460	56	49	974	792	308	250
Finance costs	6,629	8,685	-	-	-	-	-	-	-	-
Accommodation expenses	-	-	3,595	2,337	372	252	2,165	2,028	684	630
Grants and subsidies	-	-	-	-	-	-	-	-	-	-
Loss on disposal of non-current assets	-	-	-	1	-	-	-	1	-	-
Other expenses	18	21	275	87	28	9	901	675	285	213
Total cost of services	69,261	78,951	43,569	37,540	4,504	4,042	34,361	32,223	10,851	14,271
Income										
User charges and fees	77,238	89,184	2,898	2,057	301	222	4,243	4,079	1,340	1,266
Commonwealth grants and contributions	-	-	294	116	30	12	18	16	6	5
Interest revenue	440	803	-	-	-	-	-	-	-	-
Other revenue	8	(54)	247	249	26	27	2,510	733	793	231
Gain on disposal of non-current assets	10,307	11,524	-	-	-	-	-	-	-	-
Other gains	-	-	-	-	-	-	-	-	-	-
Total income other than income from State Government	87,993	101,457	3,439	2,423	357	261	6,771	4,828	2,138	1,502
NET COST OF SERVICES	18,732	22,506	(40,130)	(35,118)	(4,148)	(3,781)	(27,590)	(27,396)	(8,713)	(12,769)
Income from State Government										
Income										
Service appropriation	622	935	43,446	34,748	4,508	3,741	30,410	26,933	9,531	12,635
Resources received free of charge	-	-	10,963	10,294	1,092	1,108	28	-	9	-
Royalties for Regions Fund	-	-	-	-	-	-	-	-	-	-
Total income from State Government	622	935	54,409	45,042	5,599	4,849	30,438	26,933	9,540	12,635
Surplus/(deficit) for the period	19,354	23,441	14,279	9,924	1,452	1,069	2,848	(462)	827	(134)

The *Schedule of Income and Expenses by Service* should be read in conjunction with the accompanying notes.

Schedule of Income and Expenses by Service (continued)

For the year ended 30 June 2013

	Project management, decommissioning of the whole-of-government shared corporate services reform		Provision of financial and payroll services		Services to government		Leads the planning and delivery of new government buildings		Leads the planning and delivery of government building maintenance	
	Service 6		Service 7		Service 8		Service 9		Service 10	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
COST OF SERVICES										
Expenses										
Employee benefits expense	2,734	3,178	25,289	29,396	3,598	3,346	29,532	25,166	8,297	7,045
Supplies and services	3,363	3,118	31,132	30,818	2,670	2,219	725,789	861,723	206,000	193,622
Depreciation and amortisation expense	5,391	4,171	49,867	38,579	311	260	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-	-	-
Accommodation expenses	295	364	2,730	3,370	3,585	2,690	17,053	18,865	4,791	5,281
Grants and subsidies	-	-	-	-	-	-	48	123	13	34
Loss on disposal of non-current assets	-	-	-	1	-	1	-	-	-	-
Other expenses	298	360	2,753	3,327	25	25	692	2,578	194	722
Total cost of services	12,081	11,191	111,770	105,491	10,189	8,541	773,113	908,455	219,296	206,705
Income										
User charges and fees	1,349	-	12,479	19,399	-	-	722,744	836,292	205,813	213,110
Commonwealth grants and contributions	1	-	13	19	24	12	10,321	739	146	188
Interest revenue	-	-	-	6	-	-	-	-	-	-
Other revenue	197	-	1,820	1,365	10	17	1,306	1,145	367	292
Gain on disposal of non-current assets	-	-	-	-	-	-	-	-	-	-
Other gains	-	-	-	-	-	-	-	-	-	-
Total income other than income from State Government	1,547	-	14,312	20,788	34	29	734,371	838,177	206,327	213,591
NET COST OF SERVICES	(10,533)	(11,191)	(97,458)	(84,703)	(10,155)	(8,512)	(38,742)	(70,279)	(12,970)	6,885
Income from State Government										
Service appropriation	11,523	11,046	106,615	81,886	11,000	8,422	33,523	49,789	9,419	12,688
Resources received free of charge	1	-	6	-	11	-	285	179	80	46
Royalties for Regions Fund	-	-	-	-	-	-	166	160	-	-
Total income from State Government	11,524	11,046	106,621	81,886	11,011	8,422	33,974	50,128	9,499	12,733
Surplus/(deficit) for the period	990	(146)	9,163	(2,818)	856	(89)	(4,768)	(20,151)	(3,471)	19,619

The *Schedule of Income and Expenses by Service* should be read in conjunction with the accompanying notes.

Schedule of Income and Expenses by Service (continued)

For the year ended 30 June 2013

	Leads the planning and delivery of government office accommodation		Development and implementation of energy policy and programs		Total	
	Service 11		Service 12			
	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000
COST OF SERVICES						
Expenses						
Employee benefits expense	9,911	8,195	8,158	2,196	146,409	135,411
Supplies and services	220,028	219,629	1,583	5,107	1,215,596	1,340,773 *
Depreciation and amortisation expense	20,485	15,560	67	2	139,794	129,236
Finance costs	-	-	-	-	6,629	8,685
Accommodation expenses	5,723	6,143	696	162	41,689	42,123
Grants and subsidies	16	40	13,970	2,001	14,047	2,198
Loss on disposal of non-current assets	-	-	-	-	-	4
Other expenses	232	840	91	-	5,793	8,858
Total cost of services	256,395	250,406	24,565	9,468	1,569,957	1,667,288
Income						
User charges and fees	245,839	240,813	-	-	1,274,245	1,406,422
Commonwealth grants and contributions	175	213	2,016	288	13,044	1,610
Interest revenue	-	-	-	-	440	809
Other revenue	438	330	886	107	8,608	4,442
Gain on disposal of non-current assets	-	-	-	-	10,307	11,524
Other gains	1,757	-	-	-	1,757	-
Total income other than income from State Government	248,209	241,356	2,902	395	1,308,401	1,424,806
NET COST OF SERVICES	(8,185)	(9,050)	(21,663)	(9,073)	(261,556)	(242,482)
Income from State Government						
Service appropriation	11,250	14,337	23,698	8,977	295,546	266,137
Resources received free of charge	96	51	101	49	12,671	11,727
Royalties for Regions Fund	-	-	-	-	166	160
Total income from State Government	11,346	14,388	23,800	9,026	308,382	278,023
Surplus/(deficit) for the period	3,160	5,338	2,137	(46)	46,826	35,541

The *Schedule of Income and Expenses by Service* should be read in conjunction with the accompanying notes.

(*) Restated due to reclassification relating to work in progress.

Schedule of Assets and Liabilities by Service

As at 30 June 2013

	State fleet service		Revenue assessment and collection		Grants and subsidies administration		Facilitate the development and management of agency specific contracts		Development and management of whole-of-government common use contract arrangements	
	Service 1		Service 2		Service 3		Service 4		Service 5	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets										
Current assets	12,720	14,326	27,387	26,808	2,949	2,886	26,386	32,245	8,438	10,295
Non-current assets	281,197	272,090	49,378	26,972	5,316	2,904	32,516	18,283	10,393	5,850
Total assets	293,917	286,416	76,765	53,780	8,265	5,790	58,903	50,528	18,831	16,145
Liabilities										
Current liabilities	57,767	71,154	7,964	8,024	857	864	10,851	12,489	3,398	3,941
Non-current liabilities	89,104	87,802	1,205	1,073	129	116	1,063	923	383	350
Total liabilities	146,871	158,956	9,169	9,097	987	980	11,914	13,412	3,781	4,291
NET ASSETS	147,046	127,460	67,596	44,683	7,278	4,810	46,989	37,116	15,050	11,854

The *Schedule of Income and Expenses by Service* should be read in conjunction with the accompanying notes.

Schedule of Assets and Liabilities by Service (continued)

As at 30 June 2013

	Project management, decommissioning of the whole-of-government shared corporate services reform		Provision of financial and payroll services		Services to government		Leads the planning and delivery of new government buildings		Leads the planning and delivery of government building maintenance	
	Service 6		Service 7		Service 8		Service 9		Service 10	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets										
Current assets	2,582	5,230	23,891	48,352	33,778	31,356	178,918	156,123	94,031	86,894
Non-current assets	8,464	13,843	78,283	128,030	39,800	18,111	409,894	372,491	114,674	108,158
Total assets	11,046	19,073	102,174	176,382	73,578	49,467	588,813	528,614	208,705	195,052
Liabilities										
Current liabilities	1,392	2,085	12,875	19,277	5,922	5,291	197,392	175,518	99,900	92,525
Non-current liabilities	135	243	1,251	2,248	141	111	21,728	24,218	6,083	7,031
Total liabilities	1,526	2,328	14,125	21,525	6,063	5,402	219,120	199,736	105,983	99,556
NET ASSETS	9,520	16,745	88,048	154,857	67,515	44,065	369,693	328,878	102,722	95,496

	Leads the planning and delivery of government office accommodation		Development and implementation of energy policy and programs		Total	
	Service 11		Service 12			
	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000
Assets						
Current assets	50,382	50,362	9,252	10,887	470,715	475,764
Non-current assets	134,804	120,154	10,513	5,854	1,175,233	1,092,739
Total assets	185,186	170,516	19,765	16,741	1,645,947	1,568,503
Liabilities						
Current liabilities	56,220	56,619	4,003	9,004	458,541	456,791
Non-current liabilities	7,075	7,812	592	557	128,893	132,484
Total liabilities	63,296	64,431	4,596	9,561	587,433	589,275
NET ASSETS	121,890	106,085	15,169	7,180	1,058,514	979,228

The *Schedule of Assets and Liabilities by Service* should be read in conjunction with the accompanying notes. (**) Restated due to recognition of GST estimation.

Summary of Consolidated Account Appropriations and Income Estimates

For the year ended 30 June 2013

	2013 Estimate	2013 Actual	Variance	2013 Actual	2012 Actual	Variance
	\$000	\$000	\$000	\$000	\$000	\$000
CONTROLLED TRANSACTIONS						
Delivery of services						
Item 62 net amount appropriated to deliver services	307,317	307,317	-	307,317	183,081	124,236
Section 25 transfers and other adjustments (Note 42)	-	(13,085)	(13,085)	(13,085)	82,000	(95,085)
Amount authorised by other statutes						
- <i>Salaries and Allowances Act 1975</i>	1,314	1,314	-	1,314	1,056	258
Total appropriations provided to deliver services	308,631	295,546	(13,085)	295,546	266,137	29,409
Capital						
Item 137 capital appropriations	40,352	15,073	(25,279)	15,073	93,906	(78,833)
Total capital appropriations provided to deliver services	40,352	15,073	(25,279)	15,073	93,906	(78,833)
ADMINISTERED TRANSACTIONS						
Community Service Obligation Payments						
Item 63 amount provided for administered grants, subsidies and other transfer payments ^(a)	152,320	249,257	96,937	249,257	117,692	131,565
Amount authorised by other statutes						
<i>First Home Owner Grant Act 2000</i> ^(b)	111,418	133,828	22,410	133,828	105,782	28,046
Total administered transactions	263,738	383,085	119,347	383,085	223,474	159,611
GRAND TOTAL	612,721	693,704	80,983	693,704	583,517	110,187
Details of expenses by service						
State fleet service	86,572	69,261	(17,311)	69,261	78,951	(9,690)
Revenue assessment and collection	44,751	43,569	(1,182)	43,569	37,541	6,028
Grants and subsidies administration	4,045	4,504	459	4,504	4,042	463
Facilitate the development and management of agency specific contracts	31,562	34,361	2,799	34,361	32,223	2,138
Development and management of whole-of-government common use contract arrangements	14,138	10,851	(3,287)	10,851	14,271	(3,420)
Project management, decommissioning of the whole-of-government shared corporate services reform	51,614	12,081	(39,533)	12,081	11,191	889
Provision of financial and payroll services	142,424	111,770	(30,654)	111,770	105,491	6,279
Services to government	7,918	10,189	2,271	10,189	8,541	1,648
Leads the planning and delivery of new government buildings	772,427	773,113	686	773,113	908,455	(135,342)
Leads the planning and delivery of government building maintenance	229,703	219,296	(10,407)	219,296	206,705	12,591
Leads the planning and delivery of government office accommodation	306,094	256,395	(49,699)	256,395	250,406	5,989
Development and implementation of energy policy and programs	32,706	24,565	(8,141)	24,565	9,468	15,097
Total details of expenses by service	1,723,954	1,569,957	(153,997)	1,569,957	1,667,288	(97,331)
Less Total Income	1,381,955	1,308,401	(73,554)	1,308,401	1,424,806	(116,405)

	2013 Estimate	2013 Actual	Variance	2013 Actual	2012 Actual	Variance
	\$000	\$000	\$000	\$000	\$000	\$000
Net cost of services	341,999	261,556	80,443	261,556	242,482	19,074
Adjustments	(33,368)	33,990	(67,358)	33,990	23,655	10,335
Total appropriations provided to deliver services	308,631	295,546	(13,085)	295,546	266,137	29,409
Details of capital expenditure						
Purchase of non-current physical assets	212,131	151,853	(60,278)	151,853	170,541	(18,688)
Repayment of borrowings	79,771	13,163	(66,608)	13,163	48,128	(34,965)
Adjustments for other funding sources	(251,550)	(149,943)	101,607	(149,943)	(124,763)	(25,180)
Capital appropriations	40,352	15,073	(25,279)	15,073	93,906	(78,833)
DETAILS OF ADMINISTERED INCOME ESTIMATES						
Taxation						
Insurance Duty	511,600	554,564	42,964	554,564	487,141	67,423
Land Tax	539,300	566,812	27,512	566,812	550,873	15,939
Metropolitan Region Improvement Tax	83,300	85,107	1,807	85,107	84,183	924
Payroll Tax	3,360,650	3,464,843	104,193	3,464,843	3,087,749	377,094
Racing and Wagering Western Australia Tax	36,962	41,093	4,131	41,093	35,844	5,249
Transfer Duty	1,449,300	1,653,704	204,404	1,653,704	1,260,561	393,143
Landholder Duty	52,500	216,471	163,971	216,471	101,388	115,083
Vehicle Licence Duty	388,100	404,004	15,904	404,004	367,181	36,823
Other duties	7	4,731	4,724	4,731	9	4,722
Commonwealth Mirror Taxes	37,310	42,500	5,190	42,500	38,127	4,373
	6,459,029	7,033,829	574,800	7,033,829	6,013,056	1,020,773
Other revenue						
Office lease rental revenue	35,000	39,613	4,613	39,613	31,849	7,764
Other income	35,650	44,614	8,964	44,614	38,198	6,416
	70,650	84,227	13,577	84,227	70,047	14,180
Appropriations						
<i>First Home Owner Grant Act 2000</i>	111,418	133,828	22,410	133,828	105,782	28,046
Administered grants and transfer payments	152,320	249,257	96,937	249,257	117,693	131,564
	263,738	383,085	119,347	383,085	223,475	159,610
TOTAL INCOME ESTIMATES	6,793,417	7,501,141	707,724	7,501,141	6,306,578	1,194,563

Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation.

Notes 42 and 43 *Explanatory statement* provides details of any significant variations between estimates and actual results for 2013 and between the actual results for 2013 and 2012.

- (a) The revised budget for this item was \$273.32 million. This comprised of the initial budget of \$152.32 million plus supplementary funding of \$121 million.
- (b) The revised budget for FHOG was \$136.383 million. This comprised of the initial budget of \$111.418 million plus additional funding of \$24.965 million.

Notes to the Financial Statements

For the year ended 30 June 2013

Note 1. Australian Accounting Standards

General

The Department's financial statements for the year ended 30 June 2013 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*. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Department for the annual reporting period ended 30 June 2013.

Note 2. Summary of significant accounting policies

(a) General statement

The Department is a not-for-profit reporting entity that prepares general purpose financial statements 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, except for land and buildings 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).

Note 4 *Judgements made by management in applying accounting policies* discloses judgements that have been made in the process of applying the Department's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 5 *Key sources of estimation uncertainty* discloses 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.

(c) Reporting entity

The reporting entity is the Department of Finance.

Mission

The Department's mission is to provide quality advice and services to facilitate the achievement of government objectives that will benefit Western Australians now and into the future.

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: State fleet service

The financing and leasing of some 11,000 passenger and light commercial vehicles to State Government agencies and the management of government vehicle fleet policy.

Service 2: Revenue assessment and collection

The assessment and collection of a range of statutory-based revenue, including duties, land tax and payroll tax, and those collected on behalf of other agencies (e.g. Perth Parking Licence fees on behalf of Department of Transport) or other jurisdictions (e.g. collection of a range of taxes for the Commonwealth in the Indian Ocean Territories).

Service 3: Grants and subsidies administration

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 scheme and concessions on water and local government rates and the emergency services levy for pensioners and seniors.

Service 4: Facilitate the development and management of agency specific contracts

Government agencies assisted in effectively managing procurement risks and establishing contracts that deliver value-for-money and efficiently meet their operational needs.

Service 5: *Development and management of whole-of-government common use contract arrangements*

The Department 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 6: *Project management, decommissioning of the whole-of-government shared corporate services reform*

Following the Government's decision to decommission the Office of Shared Services, a Decommissioning Office has been established to undertake the program and to assist client government agencies to roll-out from the Shared Services environment. It is planned all agencies will have exited Shared Services by December 2013.

Service 7: *Provision of financial and payroll services*

The Shared Services Centre is currently responsible for providing financial and payroll services to agencies that are currently rolled into Shared Services. Responsibility will continue until the last agency exits Shared Services in December 2013.

Service 8: *Services to government*

Corporate services directly provided by the Department to support the outcomes and activities of the Department of Treasury.

Service 9: *Leads the planning and delivery of new government buildings*

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

Service 10: *Leads the planning and delivery of government building maintenance*

Provides strategic leadership and facilitation in the planning, project management and procurement of maintenance for non-residential buildings.

Service 11: *Leads the planning and delivery of government office accommodation*

Provides strategic leadership and facilitation in the planning, project management and procurement of government office accommodation.

Service 12: *Development and implementation of energy policy and programs*

The delivery of energy policy and programs that enable the Public Utilities Office to perform its role as a change agent leading development and implementation of policy to meet the State's energy needs.

The Department administers assets, liabilities, income and expenses on behalf of the 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 47 *Administered income and expenses* and Note 49 *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 is recognised and 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 Amounts receivable for services (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 2012-2013 Budget Statements, the Department retained \$1,308 million in 2013 (\$1,425 million in 2012) 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
- 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, 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, equipment and vehicles

Capitalisation/expensing of assets

Items of property, plant, equipment and motor vehicles costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant, equipment 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

Property, plant, equipment and motor vehicles are initially recognised at cost.

For items of property, plant, equipment 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 historical cost 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 transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the

gross carrying amount of the asset and the net amount restated to the revalued amount.

In the absence of market-based evidence, 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.

Land and buildings are independently valued 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.

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, 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 Note 25 *Property, plant, equipment and vehicles*.

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 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 ^(a)	3 to 10 years
Office fit-outs	3 to 15 years or remaining lease term, whichever is lower
Motor vehicles	6 months to 5 years

(a) Software that is integral to the operation of related hardware. Shared Services Oracle software will be amortised over the decommissioning period commencing 1 January 2012 to 30 June 2014.

(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.

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
Software ^(a)	3 to 13 years

(a) 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.

(i) Impairment of assets

Items of property, plant, equipment, motor vehicles 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. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income.

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.

(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, the Department has two categories of financial instruments:

- Receivables
- 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 28 *Payables*) represent the amount due to staff but unpaid at 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 19 *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

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual leave

The liability for annual 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 liability is settled.

Annual leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as 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.

The provision for annual leave is classified as a current liability as the Department does not have an unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

Long service leave

The liability for 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 liability is settled.

Long service leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as 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.

Unconditional long service leave provisions are classified as current liabilities as the Department does not have unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Conditional long service leave provisions are classified as non-current liabilities because the Department has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

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 12 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 current provision as employees can leave the scheme at their discretion at any time.

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) and other funds administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees varies according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees have been able to choose their preferred superannuation fund provider. The Department makes contributions to GESB or other fund provider on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Department's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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

The Department has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Department to the GESB. The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

See also Note 2(v) *Superannuation expense*.

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 superannuation expense in the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBS, or other superannuation fund. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

(w) Assets and services received free of charge or for nominal cost

Assets and services 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 the resource received represents a service that the Department would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies 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.

(aa) Residential Net Feed-in Tariff Scheme

The Department provides advice on policy settings for the Residential Net Feed-in Tariff Scheme, which are established by the Government. The scheme is administered by the electricity retailers, Synergy and Horizon Power, based on a customer contract administered by the Public Utilities Office. Payments under the scheme are made by Synergy and Horizon Power.

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

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Waste disposal site

An environmental analysis to provide a quantifiable estimate of the amount required to rehabilitate the Mt Walton East intractable waste disposal site was obtained for the 2012–2013 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.

Long Service Leave

Several estimations and assumptions used in calculating the Department's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amounts of the long service leave provision.

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 2012 that impacted on the Department.

AASB 2011-9	<i>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]</i> This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). There is no financial impact.
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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 Department has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Department. Where applicable, the Department plans to apply these Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	<i>Financial Instruments</i> This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , introducing a number of changes to accounting treatments. AASB 2012-6 <i>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures</i> amended the mandatory application date of this Standard to 1 January 2015. The Department has not yet determined the application or the potential impact of the Standard.	1-Jan-15
AASB 10	<i>Consolidated Financial Statements</i> This Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> and Int 112 <i>Consolidation – Special Purpose Entities</i> , introducing a number of changes to accounting treatments. AASB 2012-10 <i>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments</i> amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. The Department has not yet determined the application or the potential impact of the Standard.	1-Jan-14
AASB 11	<i>Joint Arrangements</i> This Standard supersedes AASB 131 <i>Interests in Joint Ventures</i> , introducing a number of changes to accounting treatments. AASB 2012-10 amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. The Department has not yet determined the application or the potential impact of the Standard.	1-Jan-14
AASB 12	<i>Disclosure of Interests in Other Entities</i> This Standard supersedes disclosure requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> , AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i> . AASB 2012-10 amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. The Department has not yet determined the application or the potential impact of the Standard.	1-Jan-14
AASB 13	<i>Fair Value Measurement</i> This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. The Department has liaised with the Western Australian Land Information Authority (Valuation Services) to ensure that sufficient information will be provided to meet the disclosure requirements of this Standard. There is no financial impact.	1-Jan-13
AASB 119	<i>Employee Benefits</i> This Standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements. The Department does not have any defined benefit plans, and therefore the financial impact will be limited to the effect of discounting annual leave and long service leave liabilities that were previously measured at the undiscounted amounts.	1-Jan-13
AASB 127	<i>Separate Financial Statements</i> This Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> , introducing a number of changes to accounting treatments. AASB 2012-10 amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. The Department has not yet determined the application or the potential impact of the Standard.	1-Jan-14

AASB 128	<i>Investments in Associates and Joint Ventures</i> This Standard supersedes AASB 128 <i>Investments in Associates</i> , introducing a number of changes to accounting treatments. AASB 2012-10 amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. The Department has not yet determined the application or the potential impact of the Standard.	1-Jan-14
AASB 1053	<i>Application of Tiers of Australian Accounting Standards</i> This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is no financial impact.	1-Jul-13
AASB 1055	<i>Budgetary Reporting</i> This Standard specifies the nature of budgetary disclosures, the circumstances in which they are to be included in the general purpose financial statements of not-for-profit entities within the GGS. The Department will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.	1-Jul-14
AASB 2010-2	<i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Int 2, 4, 5, 15, 17, 127, 129 & 1052]</i> This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.	1-Jul-13
AASB 2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i> This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. AASB 2012-6 amended the mandatory application date of this Standard to 1 January 2015. The Department has not yet determined the application or the potential impact of the Standard.	1-Jan-15
AASB 2011-2	<i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & 1054]</i> This Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial impact.	1-Jul-13
AASB 2011-6	<i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131]</i> This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.	1-Jul-13
AASB 2011-7	<i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]</i> This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 <i>Separate Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> . For not-for-profit entities it applies to annual reporting periods beginning on or after 1 January 2014. The Department has not yet determined the application or the potential impact of the Standard.	1-Jan-13
AASB 2011-8	<i>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132]</i> This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.	1-Jan-13
AASB 2011-10	<i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]</i> This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. There is limited financial impact.	1-Jan-13
AASB 2011-11	<i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i> This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.	1-Jul-13
AASB 2012-1	<i>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements [AASB 3, 7, 13, 140 & 141]</i> This Standard establishes and amends reduced disclosure requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. There is no financial impact.	1-Jul-13
AASB 2012-2	<i>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 132]</i> This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There is no financial impact.	1-Jan-13

AASB 2012-3	<i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</i> This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of currently has a legally enforceable right of set-off and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact.	1-Jan-14
AASB 2012-5	<i>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle [AASB 1, 101, 116, 132 & 134 and Int 2]</i> This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There is no financial impact.	1-Jan-13
AASB 2012-6	<i>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]</i> This Standard amends the mandatory effective date of AASB 9 <i>Financial Instruments</i> to 1 January 2015. Further amendments are also made to consequential amendments arising from AASB 9 that will now apply from 1 January 2015 and to consequential amendments arising out of the Standards that will still apply from 1 January 2013. There is no financial impact.	1-Jan-13
AASB 2012-7	<i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, 12, 101 & 127]</i> This Standard adds to or amends the Australian Accounting Standards to provide further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general financial statement. There is no financial impact.	1-Jul-13
AASB 2012-10	<i>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049, & 2011-7 and Int 12]</i> This Standard makes amendments to AASB 10 and related Standards to revise the transition guidance relevant to the initial application of those Standards, and to clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The Standard was issued in December 2012. The Department has not yet determined the application or the potential impact of the Standard.	1-Jan-13
AASB 2012-11	<i>Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments [AASB 1, 2, 8, 10, 107, 128, 133, 134 & 2011-4]</i> This Standard makes various editorial corrections to Australian Accounting Standards – Reduced Disclosure Requirements (Tier 2). These corrections ensure that the Standards reflect decisions of the AASB regarding the Tier 2 requirements. This Standard also extends the relief from consolidation and the equity method (in the new Consolidation and Joint Arrangements Standards) to entities complying with Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.	1-Jul-13

Changes in accounting estimates

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

Note 7. Employee benefits expense

	2013 \$000	2012 \$000
Wages and salaries	107,685	99,263
Superannuation-defined contribution ^(a)	12,970	12,026
Long service leave ^(b)	4,947	4,500
Annual leave ^(b)	17,015	16,147
Other related expenses ^(c)	3,792	3,475
	146,409	135,411

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

(b) Includes a superannuation contribution component.

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

Note 8. Supplies and services

	2013 \$000	2012 \$000
Managed contracts	1,131,209	1,259,693 *
Communications	3,942	4,053
Consultants and contractors	69,190	65,154
Repairs and maintenance	1,040	1,504
Other related expenses	237	594
Travel	539	661
Legal costs	725	695
Other	8,713	8,419
	1,215,596	1,340,773

(*) Restated due to reclassification relating to work in progress.

Note 9. Depreciation and amortisation expense

	2013 \$000	2012 \$000
Depreciation		
Office fit-out	11,781	8,840
Computer equipment	1,282	941
Vehicles	61,791	69,113
Buildings	4,861	4,086
Leasehold improvements	3,200	2,732
Office equipment	56	42
Total depreciation	82,971	85,755
Amortisation		
Computer software	54,109	40,767
Licence	2,714	2,714
Total amortisation	56,823	43,481
Total depreciation and amortisation	139,794	129,236

Note 10. Finance costs

	2013 \$000	2012 \$000
WATC – Interest on borrowings	6,629	8,685
	6,629	8,685

Note 11. Accommodation expenses

	2013 \$000	2012 \$000
Repairs and maintenance buildings	25,730	26,900
Cleaning and security	721	142
Lease rentals	15,237	15,081
	41,689	42,123

Note 12. Other expenses

	2013 \$000	2012 \$000
Grants - recurrent	14,047	2,198
	14,047	2,198

Note 13. Other expenses

	2013 \$000	2012 \$000
Minor equipment	519	964
Employment on-costs ^(a)	(6)	(14)
Cost of goods sold	148	136
Other ^(b)	5,132	7,773
	5,793	8,858

(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 30 *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'.

(b) Includes audit fees and Act of Grace payments.

Note 14. Income

	2013 \$000	2012 \$000
User charges and fees		
Sales	1,000	713
Rents for government office accommodation	222,110	217,190
Managed building works	944,752	1,062,047
Vehicle fleet lease rental	77,238	89,184
Other	29,146	37,289
	1,274,245	1,406,422
Commonwealth grants and contributions		
Commonwealth grants and contributions	13,044	1,610
	13,044	1,610
Interest revenue		
Interest revenue	440	809
	440	809
Other revenue		
Recoups	4,462	3,078
Government vehicle scheme (GVS)	111	125
Other	4,035	1,238
	8,608	4,442
	1,296,337	1,413,281

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

	2013 \$000	2012 \$000
Cost of Disposal of Non-Current Assets		
Motor vehicles	41,996	58,848
Other assets	-	4
	41,996	58,852
Proceeds from Disposal of Non-Current Assets		
Motor vehicles	52,303	70,372
	52,303	70,372
	10,307	11,520

Note 16. Other gains

	2013 \$000	2012 \$000
Gain on revaluation of buildings	1,757	-
	1,757	-

Note 17. Income from State Government

	2013 \$000	2012 \$000
Appropriation received during the period: service appropriation ^(a)	295,546	266,137
Services received free of charge from other State Government agencies during the period ^(b)		
Department of the Attorney General	1,335	870
Landgate	10,932	10,857
Department of Treasury	404	-
	12,671	11,727
Royalties for Regions Fund:		
Regional Infrastructure and Headworks Account ^(c)	166	160
	166	160
	308,382	278,023

(a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the budgeted depreciation expense for the year and any agreed increase in leave liabilities 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) State Government Royalties for Regions funds has been used to fund the increase in district allowance payments for eligible regional public sector employees.

Note 18. Cash and cash equivalents

	2013 \$000	2012 \$000
Current		
Cash at bank	87,095	196,863
Cash on hand	13	13
	87,108	196,876

Note 19. Restricted cash and cash equivalents

	2013 \$000	2012 \$000
Current		
Conservation Fund ^(a)	60	196
Indian Ocean Territories Trust Fund	170	263
Regional Remote Power Generation Program ^(b)	2,352	4,331
	2,582	4,790
Non-current		
Accrued salaries suspense account ^(c)	3,812	3,770
	6,394	8,560

- (a) Unspent Commonwealth grant funding for various public programs and conservation at Fremantle Prison.
- (b) Fund provided by Commonwealth Government for the purpose of providing grant funding for the conduct of energy related initiatives.
- (c) 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 20. Receivables

	2013 \$000	2012 \$000
Current		
Receivables	83,514	61,729
Accrued revenue	12,150	25,861
GST receivable	42,122	42,383
Interest receivable	44	74
Trust account ^(a)	7,643	7,643
	145,473	137,690
Underbillings ^(b)	212,124	113,947
Total current	357,597	251,637
Non-current		
Receivables	45	45
Total Non-current	45	45
Total Receivables	357,642	251,682

(a) Relates to funds held in trust by the Department's corporate property manager for management of rental services, management of Fremantle Prison Café, and consumables and incidental costs relating to WA Government's occupation of Gordon Stephenson House.

(b) Contract costs incurred but not yet billed to clients. The Department does not hold any collateral as security or other credit enhancements relating to receivables.

Refer also to Note 2(q) *Receivables* and Note 39 *Financial instruments*.

(**) Restated due to recognition of GST estimation.

Note 21. Finance lease receivables

	2013 \$000	2012 \$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	3,497	5,388
Less: Unearned finance income	(413)	(848)
Net investment in finance lease contracts	3,084	4,540
Less: Unguaranteed residual values of the finance leases at the balance date		
Present value of the future minimum lease payment receivables	3,084	4,540
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:		
Current		
Not later than one year	926	989
Non-current		
Later than one year and not later than 5 years	1,799	2,545
Later than 5 years	359	1,006
	2,158	3,551
	3,084	4,540

Note 22. Inventories

	2013 \$000	2012 \$000
Inventories held for resale	82	67
	82	67

Refer also to Note 2^(p) *Inventories*

Note 23. Amounts receivable for services (holding account)

	2013 \$000	2012 \$000
Current	1,402	1,466
Non-current	241,478	149,510
Total	242,880	150,976

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 also to Note 2(o) *Amounts receivable for services (holding account)*.

Note 24. Other assets

	2013 \$000	2012 \$000
Current		
Prepayments	21,018	19,938
	21,018	19,938
Non-current		
Prepayments	12	-
	12	-

Note 25. Property, plant, equipment and vehicles

	2013 \$000	2012 \$000
Land		
At fair value ^(a)	175,974	167,496
Accumulated impairment losses	-	-
	175,974	167,496
Buildings		
At fair value ^(a)	269,788	203,796
Accumulated depreciation	(3,095)	(2,344)
Accumulated impairment losses	-	-

	2013 \$000	2012 \$000
Buildings		
At cost	-	-
	-	-
Leasehold		
At cost	27,300	27,042
Accumulated depreciation	(5,932)	(2,732)
	21,368	24,310
Office equipment		
At cost	262	192
Accumulated depreciation	(97)	(42)
	165	151
Computer equipment		
At cost	4,782	3,163
Accumulated depreciation	(2,216)	(934)
	2,566	2,229
Office fit-out		
At cost	117,146	128,807
Accumulated depreciation	(20,609)	(8,828)
	96,537	119,978
Motor Vehicles		
At cost	397,515	381,452
Accumulated depreciation	(118,870)	(113,157)
	278,645	268,295
Works in progress		
At cost	1,433	18,909
	1,433	18,909
Total		
At fair value/cost	994,200	930,856
Accumulated depreciation	(150,819)	(128,037)
	843,382	802,820

(a) Land and buildings were revalued as at 1 July 2012 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2013 and recognised at 30 June 2013. In undertaking the revaluation, fair value was determined by reference to market values for land: \$66.675 million (2012: \$65.849 million) and buildings: \$175.500 million (2012: \$128.160 million). For the remaining balance, fair value of land was determined on the basis of current use and for buildings on the basis of depreciated replacement cost. Refer also to Note 2(g) *Property, plant, equipment and vehicles*.

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	Leasehold improvements	Office equipment	Computer equipment	Office fit-out	Motor vehicles	Work in progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2013									
Carrying amount at start of period	167,496	201,452	24,310	151	2,228	119,978	268,296	18,909	802,820
Additions	-	19,644	258	70	1,619	29,191	112,840	28,631	192,253
Transfers	-	40,851	-	-	-	(40,851)	266	(46,108)	(45,842)
Other disposals	-	-	-	-	-	-	(40,965)	-	(40,965)
Revaluations	8,478	9,608	-	-	-	-	-	-	18,086
Depreciation	-	(4,862)	(3,200)	(56)	(1,282)	(11,781)	(61,791)	-	(82,971)
Carrying amount at end of period	175,974	266,693	21,368	165	2,566	96,537	278,645	1,433	843,382

	Land	Buildings	Leasehold improvements	Office equipment	Computer equipment	Office fit-out	Motor vehicles	Work in progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012									
Distribution from owner	180,126	199,586	56,442	238	2,185	1,220	273,314	12,326	725,437
Additions	532	9,209	7,152	154	1,185	13	129,086	98,554	245,885
Transfers	(1,100)	(1,500)	(36,552)	(199)	(201)	127,586	-	(91,971)	(3,937)
Other disposals	(15,000)	-	-	-	-	-	(64,991)	-	(79,991)
Revaluations	2,938	(1,757)	-	-	-	-	-	-	1,181
Depreciation	-	(4,086)	(2,732)	(42)	(941)	(8,841)	(69,113)	-	(85,755)
Carrying amount at end of period	167,496	201,452	24,310	151	2,229	119,978	268,295	18,909	802,820

Note 26. Intangible assets

	2013 \$000	2012 \$000
Licence	12,360	12,360
At cost	(5,428)	(2,714)
Accumulated amortisation	6,932	9,646
Computer software	171,321	148,609
At cost	(94,876)	(40,767)
Accumulated amortisation	76,444	107,842
Work in progress	970	15,556
At cost	970	15,556
Total		
At cost	184,650	176,525
Accumulated amortisation	(100,305)	(43,481)
	84,346	133,043

(*) Restated due to reclassification relating to work in progress.

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

	Licence	Computer software	Work in progress	Total
2013	\$000	\$000	\$000	\$000
Carrying amount at start of period	9,646	107,842	15,556	133,043
Additions		1,078	7,048	8,126
Transfers	-	-	-	-
Transfers to computer software	-	21,634	(21,634)	-
Revaluation increments	-	-	-	-
Impairment losses recognised in Statement of Comprehensive Income	-	-	-	-
Impairment losses reversed in Statement of Comprehensive Income	-	-	-	-
Amortisation expense	(2,714)	(54,109)	-	(56,823)
Carrying amount at end of period	6,932	76,444	970	84,346

	Licence	Computer software	Work in progress	Total
2012	\$000	\$000	\$000	\$000
Distribution from owner	10,611	131,726	23,810	166,147
Additions	1,750	-	7,724	9,474
Transfers	(1)	(18)	923	904
Transfers to computer software	-	16,901	(16,901)	-
Amortisation expense	(2,714)	(40,767)	-	(43,481)
Carrying amount at end of period	9,646	107,842	15,556	133,043

Note 27. Impairment of assets

There were no indications of impairment to property, plant, equipment, vehicles and intangible assets at 30 June 2013. The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period. All surplus assets at 30 June 2013 have either been classified as assets held for sale or written-off.

Note 28. Payables

	2013 \$000	2012 \$000	
Current			
Trade payables	5,938	11,157	
GST payable	32,819	27,399	**
Accrued salaries	2,678	4,916	
Accrued expenses	78,741	97,733	**
Unearned revenue	22,901	21,142	^(b)
Interest – Western Australia Treasury Corporation	256	331	
Other	2,821	114	
	146,153	162,792	
Overbillings ^(a)	231,946	198,557	**
Total Payables	378,099	361,349	

(a) Billings to clients less contract costs incurred.

Refer to Note 2(r) *Payables* and Note 39 *Financial instruments*.

(b) Subnote 'Unearned revenue' separately disclosed from 'Accrued expenses'.

(**) Restated due to recognition of GST estimation.

Note 29. Borrowings

	2013 \$000	2012 \$000
Current		
Western Australian Treasury Corporation	48,355	59,854
	48,355	59,854
Non-current		
Western Australian Treasury Corporation	89,060	87,723
	89,060	87,723
Total Borrowings	137,415	147,577

Note 30. Provisions

	2013 \$000	2012 \$000
Current		
<i>Employee benefits provision</i>		
Annual leave ^(a)	10,617	12,895
Long service leave ^(b)	18,307	19,256
Deferred salary scheme ^(e)	148	172

Purchased leave	-	(42)
	29,073	32,282
Other provisions	3,014	3,307
Employment on-costs ^(c)	3,014	3,307
Total	32,087	35,588
Non current		
Employee benefits provision		
Long service leave ^(b)	6,423	6,901
	6,423	6,901
Other		
Employment on-costs ^(c)	705	656
Restoration costs ^(d)	518	504
	1,223	1,160
Total Non-current	7,647	8,062
Total Provisions	39,734	43,650

(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:

	2013 \$000	2012 \$000
Within 12 months of the end of the reporting period	7,415	7,904
More than 12 months after the reporting period	3,202	4,991
	10,617	12,895

(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:

	2013 \$000	2012 \$000
Within 12 months of the end of the reporting period	6,964	7,124
More than 12 months after the reporting period	17,766	19,033
	24,730	26,157

(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 East in April 2005. This provision is for the rehabilitation of the intractable waste facility.

(e) Deferred salary scheme liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Actual settlement of the liabilities is expected to occur as follows:

	2013 \$000	2012 \$000
Within 12 months of the end of the reporting period	148	57
More than 12 months after the reporting period	-	115
	148	172

Movements in other provisions

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

	2013 \$000	2012 \$000
Restoration costs provisions		
Carrying amount at start of period	504	474
Provisions transferred in	-	-
Additional provisions recognised	14	30
Payments/other sacrifices of economic benefits	-	-
Unwinding of the discount	-	-
Carrying amount at end of period	518	504
Employment on-cost provision		
Carrying amount at start of period	3,962	-
Provisions transferred in	-	-
Additional provisions recognised	886	3,962
Payments/other sacrifices of economic benefits	(1,129)	-
Unwinding of the discount	-	-
Carrying amount at end of period	3,719	3,962
	4,237	4,466

Note 31. Lease Incentives

	2013 \$000	2012 \$000
Lease incentives		
Lease incentives	32,187	36,699
	32,187	36,699

Note 32. 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

	2013 \$000	2012 \$000
Balance at start of period	940,749	-
Contributions by owners		
Capital appropriation	15,073	93,906
Other contributions by owners		
Transfer of net assets from other agencies:		
Transfer from Department of Education	3,400	-
Office of Energy	-	9,460
Department of Treasury	-	831,428
Department of Health	-	9,435
Total contributions by owners	3,400	850,323
Distribution to owners		
Transfer of net assets to other agencies:		
Allocation of Public Transport Authority funding for Bus Bridge Project to Department of Treasury	(2,342)	-
Transfer of Kalgoorlie Public Building to Department of the Attorney General	-	(2,600)
Payment to WA Energy Disputes Arbitrator	-	(880)

Contributed equity continued

Total distributions to owners	(2,342)	(3,480)
	956,880	940,749
Reserves		
Asset revaluation surplus		
Balance at start of period	2,938	-
Net revaluation increments/(decrements):		
Land	8,478	2,938
Buildings	7,851	-
Balance at end of period	19,267	2,938
Accumulated surplus/(deficit)		
Balance at start of period	35,541	-
Result for the period	46,826	35,541
Balance at end of period	82,367	35,541
Total equity at end of period	1,058,514	979,228

Note 33. 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:

	2013 \$000	2012 \$000
Cash and cash equivalents ^(a)	87,108	196,876
Restricted cash and cash equivalents ^(b)	6,394	8,560
	93,502	205,436

(a) Refer also to Note 18 *Cash and cash equivalents*.

(b) Refer also to Note 19 *Restricted cash and cash equivalents*.

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

	2013 \$000	2012 \$000
Net cost of services	(261,556)	(242,482)
Non-cash items		
Depreciation and amortisation expense ⁽⁹⁾	139,794	129,236
Doubtful debts expense	12	-
Services received free of charge ⁽¹⁷⁾	12,671	11,727
Finance costs – unwinding of discounts	-	-
Gain on revaluation increment ⁽¹⁶⁾	(1,757)	-
Net (gain)/loss on disposal of property, plant and equipment ⁽¹⁵⁾	(10,307)	(11,520)
(Increase)/decrease in assets		
Current receivables ^(a)	(47,513)	67,351
Current inventories	(15)	2
Other current assets		
Increase/(decrease) in liabilities		
Current payables ^(a)	(75,224)	(25,841)
Accrued salaries	(229)	(119)
Unearned revenues	22,901	21,142
Non-current provision	-	(124)
Employee benefits	10,899	5,219
Other non-current liabilities	804	4,990
Net GST receipts/(payments) ^(b)	(10,816)	(6,028)
Change in GST in receivables/payables ^(c)	296	(8,848)
Net cash provided by/ (used in) operating activities	(220,041)	(55,295)

(a) 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.

(b) This is the net GST paid/received, i.e. cash transactions.

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

(**) Restated due to recognition of GST estimation.

Note 34. Services provided free of charge

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

	2013 \$000	2012 \$000
Department of Indigenous Affairs	569	91
Department of Agriculture and Food	308	292
Department of Culture and the Arts	459	358
Mid West Development Commission	7	10
Department of Commerce	628	580
Curriculum Council	-	10
Department of Racing, Gaming and Liquor	7	5
Department of Education Services	13	10
Landgate	348	436
Parliamentary Services Department	-	15
Department of Mines and Petroleum	328	307
Ombudsman Western Australia	334	144
Pilbara Development Commission	26	5
Western Australia Police	6,708	6,805
Department of the Premier and Cabinet	3,307	1,173
Office of the Director of Public Prosecutions	7	10
Disability Services Commission	505	389
Department of Education	25,348	27,622
Equal Opportunity Commission	7	5
Department of Water	256	247
Office of the Information Commissioner	108	46
Department of Sport and Recreation	59	1,268
Gascoyne Development Commission	7	5
Goldfields Esperance Development Commission	13	10
Great Southern Development Commission	7	5
South West Development Commission	20	15
Western Australian Tourism Commission	272	261
Western Australian Electoral Commission	20	15
Heritage Council of Western Australia	217	106
Department of Housing	138	97
Western Australian Treasury Corporation	7	5
Wheatbelt Development Commission	20	15
Industrial Relations Commission	7	5
Kimberley Development Commission	13	10
Legal Aid Commission of Western Australia	7	5
Law Reform Commission of Western Australia	7	5
Economic Regulation Authority	232	108

Corruption and Crime Commission	7	5
Department of Environment and Conservation	312	295
Department of Health	4,881	3,547
Peel Development Commission	7	5
Forest Products Commission	-	5
WA Meat Industry Authority	-	5
Independent Market Operator	-	5
Department of Fisheries	256	290
Small Business Development Corporation	168	131
Department of the Attorney General	1,716	1,804
Department of Corrective Services	3,479	1,808
Department for Child Protection	1,493	1,482
Department for Communities	445	395
West Coast Institute of Training	13	10
Commissioner for Children and Young People	7	5
Public Sector Commission	355	154
Department of State Development	121	114
Department of Transport	1,063	933
Department of Planning	1,578	1,281
ChemCentre	7	5
Public Transport Authority	13	5
Department of Regional Development and Lands	424	325
Commissioner of Main Roads	-	5
Swan River Trust	7	-
Department of Training and Workforce Development	1,112	823
Department of Local Government	301	232
Department of Treasury	1,026	534
Office of the Inspector of Custodial Services	94	41
Office of the Auditor General	451	209
Health and Disability Services Complaints Office	75	32
Mental Health Commission	13	-
Parliament of Western Australia	20	-
School Curriculum and Standards Authority	13	-
	59,776	54,980

Note 35. Commitments

The commitments below are inclusive of GST where relevant.

Non-cancellable operating lease commitments

	2013 \$000	2012 \$000
Commitments for minimum lease payments are payable as follows:		
Within 1 year	10,203	11,082
Later than 1 year and not later than 5 years	27,911	37,975
Later than 5 years	23,486	36,553
	61,600	85,610

The property leases are non-cancellable and have terms ranging from 1 year to 15 years, with rent generally payable monthly in advance. Depending on the terms and conditions of the lease concerned, rent review provisions exist which generally result in rental increases throughout the lease term. Options exist in most leases which permit leases to be extended under the prevailing lease terms and conditions, resulting in leases being extended beyond their original lease term.

Lease commitments for the financial year ending 30 June 2013 do not include other agencies' lease rentals. The comparatives do include other agencies' lease rentals.

Capital expenditure commitments

	2013 \$000	2012 \$000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	5,556	4,059
Later than 1 year and not later than 5 years	-	-
Later than 5 years	9,040	20,536
	14,597	24,595

Other expenditure commitments

	2013 \$000	2012 \$000
Other expenditure commitments contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:		
Within 1 year	9,982	196
Later than 1 year and not later than 5 years	7	7
Later than 5 years	3,958	1,020
	13,947	1,222

Note 36. Contingent liabilities and contingent assets

Contingent liabilities	2013 \$000	2012 \$000
In addition to the liabilities included in the financial statements, there are the following contingent liabilities:		
Contract Claims in Dispute	5,421	208

The contingent liabilities relate to construction works.

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. While 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 30 *Provisions*.

Contingent assets

Contingent assets are additional to the assets included in the financial statements.

	2013 \$000	2012 \$000
Litigation in progress	21,425	16,373

Contingent assets are mainly attributable to disputes concerning Construction Contract Act adjudications.

Note 37. Related Bodies and affiliated bodies

The Department has no related bodies or affiliated bodies.

Note 38. Events occurring after the end of the reporting period

Effective from 1 July 2013, Regulatory Gatekeeping Unit and Regulatory Reform Branch have been transferred from the Department of Treasury to the Department of Finance.

Note 39. 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 following risks.

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 the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment as shown in the table at Note 39(c) *Financial instruments disclosures* and Note 20 *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 2013, \$137 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 relates primarily to the long-term debt obligations.

The Department's borrowings are all obtained through the 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 39(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:

	2013 \$000	2012 \$000
Financial Assets		
Cash and cash equivalents	87,108	196,876
Restricted cash and cash equivalents	6,394	8,560
Receivables ^(a)	315,520	209,298
Finance lease receivables	3,084	4,540
Amounts receivable for services	242,880	150,976
	654,986	570,251
Financial Liabilities		
Payables ^(b)	113,334	135,393
WATC borrowings	137,415	147,577
Unearned revenue – construction project in progress	231,946	198,556
	482,695	481,526

(a) The amount of 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.

Ageing analysis of financial assets

	Carrying Amount	Not past due and not impaired	Past due but not impaired					Impaired financial assets
			Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2013								
Cash and cash equivalents	87,108	87,108	-	-	-	-	-	-
Restricted cash and cash equivalents	6,394	6,394	-	-	-	-	-	-
Receivables ^(a)	315,520	263,585	35,661	13,092	1,859	1,323	-	-
Finance lease receivables	3,084	-	38	222	666	1,799	359	-
Amounts receivable for services	242,880	242,880	-	-	-	-	-	-
	654,986	599,967	35,699	13,314	2,525	3,122	359	-
2012								
Cash and cash equivalents	196,876	196,876	-	-	-	-	-	-
Restricted cash and cash equivalents	8,560	8,560	-	-	-	-	-	-
Receivables ^(a)	209,298	148,151	39,637	10,018	10,783	710	-	-
Finance lease receivables	4,540	4,540	-	-	-	-	-	-
Amounts receivable for services	150,976	150,976	-	-	-	-	-	-
	570,251	509,103	39,637	10,018	10,783	710	-	-

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

Liquidity risk and interest rate exposure

The following table details the Department's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item. Interest rate exposure and maturity analysis of financial liabilities.

	Interest rate exposure						Maturity dates				
	Weighted average effective interest rate	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing	Nominal amount	Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2013											
Financial Assets											
Cash and cash equivalents	3.40	87,108	-	6,300	80,808	87,108	87,108	-	-	-	-
Restricted cash and cash equivalents	-	6,394	-	-	6,394	6,394	-	-	-	6,394	-
Receivables ^(a)	-	315,520	-	-	315,520	315,520	299,246	13,092	1,859	1,323	-
Finance lease receivables	5.72	3,084	3,084	-	-	3,084	38	222	666	1,799	359
Amounts receivable for services	-	242,880	-	-	242,880	242,880	1,402	-	-	-	241,478
		654,986	3,084	6,300	645,602	654,986	387,794	13,314	2,525	9,516	241,837
Financial Liabilities											
Payables	-	113,334	-	-	113,334	113,334	107,410	5,767	104	50	3
WATC borrowings	3.99	137,415	137,415	-	0	137,415	4,434	7,406	36,515	89,060	-
Unearned revenue – construction projects in progress	-	231,946	-	-	231,946	231,946	-	231,946	-	-	-
		482,695	137,415	-	345,280	482,695	111,844	245,119	36,619	89,110	3

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

	Interest rate exposure					Maturity dates					
	Weighted average effective interest rate	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing	Nominal amount	Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012											
Financial Assets											
Cash and cash equivalents	4.83	196,876	-	8,251	188,625	196,876	196,876	-	-	-	-
Restricted cash and cash equivalents	-	8,560	-	-	8,560	8,560	-	-	-	8,560	-
Receivables ^(a)	-	209,298	-	-	209,298	209,298	97,429	104,521	-	837	6,511
Finance lease receivables	6.23	4,540	4,540	-	-	4,540	40	203	746	2,544	1,007
Amounts receivable for services	-	150,976	-	-	150,976	150,976	1,466	-	-	-	149,510
		570,251	4,540	8,251	557,460	570,251	295,811	104,724	746	11,941	157,029
Financial Liabilities											
Payables	-	135,393	-	-	135,393	135,393	133,919	923	472	76	3
WATC borrowings	4.84	147,577	147,577	-	-	147,577	5,170	10,962	43,722	87,723	-
Unearned revenue – construction projects in progress	-	198,556	-	-	198,556	198,556	-	198,556	-	-	-
		481,526	147,577	-	333,949	481,526	139,089	210,441	44,194	87,799	3

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

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.

	Carrying		-100 basis points		+100 basis points	
	Amount	Surplus	Equity	Surplus	Equity	
	\$000	\$000	\$000	\$000	\$000	\$000
2013						
Financial assets						
Cash and cash equivalents	6,300	(63)	(63)	63	63	
Total Increase/(Decrease)	6,300	(63)	(63)	63	63	

	Carrying		-100 basis points		+100 basis points	
	Amount	Surplus	Equity	Surplus	Equity	
	\$000	\$000	\$000	\$000	\$000	\$000
2012						
Financial assets						
Cash and cash equivalents	8,251	(83)	(83)	83	83	
Total Increase/(Decrease)	8,251	(83)	(83)	83	83	

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 40. Remuneration of auditor

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

Auditing the accounts, financial statements and key performance indicators.	2013 \$000	2012 \$000
	365	351
	365	351

Note 41. 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:

	2013 \$000	2012 \$000
180,001 - 190,000	1	1
210,001 - 220,000	-	1
220,001 - 230,000	-	1
240,001 - 250,000	-	1
250,001 - 260,000	2	1
260,001 - 270,000	1	-
330,001 - 340,000	1	-
340,001 - 350,000	1	-
420,001 - 430,000	1	-
430,001 - 440,000	-	1

	\$000	\$000
Cash remuneration received for the year	1,669	1,280
Adjustment for accruals	12	15
Annual leave and long service leave accruals	53	20
Other benefits	329	243
Total remuneration of senior officers	2,063	1,558

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

Note 42. 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 or \$5 million. 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 2013

	2013 Estimate \$000	2013 Movements \$000	2013 Actual \$000
Appropriation provided to deliver services	307,317	-	307,317
<i>Salaries and Allowances Act 1975</i>	1,314	-	1,314
1.5% Reduction in Procurement Expenditure	-	(1,623)	(1,623)
2012–13 Reduction in Full Time Equivalent Ceiling	-	(6,322)	(6,322)
2012–13 Temporary Procurement Freeze	-	(2,320)	(2,320)
Section 25 - Transfer of Information Communication and Technology Function from the Public Sector Commission	-	496	496
Section 25 - Transfer of Human Resources and Organisation Development to the Department of Treasury	-	(343)	(343)
2012–13 Salaries and Allowance Tribunal Determination	-	27	27
Recashflow to Data Migration	-	(3,000)	(3,000)
	308,631	13,085	295,546

Significant variances between actual results for 2012 and 2013

	2013 \$000	2012 \$000	Variance \$000
Total appropriation provided to deliver services for the year	295,546	266,137	29,409 ^(a)

(a) Main reason is due to the transfer of the Public Utilities Office from the Office of Energy effective from April 2012.

Service expenditure

Significant variances between estimates and actual 2013

	2013 Estimate \$000	2013 Actual \$000	Variance \$000	
1. State fleet service	86,572	69,261	(17,311)	(a)
2. Revenue assessment and collection	44,751	43,569	(1,182)	
3. Grants and subsidies administration	4,045	4,504	459	(b)
4. Facilitate the development and management of agency specific contracts	31,562	34,361	2,799	
5. Development and management of whole-of-government common use contract arrangements	14,138	10,851	(3,287)	(c)
6. Project management, decommissioning of the whole-of-government shared corporate services reform	51,614	12,081	(39,533)	(d)
7. Provision of financial and human resources services	142,424	111,770	(30,654)	(e)
8. Services to government	7,918	10,189	2,271	(f)
9. Leads the planning and delivery of new government buildings	772,427	773,113	686	
10. Leads the planning and delivery of government building maintenance	229,703	219,296	(10,407)	(g)

11.	Leads the planning and delivery of government office accommodation	306,094	256,395	(49,699) ^(h)
12.	Development and implementation of energy policy and programs	32,706	24,565	(8,141) ⁽ⁱ⁾
		1,723,954	1,569,957	(153,997)

(a) Actual is lower than estimate due to (i) a budgeted reduction in fleet size in response to the vehicle reduction program, and (ii) lease restructuring of one third of the government vehicle fleet. There has also been a commensurate reduction in income.

(b) The greater than expected expenditure was in part driven by the Department taking on responsibility for the Government's Energy Concession Extension Scheme administration.

(c) The variance resulted from a reduction in actual expenses in comparison to the estimate as salary levels were capped as part of the efficiency dividend program, coupled with the reduced corporate overheads allocated to the service cost.

(d) The estimate included the decommissioning global allocation to allow agencies to roll out of the Shared Services environment which was returned to the Department of Treasury at Mid Year review (\$38 million).

(e) The expenditure was lower than budget related to lower than expected staffing and depreciation expenses

(f) The increase is mainly due to the greater than expected expenditure in corporate costs.

(g) Delivery of government building maintenance is driven by demand from client agencies and as a result maintenance expenditure varies year-to-year.

(h) The movement in the program is largely the result of changed market conditions compared to budget time.

(i) The expenditure was lower than budget due predominantly to lower than expected staffing expenses.

Service expenditure

Significant variances between actual results for 2013 and 2012

		2013 Actual \$000	2012 Actual \$000	Variance \$000	
1.	State fleet service	69,261	78,951	(9,690)	(a)
2.	Revenue assessment and collection	43,569	37,541	6,028	(b)
3.	Grants and subsidies administration	4,504	4,042	463	(c)
4.	Facilitate the development and management of agency specific contracts	34,361	32,223	2,138	
5.	Development and management of whole-of-government common use contract arrangements	10,851	14,271	(3,420)	(d)
6.	Project management, decommissioning of the whole-of-government shared corporate services reform	12,081	11,191	889	
7.	Provision of financial and human resources services	111,770	105,491	6,279	(e)
8.	Services to government	10,189	8,541	1,648	(f)
9.	Leads the planning and delivery of new government buildings	773,113	908,455	(135,342)	(g)
10.	Leads the planning and delivery of government building maintenance	219,296	206,705	12,591	(h)
11.	Leads the planning and delivery of government office accommodation	256,395	250,406	5,989	(i)
12.	Development and implementation of energy policy and programs	24,565	9,468	15,097	(i)
		1,569,957	1,667,288	(97,331)	

(a) Actual 2013 is lower than previous year due to (i) a budgeted reduction in fleet size in response to the vehicle reduction program, and (ii) lease restructuring of one third of the government vehicle fleet. There has also been a commensurate reduction in income.

(b) The growth in expense was a result of increased resources provided for a number of tax administration initiatives and an increase in administrative costs. The 2012–13 tax administration initiatives included Payroll Tax Grouping Exclusion, Payroll Tax Relief Measures and State Tax Administration initiatives which increased the FTE and associated costs from 2011–12 to 2012–13.

(c) The increase is largely attributable to funding provided to support the administration of the Energy Concession Extension Scheme.

(d) The variance resulted from a reduction in actual expenses in comparison to prior year as salary levels were capped as part of the efficiency dividend program, coupled with the reduced corporate overheads allocated to the service cost.

(e) The increase in actual expenses is mainly due to increased salary costs.

(f) The increase is mainly due to the greater than expected expenditure in corporate costs.

(g) The movement in the program is largely the result of the 2011–12 actual reflecting expenditure for the final year of the Building the Education Revolution (BER) program.

(h) Delivery of government building maintenance is driven by demand from client agencies and as a result maintenance expenditure varies year-to-year.

- (i) The general growth in government office accommodation costs over the 2012–2013 year is largely due to increases in leased portfolio costs driven predominantly by agency demand and changes in market conditions.
- (j) The Public Utilities Office, which has responsibility for delivery of Service 12: Development and Implementation of energy policy and programs, was established 1 April 2012. The 2012 result reflect the delivery of this service for the period 1 April to 30 June 2012 only, while the 2013 result reflects the first full year operations of the Public Utilities Office in delivering this service.

Capital contribution

Significant variances between estimate and actual for 2013

	Estimate \$000	Actual \$000	Variance \$000
Capital contribution (a)	40,352	15,073	(25,279)

- (a) The variance is due to delays in capital projects, and therefore funding has been transferred to 2013–14 and future years, mainly related to the following capital projects: Master Planning Strategy - Government Office Accommodation project, Information and Communication Technology replacement program project, Revenue Collection Information System project and Cabinet Offices project.

Capital contribution

Significant variances between actual results for 2012 and 2013

	2013 Actual \$000	2012 Actual \$000	Variance \$000
Capital contribution (a)	15,073	93,906	(78,833)

- (a) Actual for 2013 is significantly less as some projects have been delayed and funds transferred to 2013–14 and future years, mainly related to the following capital projects: Master Planning Strategy - Government Office Accommodation project, Information and Communication Technology replacement program project, Revenue Collection Information System project and Cabinet Offices project.

Note 43. 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 2013 of items having significant variations, and explanations for the variations are given below. A significant variation is one that is in excess of 10 per cent of the principal figure and \$10 million.

	2013 Estimate \$000	2013 Actual \$000	Variance \$000	2013 Actual \$000	2012 Actual \$000	Variance \$000
ADMINISTERED TRANSACTIONS						
RECURRENT ADMINISTERED						
Item 63 Amount provided for Administered Grants, Subsidies and Other Transfer Payments	152,320	249,257	96,937	249,257	117,692	131,565
Authorised by Other Statutes						
First Home Owners Grant Act 2000	111,418	133,828	22,410	133,828	105,782	28,046
DETAILS OF INCOME ESTIMATES						
Taxation						
Insurance Duty	511,600	554,564	42,964	554,564	487,141	67,423
Payroll Tax	3,360,650	3,464,843	104,193	3,464,843	3,087,749	377,094
Transfer Duty	1,449,300	1,653,704	204,404	1,653,704	1,260,561	393,143
Landholder Duty	52,500	216,471	163,971	216,471	101,388	115,083
Vehicle Licence Duty	388,100	404,004	15,904	404,004	367,181	36,823
Appropriations						
First Home Owners Grant Act 2000	111,418	133,828	22,410	133,828	105,782	28,046
Administered Grants and Transfer Payments	152,320	249,257	96,937	249,257	117,693	131,564

Item 63 – Amount provided for Administered Grants, Subsidies and Other Transfer Payments

The \$96.9 million increase relative to budget largely reflects higher than anticipated taxation refunds (up \$103 million on original budget projections). Higher refund costs mainly relate to large infrastructure and property transfers recorded in prior years, and payroll tax matters, which have been subject to long-standing legal appeals that were settled in 2012–13. Partially offsetting increases in refund payments were lower than anticipated payments for pensioner concessions due to a softening of demand from eligible recipients.

Higher tax refunds in 2012–13 (up \$125.2 million on 2011–12) accounts for the majority of the \$131.6 million increase relative to the previous year. Higher pensioner concessions for local government and water rates (up \$5.4 million, reflecting growth in council and water rates) account for the majority of the remaining variation.

First Home Owner Grant Act 2000

Higher than the budgeted payments in 2012–13 (up \$22.4 million) were mainly due to the stronger than expected recovery in property market activity during the year, which was largely driven by the stronger population and income growth in the State, together with lower official interest rates.

The \$28 million rise in grant payments relative to 2011–12 reflects increases in the number of first home buyers (with a 33 per cent increase in applications for the grant in 2012–13 relative to 2011–12). This increase is attributable to similar factors that resulted in the higher than budget outcome for 2012–13 described above.

Insurance Duty

Insurance duty for 2012–13 was \$67.4 million higher than that received in 2011–12 reflecting Western Australia's economic and population growth coupled with higher premiums charged by insurers.

Payroll Tax

The \$377.1 million increase in payroll tax in 2012–13 relative to 2011–12 was mainly due to the growth in employment and wages across the State economy. Employment growth for the Western Australian economy was an estimated 3.6 per cent in 2012–13 while the Wage Price Index (the broadest indicator of economy-wide wage growth) increased by an estimated 4 per cent.

Transfer Duty

Transfer duty was \$204.4 million higher than budgeted in 2012–13 due to the stronger than expected property market activity. Transfer duty was \$393.1 million higher than recorded in 2011–12 reflecting growth in property prices (up an average 7.1 per cent on 2011–12) and higher volumes of transactions (up by a very strong 91.6 per cent on 2011–12).

Landholder Duty

Landholder duty was \$164 million higher than budgeted in 2012–13, mainly reflecting higher than expected large-value transactions recorded during the year. Large-value transaction growth was also the main factor in a \$115.1 million increase relative to 2011–12. The increase in these transactions reflects the rise in the number and value of commercial sector acquisitions.

Vehicle Licence Duty

The \$36.8 million increase in vehicle licence duty between 2011–12 and 2012–13 is largely driven by a 12 per cent rise in the total number of new vehicle sales, reflecting robust economic conditions and strong consumer sentiments over this period.

Note 44. Supplementary financial information

(a) Write-offs

During the financial year \$ 7.232 million was written off by the Department under the authority of:

	2013 \$000	2012 \$000
The Accountable Authority	4,531	8,674
The Minister	550	2,461
Executive Council	2,151	4,127
	7,232	15,262

(b) Write-offs by category	2013 \$000	2012 \$000
Public assets	1,849	2,682
Debts due to the State	5,383	12,580
	7,232	15,262

(c) Act of Grace payments	2013 \$000	2012 \$000
Act of Grace payments	275	73
	275	73

Note 45. Service delivery arrangements Indian Ocean Territories

	2013 \$000	2012 \$000
Revenue	848	949
Commonwealth receipts	848	949
Expenditure		
Consultants and contractors	585	720
Administration and other costs	162	118
Pay-roll Tax and Business Franchise	27	25
Duties	-	-
Land Tax	3	4
Compliance	4	27
	781	894
Surplus/(deficit) for the period	67	55
Balance brought forward	265	210
Prior Year Adjustment	-	-
Balance carried forward	332	265

Note 46. Special Purpose Accounts - administered

Special purpose account section 10 of the *Financial Management Act 2006*

	2013 \$000	2012 \$000
Departmental Receipts in Suspense – Office of State Revenue		
The purpose of the special purpose account is to hold funds pending identification of the purpose of which those monies were received or identification of where those monies are to be credited or paid.		
Balance at the start of period	180	1
Receipts	100	357
Payments	(179)	(178)
Balance at the end of period	101	180
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.		
Balance at the start of period	242	347
Receipts	4,313	3,250
Payments	(4,138)	(3,355)
Balance at the end of period	417	242

Note 47. Administered income and expenses

	2013 \$000	2012 \$000
Expenses		
Grants, subsidies and transfers	383,085	223,475
Other expenses	6,914,004	6,044,905
Collections transferred to other agencies	44,614	38,198
Total Administered expenses	7,341,703	6,306,578
Incomes		
Taxation	7,033,829	6,013,056
Other revenue	39,613	31,849
Appropriations	383,085	223,475
Collections raised on behalf of other agencies	44,614	38,198
Total Administered revenues	7,501,141	6,306,578

Note 48. Disclosure of administered income and expenses by service

	Revenue assessment and collection		Grants and subsidies administration		Total	
	Service 2		Service 3			
	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000
COST OF SERVICES						
Expenses						
Grants, subsidies and transfers	-	-	383,085	223,475	383,085	223,475
Other expenses	6,914,004	6,044,905	-	-	6,914,004	6,044,905
Collections transferred to other agencies	-	-	44,614	38,198	44,614	38,198
Total	6,914,004	6,044,905	427,699	261,673	7,341,703	6,306,578
Income						
Taxation	7,033,829	6,013,056	-	-	7,033,829	6,013,056
Other revenue	39,613	31,849	-	-	39,613	31,849
Appropriations	-	-	383,085	223,475	383,085	223,475
Collections raised on behalf of other agencies	-	-	44,614	38,198	44,614	38,198
Total administered income	7,073,442	6,044,905	427,699	261,673	7,501,141	6,306,578

Note 49. Administered assets and liabilities

	2013 \$000	2012 \$000
Current Assets		
Taxation receivable	529,236	369,592
Total Administered Current Assets	529,236	369,592
Non-Current Assets		
Other receivables	51,300	51,300
Total Administered Non-Current Assets	51,300	51,300
Total Administered Assets	580,536	420,892
Current Liabilities		
Other payables	-	62,571
Total Administered Current Liabilities	-	62,571
Total Administered Liabilities	-	62,571

(a) The balance is nil in 2012-13 due to the change in the reporting convention to align with the reporting by other agencies.

Note 50. Supplementary funding

Supplementary funding approved and expended during 2012-13 was as follows:

	2013 \$000	2012 \$000
Item 63 Amount provided for Administered Grants, Subsidies and Other Transfer Payments.	Approved	Expended
	121,000	96,937
	121,000	96,937

Supplementary funding of \$121 million was approved to enable the Office of State Revenue to meet several large taxation refunds of past years' revenue collections (\$120 million) and for the Energy Concession Extension Scheme (\$1 million). Of the total approved increase, \$96.9 million was expended to 30 June 2013, due largely to a number of anticipated refunds either not proceeding, or proceeding at amounts lower than anticipated, combined with lower than anticipated grant and subsidy payments associated with conveyancing and transfer revenue over the latter part of 2012-13.

Key performance indicators

Certification of key performance indicators for the year ended 30 June 2013

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Finance's performance, and fairly represent the performance of the Department for the financial year ended 30 June 2013.



Anne Nolan
Director General
10 September 2013

Performance Assessment

Outcomes

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

1. Sustainable and transparent public sector finances

Service 1: *State fleet service*

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

Service 2: *Revenue assessment and collection*

Service 3: *Grants and subsidies administration*

3. Value-for-money from public sector procurement

Service 4: *Facilitate the development and management of agency-specific contracts*

Service 5: *Development and management of whole-of-government common use contract arrangements*

4. Decommissioning of Shared Services

Service 6: *Project management, decommissioning of the whole-of-government shared corporate services reform*

Service 7: *Provision of financial and payroll services*

5. Provision of corporate services

Service 8: *Services to government*

6. Value-for-money from the management of the Government's non-residential buildings and public works

Service 9: *Leads the planning and delivery of new government buildings*

Service 10: *Leads the planning and delivery of government building maintenance*

Service 11: *Leads the planning and delivery of government office accommodation*

7. A sustainable, efficient, secure and affordable energy sector

Service 12: *Development and implementation of energy policy and programs*

Measuring the performance

The Department of Finance measures its performance through statistical information and survey questionnaires. Statistical indicators are included to help report 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.

Key Effectiveness Indicators

Government Procurement

Outcome 1: Sustainable and transparent public sector finances

The Department works to maintain sustainable and transparent public sector finances. Its commitment to this key role is reflected in advice to the government on management of the Government's light vehicle fleet.

The profitability target is an indicator to ensure State Fleet financing is on a sustainable basis. It helps provide a sufficient capital base to ensure State Fleet is able to meet the existing and future vehicle needs of agencies, and to manage variables impacting on the business, such as sustained downturns in used car market values.

Key indicators of effectiveness	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual	Note
Profitability of the State's light vehicle fleet (profit in '\$'000)	\$22,225	\$23,466	\$23,441	\$12,383	\$19,354	1

1. The variance between 2012–13 target and actual is due to higher than anticipated revenue from lease over-runs and second hand vehicle sales.

The difference between the 2011–12 actual and the 2012–13 actual is a result of State Fleet assisting a number of agencies to restructure existing vehicle leases to more appropriate and cost effective lease terms. This resulted in lower vehicle turnover decreasing lease overrun revenue and vehicle sales in 2012–13.

State Revenue

Outcome 2: 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 under relevant legislation, as well as a number of administrative-based schemes.

Key effectiveness indicators for revenue collection provide a measure of the accuracy of the revenue assessment process, the level of compliance by taxpayers and the timeliness of processing assessments. These are considered the key elements in the effective collection of revenue.

Key indicators of effectiveness	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual	Note
Extent to which due revenue is collected	90%	90%	91%	88%	91.6%	
Overdue debt as a percentage of revenue raised	1.47%	1.18%	1.26%	1.30%	0.87%	1
Extent to which correct grants, subsidies and rebates are paid ^(a)	99%	99%	99%	99%	99%	

(a) The extent to which correct grants, subsidies and rebates are paid for each scheme is measured by subtracting from 100 per cent the percentage of payments that were made incorrectly. The schemes administered during 2012–13 were the First Home Owner Grant, Pensioners and Seniors Rebates, the Life Support Equipment Electricity Subsidy, the Thermoregulatory Dysfunction Energy Subsidy and the Local Government Swimming Pool Subsidy.

1. The reduced level of overdue debt ratio in 2012–13 reflects the impact of more staff assigned to debt recovery during 2012–13 combined with a higher than forecast level of revenue raised. Furthermore, the number of debts under extension of time to pay arrangements increased during 2012–13 which, together with better targeting of overdue debts and some improved recovery processes, reduced the overdue debt level at 30 June 2013.

Government Procurement

Outcome 3: 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 common use contracting arrangements are awarded and managed on a value-for-money basis; and
- client agencies agree that their contracts are awarded on a value-for-money basis.

Performance measures for this indicator are based on quarterly surveys targeting users of Common Use Arrangements (CUA) and client agency officers who are responsible for the development of client agency contracts.

Key indicators of effectiveness	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual	Note
Extent to which client agencies agree that common use contract arrangements achieved value-for-money	83%	85%	94%	85%	90%	1
Extent to which client agencies agree that their contract arrangements achieved value-for-money	92%	90%	95%	85%	94%	2

1. The 2012–13 actual remains higher than the 2012–13 target of 85 per cent indicating that CUA users are still satisfied they are receiving value-for-money.

The variation between the 2012–13 actual and the 2011–12 actual for CUA value-for-money is due to:

- a reduced number of CUA recipients surveyed in 2012–13
- four of the 11 CUAs surveyed having a lower than expected response rate.

2. The 2012–13 actual for client agency contracts value-for-money remains higher than the 2012–13 target and consistent with the 2011–12 actual.

The variation between the 2012–13 actual and the 2012–13 target reflects overall client satisfaction with the value-for-money outcomes achieved through procurement services.

The following table represents the response rate and confidence level for both survey outcomes.

Key indicators of effectiveness	Common Use Contracts	Agency Specific Contracts
Number of surveys sent	911	618
Number of responses	762	577
Response rate	84%	93%
Confidence level	95%	95%
The 2012-13 survey results have a confidence interval of $\pm 5.00\%$ at the 95 per cent confidence level.		

Survey recipients are selected via the following methods:

- users of the CUA surveyed are provided by suppliers within the CUA.
- client agency contracts – surveys are conducted on a quarterly basis, recipients are the agency contacts for work performed by our agency contracting areas.

Shared Service

Outcome 4: Decommissioning of Shared Services

A Decommissioning Office was established to assist government agencies to roll out from the Shared Services environment. It is planned all agencies will have exited Shared Services by December 2013. Therefore, a new indicator has been created in 2012–13 to monitor the decommissioning process of the number of agencies rolled out and the staff reductions as a result of the roll out procedure.

Key indicators of effectiveness	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual	Note
Progress with the decommissioning reform of the Western Australian public sector for shared services by achievement of the following milestones:						
- number of agencies rolling out by year end	N/A	N/A	N/A	36	31	1
- change in Shared Services FTEs as a result of decommissioning ^(a)	N/A	N/A	N/A	100	99.75	

- (a) This indicator reports the total of FTE transferred to agencies rolled out over the 12 month period. When a staff member is transferred from the Department of Finance, the Department of Treasury is requested to adjust the FTE ceilings of the receiving agencies accordingly (i.e. decrease Finance and increase the other agency).

1. The majority of the changes to exit dates from 2012–13 to 2013–14 are related to the finalisation of clustering arrangements for the Department of Racing, Gaming and Liquor and subsidiary agencies who formed a cluster with the latter exiting the Department of Local Government.

Main Roads exit was also delayed and is now scheduled for early September 2013. The cause of the delay was mainly a result of the complexity of the new system design.

Additionally, the Department of Agriculture and Food Western Australia was moved from a mid-month May exit to an end of month exit in July 2013.

All remaining agencies are on track to exit before December 2013.

Corporate Services

Outcome 5: Provision of Corporate Services

There is no effectiveness indicator for this outcome as it relates to the corporate services provided directly by the Department to support the outcomes and activities of the Department of Treasury.

Building Management and Works

Outcome 6: Value-for-money from the management of the government's non residential buildings and public works

The Department, through Building Management and Works, delivers a range of services to lead the planning and delivery of a property portfolio that supports the delivery of government services to the community. In 2010–11, Building Management and Works reviewed its key indicators to better measure its effectiveness against its key service areas. These indicators were introduced in 2011–12.

Building Management and Works intends to further review its indicators to ensure they remain appropriate and reflect the initiatives adopted by the Department to improve value for money in the management of the Government's non-residential buildings and public works.

Key indicators of effectiveness	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual	Note
Percentage of significant projects in the new buildings program delivered within:						
- 10% of approved budget	N/A	N/A	100%	100%	100%	
- three months of approved timeframe	N/A	N/A	64%	100%	78%	1
Planned maintenance as a percentage of the total maintenance program	N/A	N/A	50%	45%	58%	2
Average office accommodation floor space per work point	N/A	N/A	15.9m ²	16.0m ²	15.9m ²	3

1. Key factors contributing to the lower than target indicator for the delivery of new buildings within specified timeframes were delays due to inclement weather, agency delays in land assembly (including the provision of services to sites) and latent (or unforeseen) site conditions. The 2012–13 actual result does however, represent a considerable improvement when compared to the 2011–12 actual.
2. The increase in the planned maintenance indicator from a target of 45 per cent (and last year's actual of 50 per cent) to 58 per cent is a significant improvement and highlights that agencies are continuing to spend larger amounts on planned maintenance projects than breakdown repairs.
3. The average office accommodation floor space indicator is based on a physical count of work points across 50 per cent of the total portfolio. All premises counted were in the Perth central business district, the fringe of the central business district and greater metropolitan area. The results are for 32 agencies and includes some premises involved in Master Planning Phase One.

The count for the remaining 50 per cent of the total portfolio, including regional office accommodation, is progressing and will be finalised during the first half of the 2013–14 financial year.

Public Utilities Office

Outcome 7: A sustainable, efficient, secure and affordable energy sector

In April 2012, the Public Utilities Office was established following the abolition of the former Office of Energy to provide a range of services on energy matters to the Minister for Energy, the Western Australian Government, the energy sector and the Western Australian community.

For comparative purposes, figures for 2009–10 and 2010–11 relating to the former Office of Energy (as reported in previous Office of Energy Annual Reports) are included in the table below. The figures for 2011–12 include nine months of data for the Office of Energy and three months data for the Public Utilities Office.

Key indicators of effectiveness	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual	Note
The extent to which policy and program development objectives for the year are achieved	79%	81%	73.2%	100%	89%	1
- Kilowatt hours displaced	143,729,548	21,807,941	10,522,884	16,250,000	15,820,293	2
- Kilowatt hours avoided	285,774	45,688	N/A	N/A	N/A	3
Percentage of Perth metropolitan homes serviced with underground power	51%	52.2%	53.84%	54.5%	55.1%	4

1. This indicator presents results in relation to policy and program development effort towards achieving a sustainable, efficient, secure and affordable energy sector. The indicator encapsulates the policy and program priorities with target dates for completion during the reporting period, with results presented as a percentage of planned priorities completed.

The results are calculated by monitoring priorities set for the year. If the Government's priorities change, for example when there is a ministerial request to undertake a new policy project or cease working on an existing priority, this is taken into account when determining the number of items completed as planned.

The variation from target is due to 17 out of 70 priorities being partially completed. The results for this indicator are subject to resources being available to complete all policy and program development priorities set for the reporting period. During the year there were a number of projects which placed significant demands upon the resources available. Some policy development activities were also delayed due to the State election.

2. This indicator presents results in relation to efforts to achieve a sustainable and efficient energy sector. The indicator provides information regarding the extent to which increases in the adoption of sustainable energy generation displaces traditional energy generation. Programs that contribute to kilowatt hours being displaced contribute to the results reported for this indicator.

The results for 2012–13 are based on the following kilowatt hours displaced:

- Renewable Remote Power Generation Program ^(a) 5,830,000 kWh
- Solar Water Heater Subsidy Scheme 9,455,628 kWh
- Western Australian Solar Schools Program 534,665 kWh

(a) The Denmark Community Windfarm commenced operations in February 2013 and has not had a full year of operation. Therefore, there is no data for the actual annual output. The annual output of 5,830,000 kWh is based on internal assessment by the former Office of Energy.

3. This indicator presents results in relation to efforts to achieve a sustainable and efficient energy use. The indicator provides information regarding the extent to which energy consumption decreases as a result of the implementation of energy efficiency programs, such as rebates for energy efficient appliances. Programs that contribute to kilowatt hours being avoided contribute to the results reported for this indicator.

The Regional Energy Efficiency Program, which was the only program contributing to this indicator, closed in 2010–11.

4. This indicator reports the extent to which an ongoing program to have power lines placed underground is being achieved. Placing power cables underground gives improved security and reliability of supply; therefore this indicator presents results in relation to efforts to achieve energy security.

The data is produced by the Distribution Facilities Management System managed by Western Power and reported to the Public Utilities Office. The data represents the power meters connected to underground low voltage in the Perth metropolitan area as defined by Western Power.

Underground power continues to be installed according to the program funding provided by government, Western Power and the local governments.

Key Efficiency Indicators

Government Procurement

Service 1: State Fleet Service

The Department is responsible for managing the State's motor vehicle fleet to ensure an efficient and effective use of government vehicles with particular attention to the delivery of a sustainable public sector fleet.

The key efficiency indicator demonstrates the efficiency of managing the financing and administering of the government's light vehicle fleet.

Key indicators of efficiency	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual	Note
Average cost per vehicle of financing and managing the State Fleet Service	\$85	\$84	\$83	\$132	\$87	1

1. The 2012–13 actual result was better than the expected target due to on going efficiencies in the delivery of the State Fleet service.

State Revenue

Service 2: 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 payroll tax)
- those that are collected on behalf of other agencies (such as Perth Parking Licence fees) or other jurisdictions (for example, collection of a range of taxes for the Commonwealth in the Indian Ocean Territories).

Key indicators of efficiency	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual	Note
Average cost per land tax item assessed	\$9.83	\$10.14	\$9.93	\$11.53	\$10.94	1
Average cost per insurance duty client	\$642.02	\$629.51	\$665.85	\$947.92	\$975.62	2
Average cost per payroll tax client	\$600.98	\$508.65	\$455.41	\$668.96	\$593.39	3
Average cost per duties instrument assessed manually	\$67.27	\$89.39	\$151.74	\$178.38	\$144.99	4
Average cost per duties instrument assessed electronically	\$44.73	\$34.26	\$25.95	\$24.32	\$17.90	4

- (a) Total cost of services for State Revenue has been lowered due to the 2012–13 Efficiency Dividend and as a result, the 2012–13 targets have been revised to reflect the lower costs.

1. The 2012–13 actual is higher than the 2011–12 actual due to an increase in the apportionment of corporate cost allocation in 2012–13 and an increase in the services received free of charge for land valuations.

The 2012–13 actual is lower than the 2012–13 target due to a lower than expected services received free of charge cost and an underspend in credit card merchant fees, which is offset in part by the increase in corporate cost allocation.

2. The 2012–13 actual is higher than the 2011–12 actual and 2012–13 target due to higher compliance resources and an increase in State Revenue and corporate cost allocations.
3. The 2012–13 actual is higher than the 2011–12 actual due to an increase in compliance resources, an increase in the corporate cost allocation and administration around the pay-roll tax rebates.

The 2012–13 actual is lower than the 2012–13 target due to lower State Revenue costs. This was due to a number of budget adjustments (depreciation, efficiency and corrective measures, and corporate adjustments) and partially offset by a \$0.5 million increase in corporate costs.

4. Lower than expected average costs for duties instruments (both those assessed manually and electronically) in 2012–13 compared to the 2011–12 actuals and targets occurred due to stronger than expected property market activity. Also, the continued increase in the proportion of instruments electronically assessed was marginally stronger than expected.

Service 3: 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 scheme and concessions on water and local government rates and the emergency services levy for pensioners and seniors.

Key indicators of efficiency	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual	Note
Average cost per application/claim processed ^(a)	\$8.31	\$8.76	\$9.32	\$9.20	\$9.84	1

- (a) Total cost of services for State Revenue has been lowered due to the 2012–13 Efficiency Dividend and as a result, the 2012–13 targets have been revised to reflect the lower costs.

1. The 2012–13 actual is higher than the 2011–12 actual and 2012–13 target due to the assignment of the Government's Energy Concession Extension Scheme to the Department.

Government Procurement

Service 4: Facilitate the development and management of agency specific contracts

Government agencies effectively managing procurement risks and establishing contracts that deliver value-for-money and efficiently meet their operational needs.

In facilitating the development and management of client agency contracts, the Department needs to effectively manage the cost of delivering this service which ensures agencies achieve value-for-money outcomes.

Key indicators of efficiency	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual	Note
Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value	2.0%	1.9%	2.1%	2.0%	2.4%	1

- The increase in variance between the 2012–13 target and actual is due to the total contract award values being lower than initially estimated. This was the result of a number of major contracts:
 - being awarded at values less than original estimates
 - not being awarded as offers presented did not represent a value-for-money outcome.

Service 5: Development and management of whole-of-government common use contract arrangements

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

In facilitating the development and management of whole-of-government CUAs, the Department needs to effectively manage the cost of delivering this service while ensuring agencies achieve value for money outcomes.

Key indicators of efficiency	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual	Note
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	1.2%	1.1%	1.4%	1.5%	1.7%	1

- The increase in variance between the 2012–13 target and actual is due to the increased demand for ServiceNet services that required a mid-year review expense adjustment.

Shared Services

Service 6: Project management decommissioning of the whole-of-government shared corporate services reform

A new indicator has been created in 2012–13 to monitor the decommissioning process through the delivery of the Decommissioning Program.

It is planned all agencies will have exited Shared Services by December 2013.

This indicator is also an effectiveness indicator. Commentary on the trend can be found in the effectiveness indicator section.

Key indicators of efficiency	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual	Note
Delivery of the decommissioning program within agreed schedule and budget	N/A	N/A	N/A	36	31	1

- As part of the governance applied to the Decommissioning Program, there have been changes to the exit schedule for agencies decommissioning. This has resulted in five less agencies than originally anticipated exiting Shared Services in 2012–13.

Service 7: Provision of financial and payroll services

The Shared Service Centre is responsible for providing financial and payroll to government agencies that are rolled into Shared Services. Responsibility for these services will continue until the last agency exits Shared Services in December 2013.

Key indicators of efficiency	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual	Note
Cost of processing financial services per transaction	\$57.17	\$35.32	\$33.29	N/A ^(a)	\$37.92	1
Cost of providing human resource/payroll services per agency headcount	\$5,901	\$3,750	\$4,018	N/A ^(a)	\$5,350	2

(a) The cost of processing financial services per transaction and the cost of providing human resource/payroll services per agency headcount have been disclosed for 2013 as the Shared Services Centre is still providing financial and payroll services to agencies while in the decommissioning mode. Targets are not included because at the time of publishing the 2012–13 State Budget, these indicators were not part of the approved KPI Framework for the Department.

1. The full year impact of the Building Management and Works, accounts payable and receivable transactions has influenced the cost per financial service transactions. The impact of the Building Management and Works increased transactions has been slightly offset by agencies that have rolled out in 2012–13 with an overall reduction in financial transactions by 268,257 but minimal reduction in total cost by \$414,095.
2. The cost of providing human resource/payroll services per agency headcount has been impacted by the commencement of roll outs of agencies. During 2011–12, there were 10,254 persons paid and this has reduced to 8,057 in 2012–13.

Corporate Services

Service 8: Services to Government

There is no efficiency indicator for this service as it relates to the corporate services provided directly by the Department to support the outcomes and activities of the Department of Treasury

Building Management and Works

Service 9: Leads the planning and delivery of new government buildings

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

Key indicators of efficiency	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual	Note
Cost as a percentage of the total annual value of the planning and delivery of capital works projects	4.4%	3.9%	4.9%	5.1%	5.5%	1

(a) The 2011–12 actual has been amended from 5.1 per cent to 4.9 per cent due to structural changes impacting the allocation of costs across Building Management and Work's Services.

1. The fluctuation in this indicator across the years is the result of movements in the value of the Capital Works/New Buildings program delivered to government agencies.

Service 10: Leads the planning and delivery of government building maintenance

Provides strategic leadership and facilitation in the planning, project management and procurement of maintenance for non-residential buildings.

Key indicators of efficiency	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual	Note
Cost as a percentage of the annual value of maintenance services delivered	8.8%	11.1%	11.7% ^(a)	9.3%	10.8%	1

(a) The 2011–12 actual has been amended from 10.2 per cent to 11.7 per cent due to structural changes impacting the allocation of costs across Building Management and Work's Services.

2. The fluctuation in this indicator across the years is the result of movements in the value of the maintenance programs delivered to government agencies.

Service 11: Leads the planning and delivery of government office accommodation

Provides strategic leadership and facilitation in the planning, project management and procurement of government office accommodation.

Key indicators of efficiency	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual	Note
Cost as a percentage of the value of gross rentals of buildings and office accommodation managed	6.7%	11.1%	12.9% ^(a)	10.9%	12.6%	1

(a) The 2011–12 actual has been amended from 12.1 per cent to 12.9 per cent due to structural changes impacting the allocation of costs across Building Management and Work's Services.

1. The fluctuation in this indicator across the years is the result of movements in the value of gross rentals of buildings and office accommodation managed.

Public Utilities Office

Service 12: Development and implementation of energy policy and programs

In April 2012, the Public Utilities Office was established in the Department of Finance, following the abolition of the Office of Energy on 31 March 2012.

For comparative purposes, figures for 2009–10 and 2010–11 relating to the Office of Energy (as reported in its previous Annual Reports) are included in the table below. The figures for 2011–12 are for the full reporting period and include nine months of data for the Office of Energy and three months of data for the Public Utilities Office.

Key indicators of efficiency	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual	Note
Average cost of routine policy and program tasks	\$2,874	\$3,830	\$4,544	\$4,500	\$5,776	1
Average cost of policy projects and program	\$56,856	\$69,809	\$57,547	\$71,300	\$47,498	2
Average cost of processing sustainable energy incentive applications	\$205	\$237	\$315	\$280	\$314	3

1. This indicator reports the average cost of policy and program tasks, such as ministerial correspondence, which are more routine in nature and require a modest investment of time and effort. Cost allocation is undertaken using staff time as the identified cost driver.

The result for 2012–13 is based on an allocation of 36 per cent of operational staff time being attributed to this indicator. This corresponds to \$3.77 million of business unit costs which are apportioned to 653 tasks completed during the reporting period.

The majority of routine policy tasks are undertaken upon the direction of the Government. The variation from target is due to the estimated number of routine tasks being lower than forecast.

2. This indicator reports the average cost of policy and programs, such as submissions to Cabinet, which are more significant in nature and require a considerable investment of time and effort. Cost allocation is undertaken using staff time as the identified cost driver.

The result for 2012–13 is based on an allocation of 56 per cent of operational staff time being attributed to this indicator. This corresponds to \$5.98 million of business unit costs which are apportioned to 126 projects completed during the reporting period.

The variation from target is due to business unit costs apportioned to this indicator being lower than forecast. Staff time allocated to policy projects and programs was also less than estimated.

3. This indicator reports the average cost of processing sustainable energy incentive applications, such as solar water heater rebate applications, which are consistent in the nature of processing procedure and require a modest investment of time and effort.

The result for 2012–13 is based on an allocation of 8 per cent of operational staff time being attributed to this indicator. This corresponds to \$0.84 million of business unit expenditure which is apportioned to 2,670 applications that were paid during the reporting period.

Other financial disclosures

Pricing policies of services provided

The Department's fees and charges are reviewed annually in accordance with the Government's policy, increases are limited to the Consumer Price Index as advised by Treasury.

Where possible, full cost recovery is sought pursuant to the Department's policy for fees and charges.

The fees charged by The Building Management and Works Building Permit Authority as calculated by the Building Commission, are prescribed in the *Building Regulations 2012*.

Ministerial Directives

Treasurer's Instruction 902 (12) requires the Department to disclose information on any Ministerial directives relevant to the setting of desired outcomes operational objectives, the achievement of desired outcomes or operational objectives, investment and financing activities.

The Department did not receive any Ministerial directives during 2012–2013

Capital Projects

In 2012–13, \$151 million was spent on capital investments. The key capital projects are detailed in the table below:

Project	Expected Completion Date	Actual Expenditure 2011–12 \$000	Actual Expenditure 2012–13 \$000	Estimated Cost to Complete \$000	Estimated Total Cost \$000
Master Planning Strategy – Government Office Accommodation	2017	137,660	15,157	73,028	225,845
Cabinet Offices	2014	8,650	13,326	3,254	25,500
State Fleet Annual Vehicle Acquisition Program	2013	-	113,824	-	-
Revenue Collection Information System	2015	13,379	5,468	1,830	20,677

Employment and industrial relations

Comparative FTE allocation by category

The Department managed its resourcing requirements within the constraints of the full-time equivalent (FTE) ceiling.

Adjustments were made to the FTE ceiling during 2012–13 as positions transferred to other agencies through the decommissioning of Shared Services and due to the Government's corrective measures.

Annual Average Paid FTE		
Category	2011–12	2012-13
Permanent full-time	1162	1145
Contract full-time	116	160
Part-time permanent and contract	125	97
Total	1403	1402

Source Data: June 2013 MOIR data. Part time = hours < Normal hours which are 37.5 or 38.
Note: Secondment out figures have been excluded from the permanent full-time figures as these employees were not physically working at the Department of Finance and hence not contributing to the outputs of the Department.

Industrial relations

Most departmental staff are employed under the *Public Service and Government Officers General Agreement 2011*. At the close of the reporting year four employees were employed under the *Salaries and Allowances Tribunal Act 1975*. Additionally 39 staff were employed under the *Government Services (Miscellaneous) General Agreement 2013*. The Department also has an Agency Specific Agreement in place with provisions including a wellness program, motor vehicle allowance for business use, and flexible working arrangements.

With the announcement of the decommissioning of Shared Services, the Department engaged in discussions with the Community and Public Sector Union/Civil Service Association of WA. There were no significant industrial relations issues during 2012–13.

Governance disclosures

Senior Officers

The Department assesses Conflict of Interest declarations, and promotes this requirement through employee inductions, Accountability and Ethical Decision Making training, and through direct promotion of the Conflict of Interest policy and procedures. Consistent with Treasurer's Instruction G03 (16), the Department of Finance surveyed all senior staff who advised that they have no interest in any existing or proposed contract with the Department.

Other legal requirements

Advertising Agencies	
Adcorp	\$39,330.50
Gel Group	\$3,027.80
Lynne McLeod	\$2,200.00
Optimum Media Decisions	\$290,084.16
Price Consulting Group	\$3,585.64
Southside Personnel Services	\$3,927.36
State Law Publisher	\$27,013.93
The West Australian Newspaper	\$1,868.57
Market Research Organisations	
Advantage Communications and Marketing Pty Ltd	\$43,789.42
Polling Organisations	
	Nil
Direct Mail	
	Nil
Total Expenditure	\$414,827.38

Disability Access and Inclusion Plan outcomes

The Department is committed to ensuring that people with disabilities, their families and carers are provided with the same opportunities, rights and responsibilities as the wider community and are able to fully access in-house and contracted services and facilities.

The Department implemented the *Disability Access and Inclusion Plan (DAIP) 2012–2017* through a planning committee comprising a representative from each business area and three people with personal or professional knowledge of disabilities. The plan supports the principles and objectives of the *Disability Services Act 1993*.

The committee oversaw the implementation and evaluation of the plan's strategies and objectives. The committee was a forum for communication and advice on disability and inclusion issues and made recommendations for the Corporate Executive team.

Demonstrating its commitment to create an inclusive work environment free from discrimination and to meet its obligations under the *Disability Services Act*, the Department:

- upgraded its intranet software to comply with the requirements of the Website Governance Framework
- maintained and promoted policies, a code of conduct and strategies that prohibited discrimination, harassment and victimisation of employees with a disability
- assessed office buildings, facilities including reception and client contact areas, and ACROD parking to enable access wherever possible to people with disabilities
- implemented appropriately designed signage for buildings
- ensured published information could be requested in alternative formats.

Compliance with public sector standards and ethical codes

The Public Sector Commission conducted an employee perception survey across the Western Australian public sector in 2011–12, with results provided to the Department in early 2013.

The Department's People, Strategy and Performance team analysed the results with positive outcomes noted in work/life balance and ethics. A summary report with a number of recommendations was submitted to the Director of People, Strategy and Performance for consideration in March 2013. The recommendations have been included in work plans for the Department's organisational development consultants and were used to improve information to new employees through the induction program.

The People, Strategy and Performance team made information available to recruitment panels about public sector standards to ensure compliance in recruiting. Quality assurance processes were used to review all recruitment selection reports. The People Strategy and Performance team provided guidance to ensure that recruitment processes and transactions complied with the standards.

In accordance with the *Public Interest Disclosure Act 2003*, the Department appointed a Public Interest Disclosure Officer and published internal policies and procedures related to its obligations. No public interest disclosures were received in 2012–13.

Governance

The Department operated in compliance with legislative requirements, industry standards, practices and procedures. The Corporate Executive team established a number of committees to improve governance in line with the nine public sector principles to increase accountability, probity and transparency in:

- finance and procurement
- technology and governance
- people and communications
- audit and risk.

Finance and Procurement Committee

Major shifts in the State's financial position required the Department to implement a variety of savings measures to achieve the Government's amended budget targets. The Finance and Procurement Committee provided leadership to ensure these savings were achieved with minimal impact on front line services. The committee successfully implemented changes to the Fixed Asset Management Policy, which resulted in a more efficient and effective fixed asset management framework.

Technology and Governance Committee

The Technology and Governance Committee implemented an information technology governance plan to comply with the latest Australian Standard 38500:2010. The committee identified a lack of consolidated services for email, intranet and document management as a potential risk. Establishing a unified technology environment will ensure greater standardisation of technology related business data.

People and Communications Committee

The People and Communications Committee progressed the development of a draft customer service charter framework; endorsed the project to develop a new departmental intranet; provided input for a new media relations policy and endorsed terms of reference and a policy for the OSH Committee.

The Tier 3 management group increased its commitment to promote *Strategic Directions 2012–2015*. Employees were encouraged to use the learning management system to enrol in training and development courses. More than 86 per cent of employees completed performance development plans.

Audit and Risk Management Committee

The Audit and Risk Management Committee carried out 35 internal audits in areas considered to be in the higher risk category. Management accepted approximately 95 per cent of these internal audit recommendations.

Ethical standards

The Department creates and maintains a culture that supports ethical behaviours and actively discourages potentially corrupt acts. Reports of suspected misconduct are dealt with promptly and fairly.

During 2012–13, all new employees were given information about ethical behaviour, declarations of conflict of interest and the responsibility to report suspected unethical behaviours or actions.

The newly revised Code of Conduct, including the Code of Ethics, was a focus in 2012–13. Relevant policies were made available to employees to reinforce their obligations to disclose interests that could reasonably create a perception of bias, or an actual conflict of interest in line with the Code of Conduct.

The Department increased training for accountable and ethical decision-making with 31 sessions offered during the year to ensure employees understood the Code of Conduct. This included 16 full sessions (3.5 hours) and 15 refresher sessions (2.5 hours) with 577 employees completing the training.

Recordkeeping plans

These requirements are reported on under section 61 of the *State Records Act 2000*, and State Records Commission Standards, Standard 2, Principle 6.

Requirement 1: The efficiency and effectiveness of the organisation's recordkeeping systems is evaluated not less than once every five years.

The Department finalised the transfer of all corporate records into the Finance TRIM database. This was completed in August 2012 with the migration of Building Management and Works corporate information from the Department of Housing network. This included more than 141,000 files and more than one million documents.

A recordkeeping plan to include the transfer of recordkeeping functions for Building Management and Works and the Public Utilities Office was completed by 30 June 2013.

As the decommissioning of Shared Services progresses, all business records, documents and data are being returned to the originating agencies. The Department worked closely with the State Records Office to ensure a smooth transition from Shared Services systems to appropriate alternative corporate service solutions for each agency. Where it is not possible to separate information or identify an agency, the Department will manage the legacy information to minimise the risk of any corporate records being disposed inappropriately.

Requirement 2: The nature and extent of the recordkeeping training program conducted by or for the organisation.

Corporate Information conducted regular training on the Department's records management systems, TRIM and e-Docs, at a number of locations in the metropolitan area.

Trainers visited regional offices, preparing training reports with the feedback collated at each visit. The trainers used the feedback to refine online training guides and enhance future training programs.

Online records awareness training was provided for specific business groups in preparation for data migration. Onsite support minimised the risk of data loss or business interruption at these times.

Information packs on the decommissioning of Shared Services ensured agencies were well informed and understood their responsibilities during the decommissioning process.

The Decommissioning Office ran a number of data extraction and records workshops for agencies rolling out in 2013. Representatives from the State Records Office attended the sessions and the information was also published on the e-Business portal.

Requirement 3: The efficiency and effectiveness of the recordkeeping training program has been reviewed or alternatively when this is planned to be done.

The Department published a training calendar on the learning management system to list regular records management training courses at metropolitan locations and annual training at regional offices.

Corporate Information evaluated employee feedback from these sessions and used it to improve future programs.

Requirement 4: Assurance that the organisation's induction program addresses employee roles and responsibilities in regards to their compliance with the organisation's recordkeeping plan.

Records awareness training was a mandatory component of every new employee's induction providing a foundation for staff to comply with State Government recordkeeping requirements. Induction training was supplemented with further training on recordkeeping systems and online awareness.

With the decommissioning of Shared Services, all employees were required to capture corporate information into e-Docs before leaving the Department.

When the decommissioning process is completed at the end of 2013, Shared Services corporate information will be migrated into the Finance TRIM database.

Freedom of Information (FOI)

During 2012–13, the Department received 23 FOI applications compared to 39 in 2011–12. The majority of applications were related to contracts associated with building projects and taxation matters. Three external review applications lodged with the Information Commissioner in 2011–12 were resolved in 2012–13 through conciliation.

FOI Applications

Year	2011–12	2012–13
Received	39	23
Internal reviews	3	Nil
External reviews	3	3*

*External review applications carried over from 2011–12

Government policy requirements

Substantive equality

The Department supports the provision of services that address the different needs of Western Australia's diverse community and supports the Equal Opportunity Commission to eliminate systemic racism by creating a community based on equality for everyone.

Occupational safety, health and injury management

The Department reported on occupational safety and health (OSH) in accordance with the requirements of the Public Sector Commissioner's Circular 2012–15. This further supported the Western Australian Government's commitment to the goals of the *National Occupational Health and Safety Strategy 2012–22*.

Commitment to occupational safety, health and injury management

The Department committed to creating a workplace where health and safety is paramount, and which supports and encourages the wellbeing of employees. This commitment extended to contractors, trainees, volunteers and visitors and is reflected in the *Strategic Directions 2012–2015* goal to invest in our people and our workplace.

Focus areas for 2012–13 included:

- Occupational Health and Safety Management System
- Workers Compensation and Early Intervention Injury Management System
- Employee Wellness Program
- Office Ergonomics Program
- OSH Consultative Mechanism
- Occupational safety and health training and information for managers and employees.

The OSH Committee reviewed the OSH policy and amended it in accordance with the Department's strategic goals.

In line with a commitment to continuous improvement and maintaining best practice, the OSH Committee also reviewed occupational safety, health and injury management policies and procedures.

Consultation, communication and engagement

OSH consultation continued through quarterly committee meetings.

The committee reviewed its terms of reference which outlines functions, membership, quorum requirements, and reporting and communication processes to the Corporate Executive team. They will be reviewed every three years.

The OSH team incorporated an e-learning module into the new employee induction process. The team also offered an e-learning option to employees who had not previously completed the module. This module is reviewed every year to ensure currency and relevance.

Half-day training sessions for managers and supervisors encouraged awareness about their duty of care and OSH responsibilities.

The OSH team also further developed the First Aid Policy and procedures, increased the number of first aiders, and increased the number of elected safety and health representatives. These representatives were involved in hazard management through workplace safety inspections and identifying safety solutions in consultation with management and staff.

External consultants were engaged to provide OSH related services and training where required.

Injury management

The Department worked closely with RiskCover to manage workers' compensation cases in line with the *Workers' Compensation and Injury Management Act 1981*.

Through the injury management system, ongoing assistance and support was provided to injured workers in the process of returning to work after an illness or injury. The OSH team consulted with employees, their line manager and treating medical practitioner regarding fitness for work and realistic injury management goals. This provided staff with greater personal control to return to meaningful work in a safe and sustained manner with their own injury management plans and return to work program.

Injury management intervention was provided for work related and non-work related medical conditions.

Self-evaluation

The Department progressively improved its OSH management commitment, consultation, office ergonomics and training based on a WorkSafe Plan internal assessment undertaken in 2009–10.

As a result of this assessment, the Department further developed its OSH management system and consolidated relevant policies and procedures.

Quarterly key performance indicator reports evaluated performance against the related strategic goal and resulted in a number of new initiatives including an OSH focused induction package for new employees, OSH induction for new managers, and office ergonomics and self-help kits.

Hazard identification, awareness and management will be further developed in the new financial year. An additional internal OSH audit is planned to review progress and plan for incremental improvements.

Achievements

Safety, health and wellness achievements for 2012–13 included:

- recruiting first aiders and safety health representatives in each business unit, providing compulsory five-day training for newly appointed safety health representatives, and first aid certification training for first aiders
- providing ergonomic self-help kits to 175 new starters
- OSH assessments for 72 employees with work from home arrangements
- ergonomic assessment assistance for 33 employees
- injury management assistance for 18 employees with non-work related medical conditions
- OSH induction training for 32 managers, OSH induction sessions for 134 employees (including 22 graduates) and 15 contractors (labour hire and temporary staff)
- continued access to a confidential, free of charge employee assistance program for employees and their families
- a free flu vaccination program for all employees in the metropolitan area in which 408 staff participated
- health and wellbeing programs including Pilates, Zumba classes and massage; and information sessions about mental health, diabetes, stress management and how to quit smoking
- establishing a grievance officer network for employees to report grievances.

Public Sector Commissioner's OSH performance requirements 2012–13:

Indicator	2010-11	2011-12	2012-13	Target	Comment on Result
Number of fatalities	Not previously reported	0	0	0	Achieved
Lost time injury/disease incidence rate		0.49	0.20	0 or 10% improvement on the previous three years.	Achieved >40% improvement.
Lost time injury severity rate		28.6	0	0 or 10% improvement on the previous three years.	Initial RiskCover report indicated one lost-time injury claim based on Estimated Lost Days = 80. Based on negotiation with RiskCover this has been reduced to 28 Estimated Lost Days (below 60 days) as actual lost time was only 11 days and the claim has been progressed well.
Percentage of injured workers returned to work within 13 weeks		86%	100%	Greater than or equal to 80%	Achieved – early intervention in injury management is actively progressed.
Percentage of injured workers returned to work within 26 weeks			N/A	Greater than or equal to 80%	Nil – all lost-time injury employees returned to work within 13 weeks.
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities		8.32%	18%		A program has been developed to train all managers in 2013–14.

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Appendix 1: Legislation Administered

MINISTER FOR ENERGY; FINANCE

Energy Public Utilities Office

Dampier to Bunbury Pipeline Act 1997
Electricity Corporations Act 2005
Electricity Industry Act 2004 (all parts other than Part 9A)
Energy Arbitration and Review Act 1998
Energy Coordination Act 1994 (other than Parts 2 and 3)
Energy Corporations (Transitional and Consequential Provisions) Act 1994
Energy Operators (Powers) Act 1979
Electricity Transmission and Distribution Systems (Access) Act 1994
Fuel, Energy and Power Resources Act 1972
Gas Corporation (Business Disposal) Act 1999
Gas Services Information Act 2012
Gas Supply (Gas Quality Specifications) Act 2009 (other than Part 5, Division 2)
National Gas Access (WA) Act 2009
State Energy Commission (Validation) Act 1978

Finance State Revenue

Commonwealth Places (Mirror Taxes Administration) Act 1999
Duties Act 2008
First Home Owner Grant Act 2000
First Home Owner Grant Amendment Act 2003
Land Tax Act 2002
Land Tax Assessment Act 2002
Pay-roll Tax Act 2002
Pay-roll Tax Assessment Act 2002
Pay-roll Tax (Indigenous Wages) Rebate Act 2012
Pay-roll Tax Rebate Act 2010
Pay-roll Tax Rebate Act 2012
Rates and Charges (Rebates and Deferments) Act 1992

Stamp Act 1921
Stamp Amendment (Assessment) Act 2005
Stamp Amendment (Budget) Act 2002
Taxation Administration Act 2003
Taxation Administration (Consequential Provisions) Act 2002

Building Management and Works

Public Works Act 1902

Government Procurement

State Supply Commission Act 1991

The Department of Finance collected taxes, duties and fees, and paid subsidies, grants and rebates during 2012–13 in accordance with the legislation listed below:

Agriculture and Related Resources Protection Act 1976
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)
Modification of Applied Laws (WA) Notice 2007

Appendix 2: Glossary of terms used in the Financial Statements

Accrual

Accrual basis accounting reports income when earned and expenses when incurred, as opposed to cash basis accounting, which reports income when received and expenses when paid. Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid or invoiced. Accrued expenses are usually included in payables.

Administered Funds/Transactions

Administered income and expenditure relates to funds that the Department may not utilise to achieve its day-to-day objectives. Administered appropriations and income is passed through the Department for specific purposes and is not the subject of departmental discretion. Administered funds are also utilised for activities such as transfer payments, e.g. grant payments where the Department has no discretion in the selection of eligible beneficiaries and/or determining the amount of payment and/or any conditions attaching to the payment.

Capital Appropriation

Funding allocated by Parliament to government departments to enable them to fund capital (asset) additions.

Contingent Liabilities/Contingent Assets

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is the inverse of a contingent liability.

Controlled Funds/Transactions

Controlled expenses form part of the cost of operating the agency in the pursuit of its objectives. Controlled expenses include those assets consumed, or liabilities incurred, in the process of providing departmental services for the purpose of performing the functions of the Department.

Controlled expenses may include salaries and other employee entitlements, operating costs; depreciation, and grants and subsidies when the Department has discretionary powers as to recipient, value and conditions attaching to the payment of the grants/subsidies.

Depreciation

The cost of assets with a value above \$5,000 is not charged to expenses through the Statement of Comprehensive Income in the year of purchase. Such assets are capitalised in the Statement of Financial Position reflecting their enduring benefits to the organisation beyond the financial period in which they are purchased. Depreciation is a charge to expenses which recognises that the value of those assets will diminish over time, through wear and tear or obsolescence. Upon capitalisation, the estimated useful life of the asset is determined and its value is written off to expense, through the depreciation charge, over that period, progressively reducing the carrying value of the asset being depreciated.

Discount Unwound on Loan

Where a loan is provided at less than commercial value (e.g. at no interest), accounting standards require, upon initial recognition, the loan principle to be discounted to net present value, and the discount charged to the Statement of Comprehensive Income, representing the opportunity cost forgone by providing the loan at a discounted rate.

This discount is subsequently written back or unwound each year over the life of the loan.

Effectiveness Indicators

Key performance indicators that provide information on the extent to which agency level government desired outcomes have been achieved, or contributed to, through the delivery of services.

Efficiency Indicators

Key performance indicators that generally relate services to the level of resource inputs required to deliver them.

Equity

Equity is sometimes referred to as net worth and represents the amount owners have invested in a business. Equity is typically calculated as: what is owned (assets) minus what is owed (liabilities).

Historical Cost Convention

The historical cost convention states that all transactions are recorded at their original value and adjustments are not made for inflation. Assets are not valued at market or realisable value, but stay in the accounting records at their historical or original price.

Holding Account

Special purpose accounts (held at the Department of Treasury on behalf of the Department of Finance) typically for capital acquisitions, leave payments and the 27th pay accrual. The 27th pay accrual recognises that every 11 years there will be 27 fortnightly pay periods in a financial year rather than the usual 26 pay periods. The 27th pay accrual progressively puts cash aside to fund the additional payment in the 11th year. It is a cash transfer only and movements into or out of the holding account do not constitute expenses or revenue when they occur. The holding account remains as an asset in the Agency's Statement of Financial Position until it is utilised.

Infrastructure

Assets that provide a structural foundation for the community.

Intangible Asset

An intangible asset is defined as an identifiable non-monetary asset without physical substance. This definition includes computer software, and trademarks.

Owners

The Government of Western Australia.

Provisions

Accounting standards require the recognition of a provision when:

- an entity has a present obligation (legal or constructive) as a result of a past event
- it is probable that an outflow of resources will be required to settle the obligation
- a reliable estimate can be made of the amount of the obligation.

There is more timing uncertainty for provisions than for accruals. Common provisions include employee entitlements for leave.

Recurrent Expenditure

Recurrent expenditure on goods and services is expenditure which does not result in the creation or acquisition of fixed assets. It consists mainly of expenditure on salaries, grants, purchases of goods and services and other items which pass through the Statement of Comprehensive Income.

Resources Received Free of Charge

Resources received free of charge relate to goods and services being provided free of charge from other entities within the Western Australian Government. To acknowledge the value of these resources to the agency, their consumption is recorded as an expense item in the Statement of Comprehensive Income and the fair value of the resources provided is recorded as notional income. No cash is exchanged or formal invoices levied in respect to the services.

Restricted Cash

Represents cash held in the controlled fund for a specific purpose, but for which some discretion may be exercised in carrying out the functions of the fund.

Service Appropriation

An appropriation is the amount of funding allocated by Parliament to government departments to facilitate the process of providing departmental services for the purpose of performing the functions of the department. Appropriations can be both in cash and non-cash form.

Statement of Cash Flows

The cash flow statement is concerned with the flow of cash in and cash out of the business. The statement captures both the current operating results and changes in the Statement of Financial Position. It takes into account payments for recurrent expenditure in addition to capital expenditure, includes income and equity injections from all sources and makes allowances for movements in accruals, provisions and assets when determining cash outflows. It reconciles the opening and closing bank balances and explains significant movements over the year.

Statement of Changes in Equity

Bridges the gap between the amount of equity (financial injection) the owner has in the business at the beginning of the accounting period and the amount of equity at the end of the period. Consequently, it contains information relevant to both the Statement of Comprehensive Income and the Statement of Financial Position.

Statement of Comprehensive Income

Itemises the revenues and expenditures that led to the year's surplus or deficit. It excludes expenditures on asset purchases and direct equity contributions by owners. Comprehensive income attempts to measure the sum total of all operating and financial events that have changed the value of an owner's interest in a business. Previously known as the Income Statement or Profit and Loss Statement.

Statement of Financial Position

Reports on an organisation's assets, liabilities and ownership equity. It is a snapshot at a given point in time. Previously known as the Balance Sheet.

Treasurer's Instructions (TI)

Prescribed requirements at a minimum level with respect to matters of financial administration that have the force of law and must be observed by public sector agencies under the *Financial Management Act 2006*.

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OSBORNE PARK WA 6017

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CLOISTERS SQUARE WA 6850
Phone: 08 6551 1600

State Revenue

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PERTH WA 6000

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Fax: 08 9226 0842

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Fax: 08 9258 0303

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