



# ANNUAL REPORT 2021-22

Treasury WA is at the centre of Government decision making. As the principal economic and financial policy advisor we influence outcomes for the benefit of Western Australia.

# STATEMENT OF COMPLIANCE

For the year ended 30 June 2022

Hon. Mark McGowan MLA

Premier; Treasurer; Minister for Public Sector Management; Federal-State Relations

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Department of Treasury for the reporting period ending 30 June 2022.

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



Michael Court  
ACTING UNDER TREASURER  
Department of Treasury

14 September 2022

### About our Report

This report details the Department of Treasury’s performance, services and outcomes and audited financial statements for the year ended 30 June 2022.

This report has been prepared in accordance with the *Financial Management Act 2006*, Treasurer’s Instruction (TI) 903 Agency Annual Reports, TI104C Annual Reporting 2021-22 Exemption, and Public Sector Commission guidelines.

Further information about the Department of Treasury can be accessed on our [website](#).

### Acknowledgement of Country

The Department of Treasury acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures; and to Elders both past and present.

Image: Perth City Skyline

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Image: Matagarup Bridge, Perth

# OVERVIEW

## EXECUTIVE SUMMARY



Michael Court, Acting Under Treasurer

I would like to take this opportunity to thank every Treasury staff member for their hard work and commitment during what was another challenging year. Throughout a busy year Treasury was always striving to make a difference and influencing outcomes for the benefit of the Western Australian community.

I would also acknowledge the resilience that was displayed across the public sector dealing with another year of the Covid-19 pandemic. The State moved from a four day lockdown at the beginning of July 2021, in order to keep Covid-19 out of Western Australia, to ‘living with Covid-19’ during the last half of the 2021-22 year. The State’s management of Covid-19 has been a key factor underpinning the strength of Western Australia’s economy, with growth in the domestic economy the strongest in a decade.

**The strong economy has flowed through to the State’s finances. As the financial year drew to a close, we received the exciting news of a return to the top credit rating with S&P Global upgrading Western Australia to triple A (stable outlook) for the first time in nine years!**

Treasury can feel very proud of the significant role we have played in achieving this outcome. The return to triple A reflects an ongoing commitment to responsible financial management, with budget repair a key focus of the Government’s first term in office. A return to strong operating surpluses also ended a period of rapid growth in total public sector net debt, with net debt now declining for three successive years.

And while the pandemic dominated another year, Treasury continued to lead and contribute expert economic and financial advice to support the community through this period, playing a central role in:

- the design and funding of business assistance grants for support during Covid-19 lockdowns and restrictions;
- assisting with advice on the implementation of *Reconnect WA* and various other Covid-19 related funding requests;

- providing extensive briefing material to support the Premier in National Cabinet and at the Council of Federal Financial Relations (CFFR); and
- providing advice regarding impacts of the Omicron variant on the economy.

In addition, the Corporate Strategy and Performance team were busy supporting our own Covid-19 business continuity. Considerable effort focused on identifying areas of critical operational risk and implementing mitigation strategies to ensure we met our key deliverables throughout the year.

Due to the March 2021 election, the financial year has seen Treasury deliver two State Budgets (September 2021 and May 2022), the Annual Report on State Finances (September 2021) and a Mid-year Review (December 2021), along with release of other key publications. We also achieved other great outcomes during the year, including;

- establishment and support of the Major Projects Expenditure Review Sub-Committee (MPERSC), which is chaired by the Premier and oversees the planning and delivery of major infrastructure projects (including METRONET, Westport, Women and Babies Hospital, and the Screen Production Facility);
- chairing the SWIS Decarbonisation Steering Committee, which provided recommendations to the Government on the transition out of coal-fired power generation by 2030 and its replacement with new green power infrastructure, including wind generation and storage, to ensure emissions reduction, continued stability and affordability;
- advancement of the Government’s Rail Access reforms, which implement a more effective access regime and ensure railway access arrangements are fair for all parties;
- supporting the passage of financial legislation, including the *Financial Legislation Amendment Act 2021*, which strengthens governance and accountability and improves the efficiency and effectiveness of the financial management framework applying to public finances;

- progressing the Western Australian Climate Policy with the development of guidance material to build climate risk competency in the public sector;
- finalisation of the Government Banking Contract during March 2022 following a rigorous tender process;
- establishment of the Digital Capability Fund to facilitate greater investment in digitalisation of government services and mitigation of cybersecurity risks;
- chairing the CFFR Skills Shortages Working Group which operated across all jurisdictions;
- leading the Aboriginal Expenditure Review, a key reform priority under the Closing the Gap Partnership Agreement to be released in early 2023, which will compile spending on programs for Aboriginal peoples and communities and provide the framework to track resource allocation and an evidence-base to support future decision-making;
- implementation of a new cash disbursement module in the Strategic Information Management System (State’s financial database), which automates drawdowns of appropriations and creates efficiencies for agencies and our Treasury Operations team; and
- provision of policy and funding advice to the Expenditure Review Committee and Cabinet.

The breadth and depth of work we have achieved during 2021-22 is quite remarkable, with the current financial year shaping up to be just as demanding and rewarding. Treasury is well placed to continue delivering expert advice on a wide range of economic and financial issues.

The new 2022-23 financial year includes a change in Treasury’s organisational structure. From September 2022, we will welcome Ms Amanda Jalleh, who will head up our new Advisory Services directorate. Amanda will join the existing Executive team, whom I would like to thank for their ongoing and outstanding commitment, dedication and hard work!





## Responsible Minister

Hon. Mark McGowan MLA

Premier; Treasurer; Minister for Public Sector Management; Federal-State Relations

## Treasury's Role

Treasury is the central department managing Western Australia's public sector finances and formulating and implementing the annual **State Budget**.

We develop economic and revenue forecasts, and monitor developments in the State's economy, major revenue bases and public sector finances, to ensure Western Australia remains on track against the State Government's budgetary objectives and policies.

Our policy advisory role covers a wide range of issues, including Commonwealth-State financial relations, revenue policy, public sector wages policy, public sector superannuation policy, and advice on alternative models of service delivery and infrastructure provision.

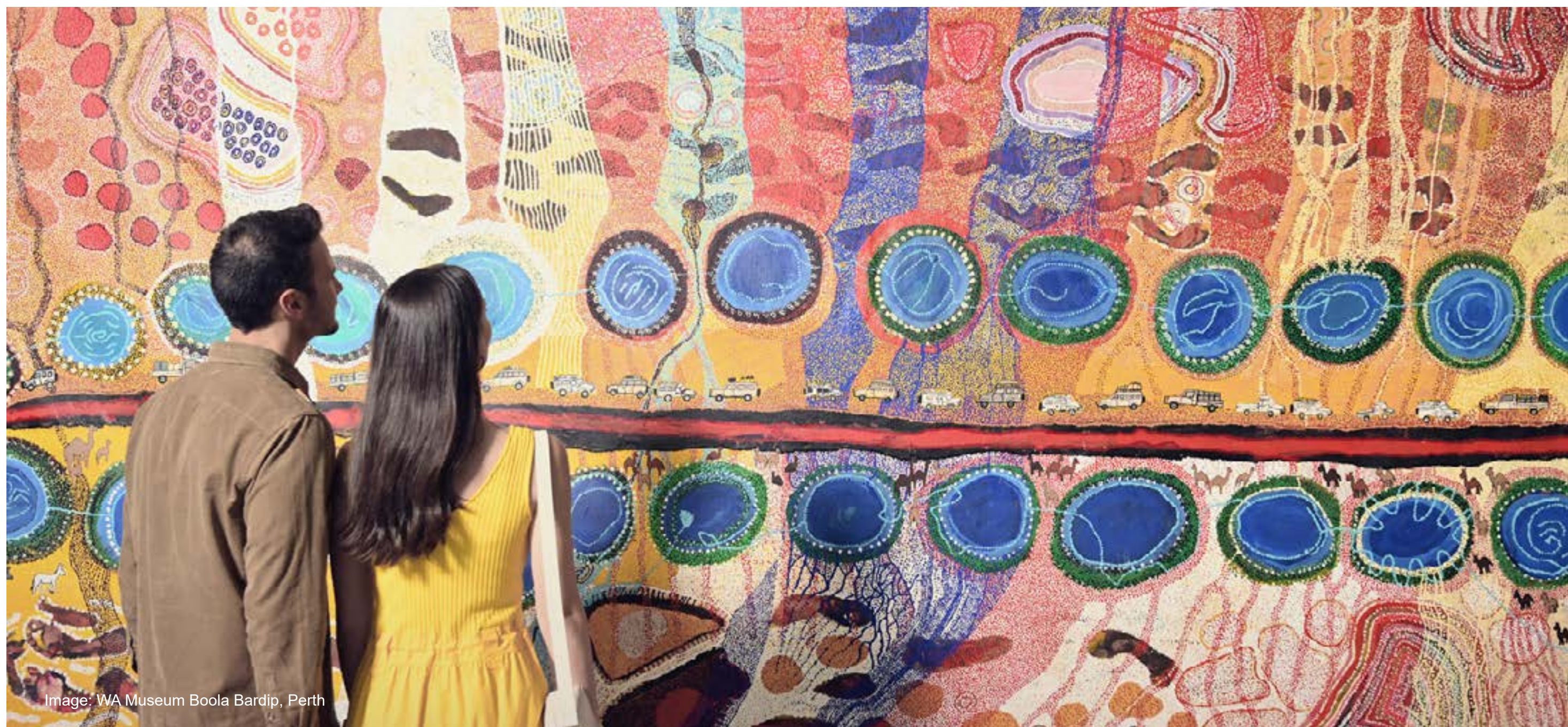


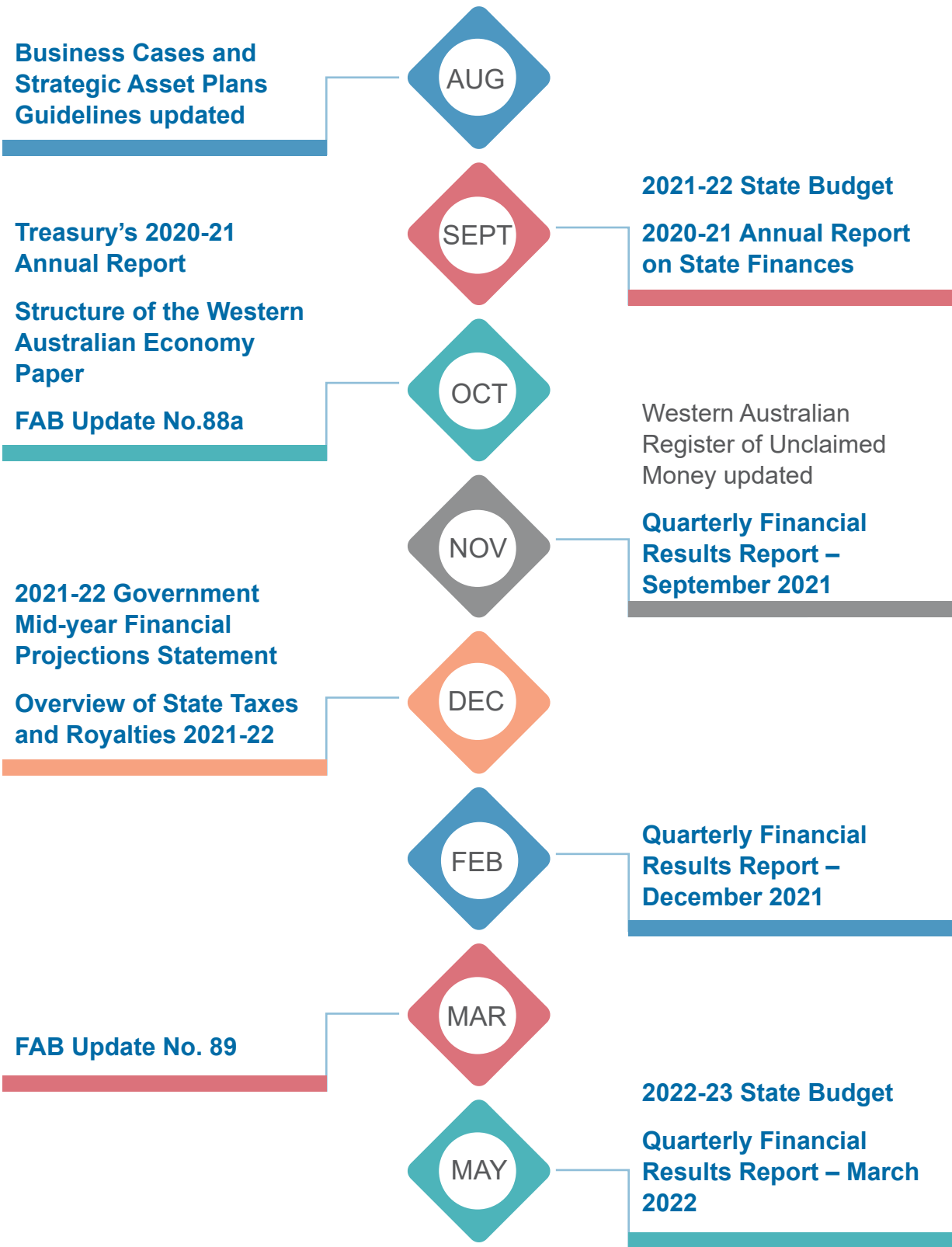
Image: WA Museum Boola Bardip, Perth



# HIGHLIGHTS

	CREDIT RATING UPGRADE: S&P GLOBAL AAA (STABLE) RATING (JUNE 2022)
	STRONG OPERATING SURPLUSES DRIVING REDUCTION IN NET DEBT
	THIRD YEAR OF DECLINING TOTAL PUBLIC SECTOR NET DEBT, AND \$589 MILLION OF CONSOLIDATED ACCOUNT BORROWINGS REPAID
	MANAGING A \$33.9 BILLION INFRASTRUCTURE INVESTMENT PROGRAM
	GOVERNMENT ADVICE: 136 EXPENDITURE REVIEW COMMITTEE PAPERS
	MANAGING UNCLAIMED MONIES – 2,418 SUCCESSFUL CLAIMS PROCESSED, WITH \$1.1 MILLION PAID TO CLAIMANTS IN 2021-22

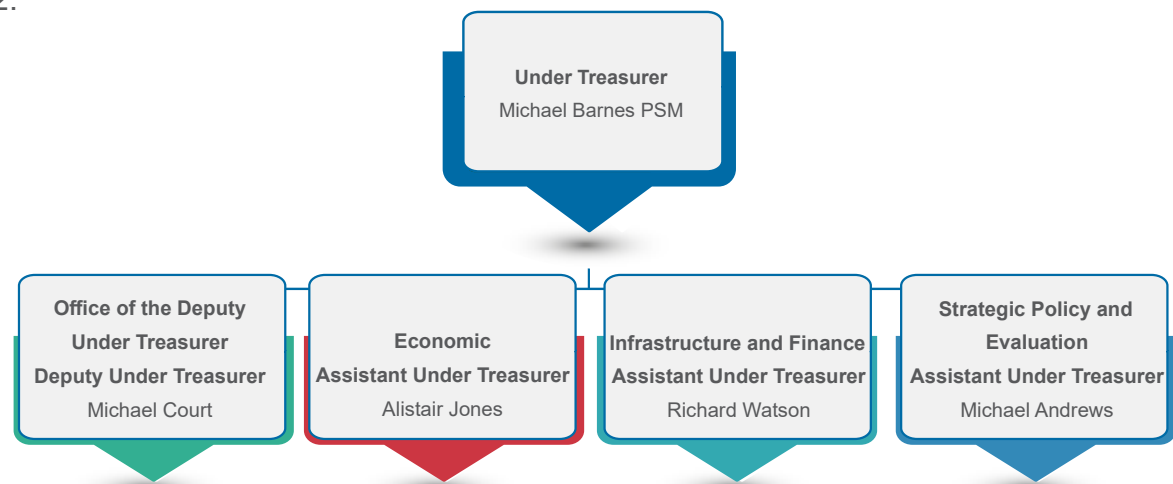
## 2021-22 Key Publications



# TREASURY'S OPERATIONAL STRUCTURE

As at 30 June 2022

The Under Treasurer is the head of our organisation who led the following business units during 2022.



## Enabling Legislation

Treasury is established under the *Public Sector Management Act 1994*. Treasury also assists the Treasurer in administering various Acts (full list in Appendix 1).

## Treasury's 2021-22 Legislation

During 2021-22 the following Acts were passed in Parliament:

**Financial Legislation Amendment Act 2021 (FLAA)** – Royal Assent 24 August 2021, effective 21 September 2021.

The FLAA arose from recommendations of two statutory reviews of the *Financial Management Act 2006* (FMA) in 2012 and 2017 and amended the FMA, *Government Financial Responsibility Act 2000* and *Loan Act 2017*.

The FLAA strengthens governance and accountability over the use of public funds and puts the onus on accountable authorities to ensure that their agencies' budget management practices and internal controls are robust.

**Appropriation (Recurrent 2021-22) Act 2021** – Royal Assent 3 December 2021, effective 4 December 2021.

This Act grants supply, appropriates and applies out of the Consolidated Account certain sums for the recurrent services and purposes of the year ending 30 June 2022.

**Appropriation (Capital 2021-22) Act 2021** – Royal Assent 3 December 2021, effective 4 December 2021.

This Act grants supply, appropriates and applies out of the Consolidated Account certain sums for the capital purposes of the year ending 30 June 2022.

**Treasurer's Advance Authorisation Act 2022** – Royal Assent 14 April 2022, effective 15 April 2022.

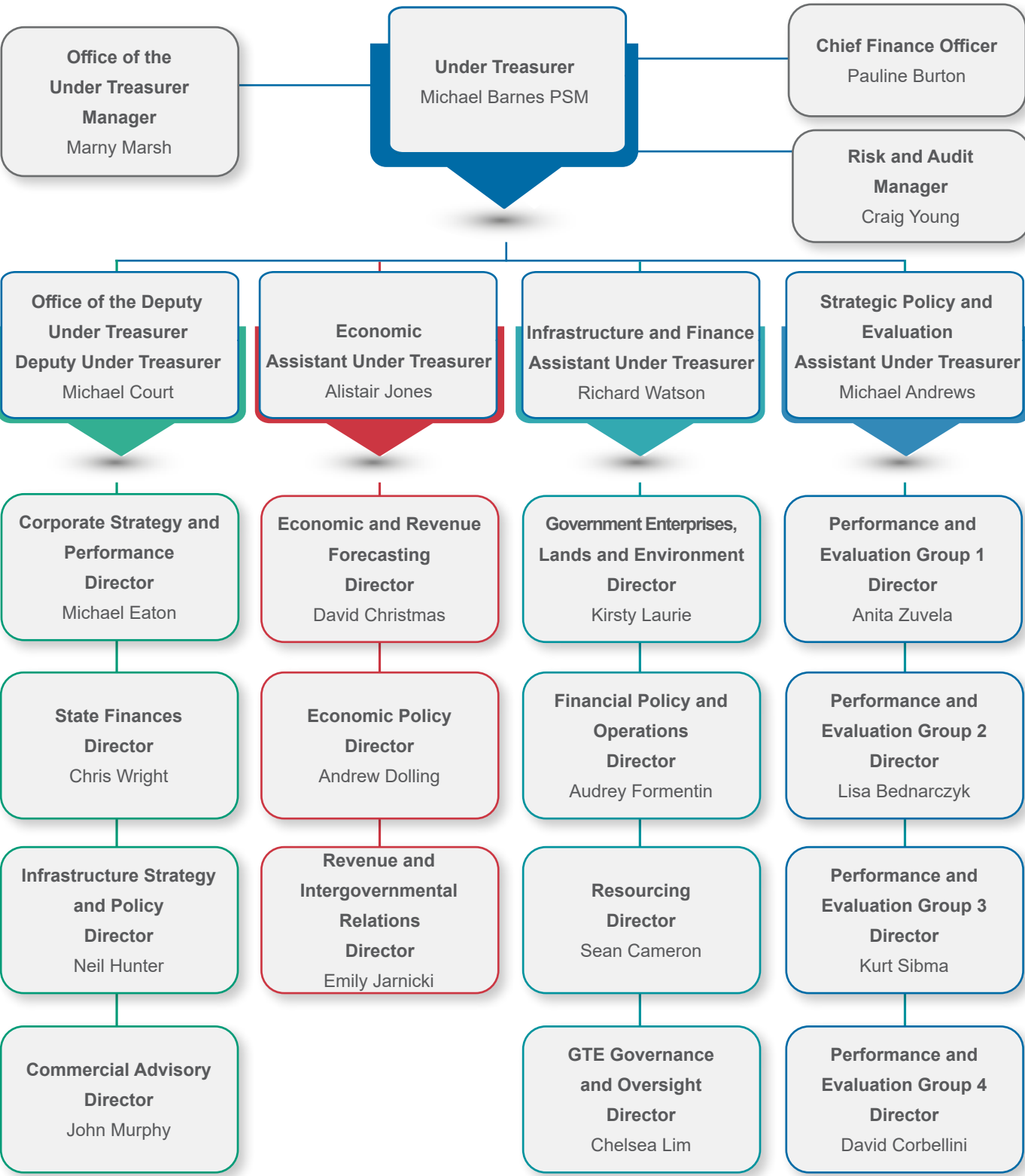
This Act authorises expenditure in the financial year ending on 30 June 2022, to make certain payments or advances for certain purposes.

**Animal Resources Authority Amendment and Repeal Act 2021** – Royal Assent 14 April 2022.

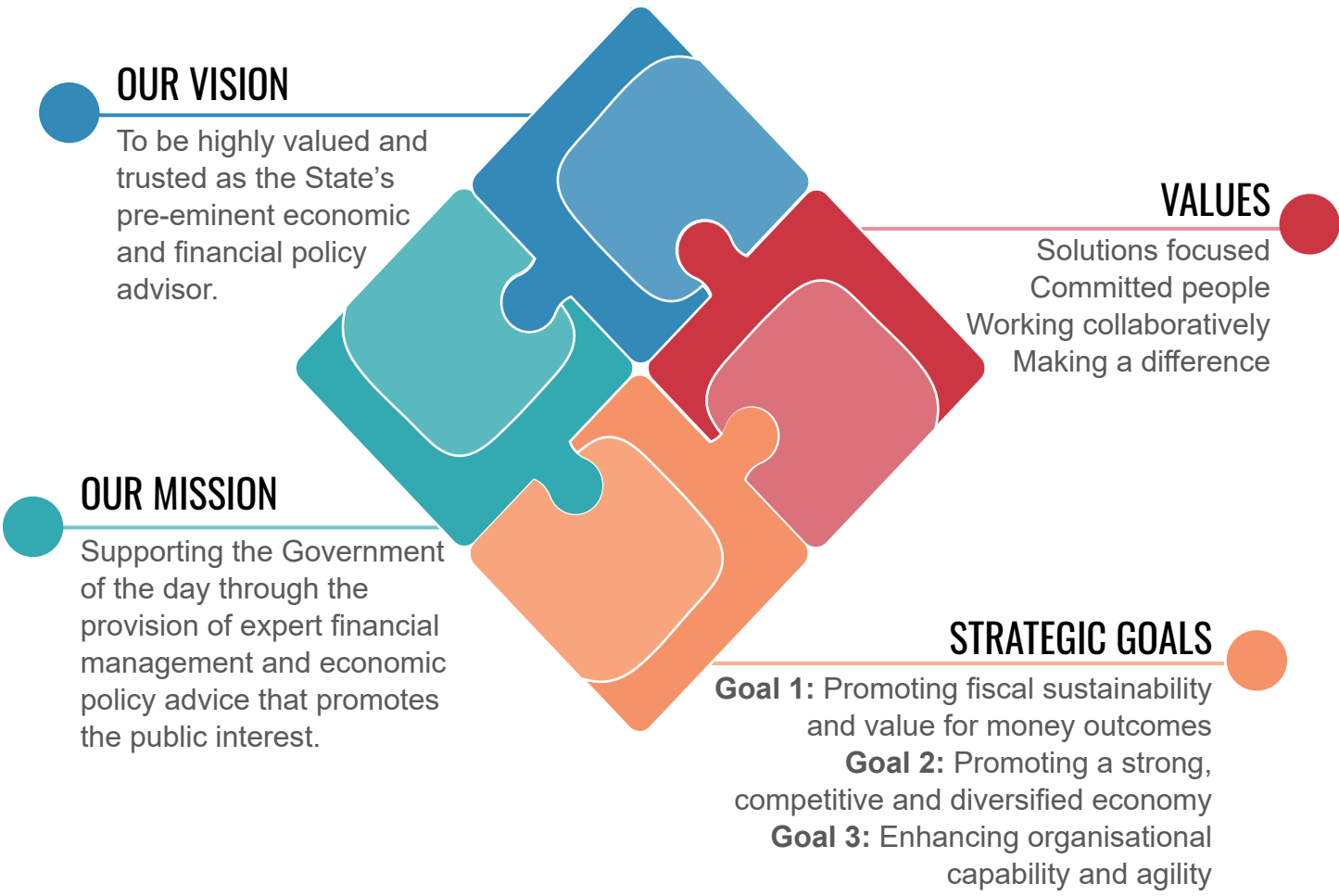
This Act amends the *Animal Resources Authority Act 1981* to provide for the winding up of the Animal Resources Authority; and the eventual repeal of the *Animal Resources Authority Act 1981*. Treasury, the Department of Jobs, Tourism, Science and Innovation and Animal Resources Authority supported this Act through Parliament.

## Organisational Structure

As at 30 June 2022



# TREASURY'S STRATEGY



**Treasury's strategic plan** underpins the Department's core vision, mission and values and articulates our strategic direction. Our strategic plan highlights our vision to be highly valued and trusted as the State's pre-eminent economic and financial policy advisor. We work collaboratively with other stakeholders to offer solutions focused advice to the Government of the day and lead financial management capability across the public sector.

A key consideration for Treasury going forward is to ensure we continue to achieve our strategic priorities within current and future resourcing constraints. On a yearly basis, the goals outlined in the strategic plan are used to inform and develop annual business unit operational plans. These operational plans form the basis on which team work plans and individual Development and Performance agreements (DaPs) are developed.

## Strategic Goal 3 – Enhancing organisational capability and agility

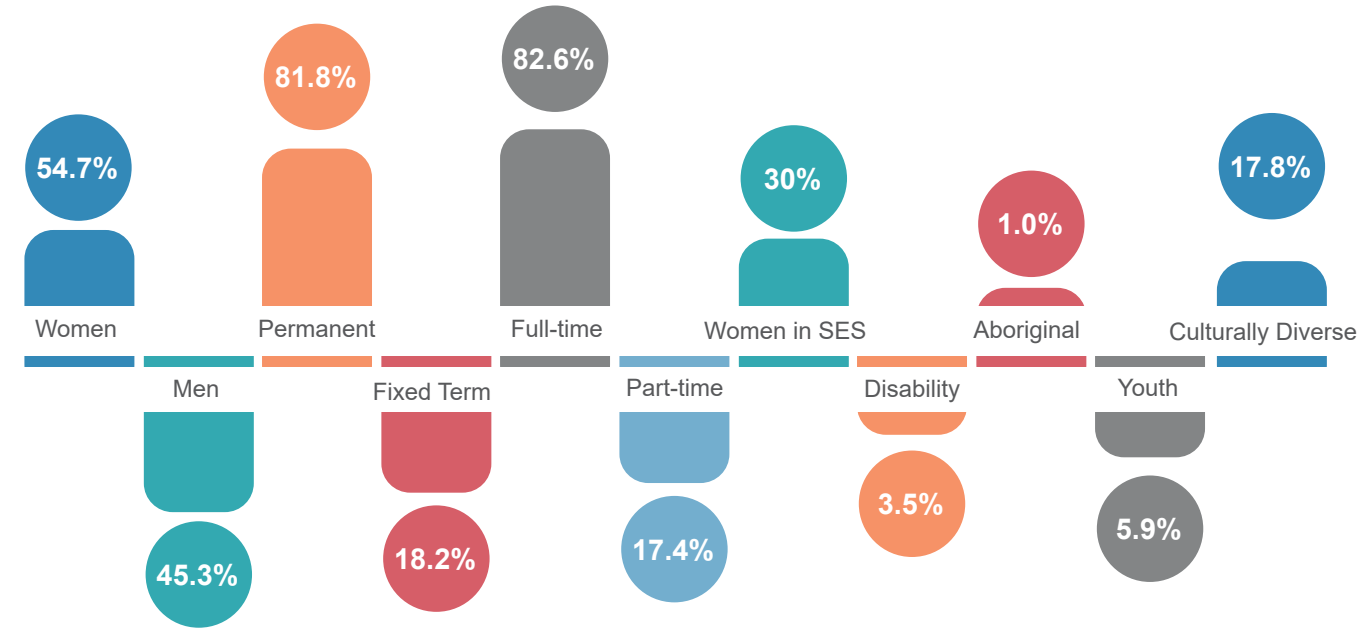
### Our People

Our people drive our business outcomes, and our workforce is a critical component in Treasury being able to deliver on core business objectives. Our Workforce Strategy 2021-2024 focuses on building the capability and diversity of our workforce through our attraction, development, achievement, retention and deployment practices. We have developed strategies under our Workforce and Diversity Plan 2020-2021 that supports our Strategic Goal 3 and allows us to build a skilled, flexible and sustainable workforce that reflects inclusion and diversity.

As at 30 June 2022, we had a total of 287 staff. The median age of our staff was 41.1 years.

Our business units seek to provide opportunities for all employees to improve their understanding of the environment in which we work, enabling the development and identification of targeted solutions. Our workforce is constantly reviewed to create opportunities for employees to move across the agency, promoting agility and flexibility, reducing our succession risk and improving our knowledge management. Our staff have been outstanding at responding in an agile and adaptive manner to the constantly changing environment during 2021-22.

During the year, Treasury continued working to improve our stakeholder communication, our systems and processes and our external profile to ensure we achieved our strategic goals and Government outcomes. Treasury continues to support and value diversity through our workforce and diversity strategies and aims to build a workforce that is representative of the community we live in.



Diversity Profile

To support our diversity groups, during the year the following was undertaken by Treasury:

- Participation in the 2021 Public Sector Aboriginal Traineeship program and continued participation in the 2022 Aboriginal Traineeship program;
- Participation of a Level 8 leader in the Jawun Secondment program;
- Renaming of three key meeting rooms to reflect Aboriginal names that aligned to their location within the building;
- Acknowledgement of Country for all internal and external meetings and events;
- Active participation by Treasury staff in National Reconciliation Week and NAIDOC week activities including an Aboriginal Language Class and Welcome to Country;
- Aboriginal Cultural Awareness training by staff with 78.2% attendance rate;
- Disability Awareness training for all new starters with 93% completion rate;
- Bullying and Harassment training for all staff with 66% participation rate;
- Participation and representation as part of the Building the Talent Pool Interagency project with the aim of raising awareness and education of disability employment;
- 20 Coffee shop forums held with keynote speakers presenting on various diversity issues; and
- Family and Domestic Violence training for Treasury Workplace Support Officers and People and Culture staff.

Workforce Strategy initiatives have provided staff with development, support and learning both internally to Treasury and across the sector. Treasury continues to broaden and enhance stakeholder engagement and acknowledge and celebrate achievements. Some of our department initiatives have included:

- **Chief Finance Officers’ Forums** – biannual briefings which cover a wide range of topical financial issues and public sector reform updates. It also provided an opportunity for networking with the wider Western Australian public sector;
- **Coffee Shop Forums** – are an integral part of Treasury’s knowledge sharing culture which provided staff with the opportunity to engage with and learn from Public Sector leaders, keep informed of external trends that impact the work Treasury engages in, and provided tools and information to promote personal and professional development and enhance wellbeing;
- **Health and Wellbeing Program** – provided employees with the opportunity to engage in a range of initiatives focused on nutrition, physical activity, wellness, stress management and mental health education;
- **Treasury Young Professional Program (YPP)**, three memorable events were:
  - Let’s Get Quizzical quiz night – an inaugural interagency networking event held by Treasury’s YPP which included trivia, pizza and prizes;
  - Panel and Pizza Event – professional development opportunity to hear from speakers who shared their knowledge and insights into career achievements, and /or the various topics and issues; and
  - Power Hour: Strategy and Analysis – experienced Treasury Managers/Directors shared a panel discussion and deep dive in the Strategy and Analysis capability in Treasury’s Capability Framework to assist with excelling in their career.

- **Graduate Launch Program** – Treasury graduates hosted a public sector graduates event to facilitate long-lasting professional relationships across agencies, foster a more productive public sector, and ensure graduates have a deeper understanding of the roles that different agencies undertake.

Treasury also has an Employee Assistance Program (EAP) which is available to support staff and their families. In 2021-22, there were 23 new referrals and 58 hours of EAP utilised. This represents a 21 per cent increase from previous years.

Governance Committees







Image: Matagarup Bridge, Perth

# PERFORMANCE SUMMARY

## HIGHLIGHTS

This section of our Annual Report outlines:

	Government Goals alignment			How we performed – our actual outcomes compared to our targeted outcomes	
	Outcomes achieved			Identifies significant issues and trends, emerging challenges and future opportunities	

# PERFORMANCE MANAGEMENT FRAMEWORK

We strive to achieve our agency desired outcomes to support the Government Goal: Strong and Sustainable Finances. We monitor how the services we deliver realise their intended outcomes, by evaluating and assessing key performance indicators (KPIs). The KPIs provide an overview of the critical aspects of outcome achievement (effectiveness indicators) and service delivery (efficiency indicators). Actual results are reported against targets to help assess the effectiveness against desired outcomes and efficiency of service delivery.

You will find detailed information on performance in the audited KPI section of this report.

## Relationship to Government Goals

Government Goal	Treasury Desired Outcomes	Services
Strong and Sustainable Finances:  Responsible, achievable, affordable service delivery.	Sustainable and transparent public sector finances.	Financial Management and Reporting.
	A strong and competitive State economy.	Economic and Revenue Forecasts and Policy Development.
	Value-for-money outcomes in service delivery and infrastructure provision.	Evaluation and Planning of Government Service Delivery and Infrastructure Provision.

## Outcomes and Key Effectiveness Indicators

Below provides a snapshot of our achieved outcomes. Further detailed information, along with supporting footnotes, is located within Disclosures and Legal Compliance section (Key Performance Indicators) of this report.

	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Target	2021-22 Actual
<b>Outcome 1: Sustainable and transparent public sector finances:</b>					
Status of the State's credit rating (S&P Global / Moody's)	AA+/Aa1	AA+/Aa1	AA+/Aa1	AA+/Aa1	AAA/Aa1
Unqualified audit opinion on the Annual Report on State Finances	Yes	Yes	Yes	Yes	Yes
Percentage of financial reports released as per agreed timeframes	100%	100%	100%	100%	100%
<b>Outcome 2: A strong and competitive State economy:</b>					
Accuracy of key general government revenue forecasts:					
Tax revenue	-1.6%	-0.1%	15.6%	+/-5.0%	15.9%
Royalty revenue	32.7%	32.6%	47.0%	+/-5.0%	9.3%
Accuracy of key economic forecasts (percentage point difference):					
Employment growth	-0.6	-1.3	2.1	+/-5.0	2.9
Real State Final Demand growth	-1.2	-1.8	4.1	+/-2.0	-0.1
<b>Outcome 3: Value-for-money outcomes in service delivery and infrastructure provision:</b>					
Percentage of advice provided to the Expenditure Review Committee at least 5 working days prior to their consideration	66%	61%	58%	90%	58%
Percentage of Ministerially endorsed Strategic Asset Plans for the upcoming year received and reviewed by Treasury before the commencement of the Budget bilateral process	N/A	N/A	82%	100%	87%



# REPORT ON OPERATIONS

## Actual results versus budget targets

	2021-22 Target <sup>(1)</sup> (\$000)	2021-22 Actual (\$000)	Variation <sup>(2)</sup> (\$000)
<b>Financial Targets</b>			
Total cost of services (expense limit) (sourced from Statement of comprehensive income)	58,003	50,744	(7,259)
Net cost of services (sourced from Statement of comprehensive income)	57,943	50,695	(7,248)
Total equity (sourced from Statement of financial position)	14,337	18,279	3,942
Net increase / (decrease) in cash held (sourced from Statement of cash flows)	419	3,426	3,007
Agreed salary expense level	33,349	30,498	(2,851)
Number of approved full-time equivalents (FTEs)	261	242	19

- 1. As specified in the 2021-22 Budget Statements.
- 2. Further explanations are contained in the Notes to the Financial Statements, including Note 9.1 'Explanatory Statement for Controlled Operations'.

### Total Cost of Services

Treasury commenced 2021-22 with an initial expense limit of \$58 million. During the year this decreased by \$4 million, to a final approved expense limit of \$54 million. The movement was mainly due to a realignment of expenditure from 2021-22 to 2022-23 to reflect the revised timing of the Western Australian TAB Project and advice on Market Led Proposals (\$2.2 million), as well as a repositioning of operational resourcing requirements (\$1.2 million).

Actual total cost of services for 2021-22 (\$50.7 million) was \$3.3 million below the revised final approved expense limit of \$54 million, primarily due to an average employee vacancy rate of 7.3% during the year.

### Net Cost of Services

The actual net cost of services for 2021-22 (\$50.7 million) was \$7.2 million less than initially budgeted. As outlined above, this variance was predominantly associated with the re-flow of expenditure for the Western Australian TAB Project, advice on Market Led Proposals, and operational resourcing requirements. An average employee vacancy rate of 7.3% also contributed to the result.

## Equity

The actual equity balance for 2021-22 was \$3.9 million above the original budget, mainly due to the higher than anticipated operating surplus for the period.

## Cash Held

	2021-22 Agreed Limit (\$000)	2021-22 Target / Actual (\$000)	Variation (\$000)
<b>Working Cash Targets</b>			
Agreed Working Cash Limit (at Budget)	2,544	2,544	N/A
Agreed Working Cash Limit (at Actuals)	2,342	11,429	9,087

Cash held at the end of the year was \$9.1 million above the agreed working cash limit of \$2.3 million, predominantly due to employee related underspends and the timing of payables.

## Agreed Salary Expense Level

The actual salary expense level was \$2.8 million less than the approved salary expense level for 2021-22. The variance reflects an average employee vacancy rate of 7.3% during the year.

## Full-Time Equivalents (FTEs)

Actual FTEs averaged 242 in 2021-22. This result was 19 FTEs less than approved, due to an average employee vacancy rate of 7.3% during the year.

# SIGNIFICANT ISSUES IMPACTING THE AGENCY

## Economic Outlook

Western Australia's economy (as measured by State Final Demand) has performed the strongest of all States during the Covid-19 pandemic. The domestic economy grew by 4.9% in 2021-22, the strongest growth in a decade, underpinned by increases in household consumption and government spending.

Robust economic conditions have driven strong demand for labour, and Western Australia's labour market has tightened significantly over the past year. Employment is at historically high levels while the unemployment rate is near a 13 year low. Workforce participation averaged 69.3% in 2021-22, the equal strongest year on record, and for every job advertised, there are only 1.5 people looking for work.

Price pressures remain elevated. The Perth Consumer Price Index (CPI) grew by 5.1% in 2021-22<sup>1</sup>. This reflects high global oil prices, increases in new dwelling prices and other general price increases due to supply chain disruption, Omicron absenteeism and weather events in other parts of the country.

However, inflationary pressures are expected to moderate in 2022-23. This reflects the anticipated passing of supply chain issues and the easing of other global pressures.

Risks to the economic outlook remain elevated including the ongoing impact of the Covid-19 pandemic locally and globally (particularly in China); the Ukraine conflict and its impacts on the global economy; and the effects of increases in interest rates (in Australia and globally) on economic activity.

1. The CPI growth rates in 2021-22 and 2022-23 are based on the total index excluding the electricity sub-index.

## Strategic Goal 1 – Promoting fiscal sustainability and value for money outcomes

### State Finances

Treasury is the lead agency assisting the Government with the formulation of the annual Budget. The 2022-23 Budget (released in May 2022) focused on the Government's continuing response to the Covid-19 pandemic and applying the State's strong operating surplus to current and future priorities, including support for cost of living pressures, meeting public hospital demand, jobs and economic diversification, climate action, and debt repayment.

The 2022-23 Budget showed that Western Australia's finances continued to perform strongly, providing capacity for the Government to reduce borrowings while also delivering increased resources for service delivery and asset investment. Western Australia is the only State with operating surpluses in all of the forecast years, and an expected decline in net debt (for a third consecutive year in 2021-22). S&P Global recognised the relative strength of the State's finances by upgrading the State to the triple A rating in June 2022. Moody's reaffirmed Western Australia's Aa1 'stable' outlook credit rating in October 2021.

## Commonwealth-State Financial Relations

Treasury supported the Treasurer in addressing issues that are considered by the Council on Federal Financial Relations (CFFR) and the Board of Treasurers. This included providing advice on potential national reforms to support economic recovery across Australia and ensuring that the CFFR effectively undertakes its 'gatekeeper' role for new Commonwealth funding agreements. This involved working closely with the Department of the Premier and Cabinet and line agencies to agree a whole of government approach to Commonwealth funding agreement negotiations.

Treasury also assisted the Treasurer in defending the GST distribution reforms amidst ongoing criticism from other States. This included providing the Treasurer with analysis and comment on documentation produced by other States on the reforms, supporting the Treasurer's engagement in interjurisdictional meetings, and ongoing engagement with the Commonwealth Grants Commission to better recognise Western Australia's spending needs and policy stance during the Covid-19 pandemic, when calculating the State's GST share.

## Climate Change Policy Support

Consistent with the recommendations of the Western Australian Climate Policy, Treasury and the Department of Water and Environmental Regulation are developing a framework to monitor, assess and report on the implications of climate change on the State's finances, infrastructure and service delivery. A new Climate Coordination Unit will be established within Treasury to enable increased support to a number of cross agency governance bodies and working groups. This includes providing support for modelling of climate change and climate change policy impacts.

A Climate Change Risk Management Interim Guide was released in February 2022 to government agencies and government trading enterprises. This interim guide encourages agencies to undertake a first pass assessment of physical climate risks, including identification of treatment options (adaptation planning). Treasury will continue to monitor developments in the area of disclosure including the Taskforce on Climate Related Financial Disclosures, AASB Practice Statement 2 and the new International Sustainability Standards Board.

## Delivery of Infrastructure and ICT Projects

To assist in the delivery of the Government's record Asset Investment Program, Treasury is supporting the Government's Major Projects Expenditure Review Sub Committee (MPERSC), which is chaired by the Premier and is responsible for monitoring the delivery of priority infrastructure projects. Through MPERSC, the Government has endorsed various initiatives in response to capacity constraints and cost pressures in the construction market, including better coordination of tender dates to match construction industry capacity.

## Commercial Advisory

Treasury worked closely with various agencies to progress the development of significant major projects and reforms including Westport and the associated commercial framework, the new Women and Babies Hospital, innovative community housing provision, and the transition of ownership and operational control of the Animal Resources Centre.



## Wages Policy

Treasury supported the Government during the negotiations of proposed industrial reforms and will continue to work with the Government Sector Labour Relations directorate at the Department of Mines, Industry Regulation and Safety to monitor expiring public sector industrial agreements and maintain outcomes consistent with the Policy.

## Health and Mental Health Funding Arrangements

Treasury worked closely with WA Health and the Mental Health Commission to progress key reforms to enhance the State's health and mental health funding arrangements. This includes partnering in the implementation of Sustainable Health Review recommendations to improve the funding and commissioning of services.

Treasury also worked with both agencies to negotiate and implement national funding arrangements through the National Partnership on Covid-19 Response, the National Health Reform Agreement 2020-2025, and the recently signed National Agreement on Mental Health and Suicide Prevention.

## Government Banking Contract

In March 2022, the Commonwealth Bank of Australia was awarded the Government Banking Contract following a rigorous tender process conducted by Treasury. This contract provides transactional and merchant banking services to over 100 government agencies, comprising over 300 bank accounts and involving transactions totalling over \$100 billion each year. The new contract will commence on 1 December 2022 for an initial three years with two two-year extension options.

## Strategic Goal 2 – Promoting a strong, competitive and diversified economy

### Economic Response and Diversification

Treasury continued to play a lead role in providing advice to Government on the State's economic response to the impacts of Covid-19. This included monitoring the economic impacts of the virus and associated restrictions used to manage outbreaks, providing advice on Covid-19 business assistance measures, and working with agencies to optimise the timing and delivery of various infrastructure and related recovery projects.

Treasury also continued to work closely with the Department of Jobs, Tourism, Science and Innovation and other agencies to support the Government's economic diversification and development objectives to ensure a strong, resilient economy over the longer term. This included the provision of advice on policies and projects related to the priority sectors identified in Diversify WA, such as renewable hydrogen, tourism, international education and defence, and supporting associated modelling and analysis.





Image: Salt mining at Dampier Western Australia

## DISCLOSURES AND LEGAL COMPLIANCE



# CERTIFICATION OF FINANCIAL STATEMENTS

## For the reporting period ended 30 June 2022

The accompanying financial statements of the Department of Treasury 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 reporting period ending on 30 June 2022 and the financial position as at 30 June 2022.

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



Pauline Burton

CHIEF FINANCE OFFICER

14 September 2022



Michael Court

ACTING UNDER TREASURER

14 September 2022



Auditor General

## INDEPENDENT AUDITOR'S REPORT

2022

Department of Treasury

To the Parliament of Western Australia

## Report on the audit of the financial statements

### Opinion

I have audited the financial statements of the Department of Treasury (the Department) which comprise:

- the Statement of Financial Position at 30 June 2022, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended
- Administered schedules comprising the Administered assets and liabilities at 30 June 2022, and the Administered income and expenses by service for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Department of Treasury for the year ended 30 June 2022 and the financial position at the end of that period
- in accordance with Australian Accounting Standards (applicable to Tier 2 Entities), the *Financial Management Act 2006* and the Treasurer's Instructions.

### Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

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

### Responsibilities of the Under Treasurer for the financial statements

The Under Treasurer is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (applicable to Tier 2 Entities), the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, the Under Treasurer is responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Department.

### Auditor's responsibilities for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

## Report on the audit of controls

### Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Department of Treasury. The controls exercised by the Under Treasurer are those policies and procedures established 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 (the overall control objectives).

In my opinion, in all material respects, the controls exercised by the Department of Treasury 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 2022.

### The Under Treasurer's responsibilities

The Under Treasurer is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

### Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard

requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

### Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once in operation, the overall control objectives may not be achieved so that fraud, error or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

## Report on the audit of the key performance indicators

### Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Department of Treasury for the year ended 30 June 2022. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Department of Treasury are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2022.

### Matter of Significance

In April 2022, the Department received a direction from the Treasurer under section 61(1)(b) of the *Financial Management Act 2006*, that it is not required to report efficiency indicators for the year ended 30 June 2022, as well as subsequent financial years.

Consequently, these indicators have not been reported for the year ended 30 June 2022. My opinion is not modified in respect of this matter.

### The Under Treasurer's responsibilities for the key performance indicators

The Under Treasurer 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 internal control as the Under Treasurer determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Under Treasurer is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.



### Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

### My independence and quality control relating to the report on financial statements, controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Other information

The Under Treasurer is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial statements, key performance indicators and my auditor's report.

My opinions on the financial statements, controls and key performance indicators do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, controls and key performance indicators, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and key performance indicators, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those

charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

### 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 Treasury for the year ended 30 June 2022 included in the annual report 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, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. 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 contact the entity to confirm the information contained in the website version.



Caroline Spencer  
Auditor General for Western Australia  
Perth, Western Australia  
15 September 2022

# FINANCIAL STATEMENTS

## Statement of comprehensive income

For the year ended 30 June 2022

	Notes	2022 (\$000)	2021 (\$000)
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	2.1(a)	33,870	34,915
Supplies and services <sup>(a)</sup>	2.3	10,064	7,857
Depreciation and amortisation expenses	4.1, 4.2, 4.3	1,271	1,217
Finance costs	6.2	5	5
Accommodation expenses	2.4	4,340	4,186
Grants and subsidies	2.2	116	63
Loss on disposal of non-current assets	2.5	1	-
Other expenses <sup>(a)</sup>	2.6	1,077	1,004
<b>Total cost of services</b>		<b>50,744</b>	<b>49,247</b>
<b>Income</b>			
Other income	3.2	49	379
<b>Total income</b>		<b>49</b>	<b>379</b>
<b>NET COST OF SERVICES</b>		<b>(50,695)</b>	<b>(48,868)</b>
<b>Income from State Government</b>			
Service appropriation	3.1	47,457	44,668
Income from other public sector entities	3.1	955	482
Services received free of charge	3.1	5,907	5,374
Royalties for Regions Fund	3.1	-	115
<b>Total income from State Government</b>		<b>54,319</b>	<b>50,639</b>
<b>SURPLUS FOR THE PERIOD</b>		<b>3,624</b>	<b>1,771</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>3,624</b>	<b>1,771</b>

(a) \$0.169 million supplies and services has been reclassified to other expenses for FY2020-21.

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

## Statement of financial position

As at 30 June 2022

	Notes	2022 (\$000)	2021 (\$000)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6.3	11,429	8,105
Restricted cash and cash equivalents	6.3	-	8
Receivables	5.1	607	350
Amounts receivable for services	5.2	400	400
Other current assets	5.3	183	352
<b>Total Current Assets</b>		<b>12,619</b>	<b>9,215</b>
<b>Non-Current Assets</b>			
Restricted cash and cash equivalents	6.3	623	513
Amounts receivable for services	5.2	14,300	13,382
Plant and equipment	4.1	35	26
Intangible assets	4.2	2,380	3,017
Right-of-use assets	4.3	117	136
<b>Total Non-Current Assets</b>		<b>17,455</b>	<b>17,074</b>
<b>TOTAL ASSETS</b>		<b>30,074</b>	<b>26,289</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	5.4	1,769	1,295
Lease liabilities	6.1	43	54
Employee related provisions	2.1(b)	8,358	8,256
<b>Total Current Liabilities</b>		<b>10,170</b>	<b>9,605</b>
<b>Non-Current Liabilities</b>			
Lease liabilities	6.1	77	84
Employee related provisions	2.1(b)	1,548	2,006
<b>Total Non-Current Liabilities</b>		<b>1,625</b>	<b>2,090</b>
<b>TOTAL LIABILITIES</b>		<b>11,795</b>	<b>11,695</b>
<b>NET ASSETS</b>		<b>18,279</b>	<b>14,594</b>
<b>EQUITY</b>			
Contributed equity <sup>(a)</sup>		61	(16,597)
Accumulated surplus		18,218	31,191
<b>TOTAL EQUITY</b>		<b>18,279</b>	<b>14,594</b>

(a) Transfer FY20-21 Contributed equity to Accumulated surplus amounting to \$16.597 million.

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



## Statement of changes in equity

For the year ended 30 June 2022

	Contributed equity (\$000)	Accumulated surplus/ (deficit) (\$000)	Total equity (\$000)
<b>Balance at 1 July 2020</b>	(10,666)	29,420	18,754
Surplus	-	1,771	1,771
<b>Total comprehensive income for the period</b>	<b>(10,666)</b>	<b>31,191</b>	<b>20,525</b>
Transactions with owners in their capacity as owners:			
Capital appropriations	69	-	69
Funds paid to Consolidated Fund	(6,000)	-	(6,000)
<b>Total</b>	<b>(5,931)</b>	<b>-</b>	<b>(5,931)</b>
<b>Balance at 30 June 2021</b>	<b>(16,597)</b>	<b>31,191</b>	<b>14,594</b>
<b>Balance at 1 July 2021</b>	(16,597)	31,191	14,594
Transfer of contributed equity to accumulated surplus	16,597	(16,597)	-
<b>Restated balance at 1 July 2021</b>	<b>-</b>	<b>14,594</b>	<b>14,594</b>
Surplus		3,624	3,624
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>18,218</b>	<b>18,218</b>
Transactions with owners in their capacity as owners:			
Capital appropriations	61	-	61
<b>Total</b>	<b>61</b>	<b>-</b>	<b>61</b>
<b>Balance at 30 June 2022</b>	<b>61</b>	<b>18,218</b>	<b>18,279</b>

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 2022

	Notes	2022 (\$000)	2021 (\$000)
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		46,139	43,414
Income received from other public sector entities		746	527
Payments to Consolidated Fund		-	(6,000)
Capital appropriations		61	69
Holding account drawdown		400	400
Royalties for Regions Fund		-	115
<b>NET CASH PROVIDED BY STATE GOVERNMENT</b>		<b>47,346</b>	<b>38,525</b>
Utilised as follows:			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(33,293)	(33,943)
Supplies and services <sup>(a)</sup>		(4,579)	(2,549)
Finance costs		(5)	(5)
Accommodation		(3,996)	(4,196)
Grants and subsidies		(116)	(63)
GST payments on purchases		(1,009)	(805)
Other payments <sup>(a)</sup>		(1,258)	(999)
<b>Receipts</b>			
GST receipts on sales		49	74
GST receipts from taxation authority		870	742
Other receipts		50	372
<b>Net cash used in operating activities</b>		<b>(43,287)</b>	<b>(41,372)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Payments</b>			
Purchase of non-current assets		(569)	(784)
<b>Net cash used in investing activities</b>		<b>(569)</b>	<b>(784)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Principal elements of lease (2019 – finance lease) payments		(64)	(73)
<b>Net cash used in financing activities</b>		<b>(64)</b>	<b>(73)</b>
Net increase/(decrease) in cash and cash equivalents		3,426	(3,704)
Cash and cash equivalents at the beginning of the period		8,626	12,330
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>6.3</b>	<b>12,052</b>	<b>8,626</b>

(a) \$0.169 million of supplies and services has been reclassified to other payments for FY2020-21.

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

## Administered income and expenses

For the year ended 30 June 2022

	Notes	2022 (\$000)	2021 (\$000)
<b>INCOME FROM ADMINISTERED ITEMS</b>			
<b>Income</b>			
Commonwealth grants	7,221,000	5,204,369	
Government enterprises:			
Dividends	612,187	1,362,400	
Income tax equivalent regime	877,293	931,463	
Local Government rates equivalent regime	24,655	23,690	
Consolidated Account revenue received from agencies	22,868,189	20,167,165	
Gold State superannuation reimbursement	78,788	88,472	
Interest	90,267	50,677	
Loan guarantee fees	132,091	142,653	
Pension recoups	11,698	11,920	
Other revenue	242,326	26,144	
<b>Total administered income</b>	<b>32,158,494</b>	<b>28,008,953</b>	
<b>Expenses</b>			
Superannuation	(540,612)	(865,872)	
Interest	596,273	626,726	
Appropriations for:			
Operating subsidies	2,005,532	2,526,064	
Services	19,854,760	18,512,677	
Salaries and allowances	110,841	108,613	
Other appropriations <sup>(a)</sup>	3,387,685	3,025,927	
Royalties for Regions <sup>(b)</sup>	813,970	812,100	
Other expenses	119,667	105,992	
<b>Total administered expenses</b>	<b>26,348,116</b>	<b>24,852,227</b>	

(a) FY2020-21 comparative has been restated to reflect a correction in the reported General Insurance Fund valuation expense of \$167.414 million.

(b) Represents the expensing of Royalties for Regions moneys to agencies. As well as these expenses, there are also capital payments made by the Royalties for Regions program.

## Administered assets and liabilities

For the year ended 30 June 2022

	2022 (\$000)	2021 (\$000)
<b>Current Assets</b>		
Cash and cash equivalents	5,094,748	2,590,271
Treasurer's Advances	24,259	9,738
Government enterprises:		
Dividends receivable	-	-
Tax equivalent receivable	177,551	188,440
Recoverable advances	2,709	2,763
Other receivables	184,103	113,822
<b>Total Administered Current Assets</b>	<b>5,483,370</b>	<b>2,905,034</b>
<b>Non-Current Assets</b>		
Investments	847	1,286
Recoverable advances	960	960
Other receivables	8,403	8,106
<b>Total Administered Non-Current Assets</b>	<b>10,210</b>	<b>10,352</b>
<b>TOTAL ADMINISTERED ASSETS</b>	<b>5,493,580</b>	<b>2,915,386</b>
<b>Current Liabilities</b>		
Superannuation	27,811	26,376
Interest payable	130,412	126,694
Appropriations payable	269,716	162,823
Special purpose account liabilities	2,609,731	2,156,044
Other payables <sup>(a)</sup>	77,190	117,830
<b>Total Administered Current Liabilities</b>	<b>3,114,860</b>	<b>2,589,767</b>
<b>Non Current Liabilities</b>		
Borrowings	24,98,945	25,575,696
Superannuation	4,474,435	5,464,720
Appropriations payable	16,784,332	15,504,641
Other payables <sup>(a)</sup>	395,289	468,663
<b>Total Administered Non-Current Liabilities</b>	<b>46,641,001</b>	<b>47,013,720</b>
<b>TOTAL ADMINISTERED LIABILITIES</b>	<b>49,755,861</b>	<b>49,603,487</b>

(a) FY2020-21 comparative has been restated to reflect a correction in the reported General Insurance Fund Liability (Current Liability increased by \$21.211 million and Non-Current Liability increased by \$199.984 million).



## Notes to the financial statements

### For the year ended 30 June 2022

#### 1. Basis of preparation

The Department is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Department is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Department on 14 September 2022.

#### Statement of compliance

These general purpose financial statements are prepared in accordance with:

1. The *Financial Management Act 2006 (FMA)*
2. The Treasurer's Instructions (**TIs**)
3. Australian Accounting Standards (**AASs**) – Simplified Disclosures
4. Where appropriate, those **AAS** paragraphs applicable for not-for-profit entities have been applied.

The FMA and the TIs take precedence over AASs. Several AASs are modified by TIs to vary application, disclosure format and wording. 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.

#### Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$'000).

#### Accounting for Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- a) amount of GST incurred by the Department as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- b) receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

## Notes to the financial statements

### For the year ended 30 June 2022

#### Contributed equity

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, as designated as contributions by owners (at the time of, or prior to, transfer) 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.

#### Administered items

The Department administers, but does not control, certain activities and functions for and on behalf of Government that do not contribute to the Department's services or objectives. It does not have discretion over how it utilises the transactions in pursuing its own objectives.

Transactions relating to the administered activities are not recognised as the Department's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Administered income and expenses', and 'Administered assets and liabilities'.

The accrual basis of accounting and applicable AASs have been adopted.

#### Comparative information

Except when an AAS permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements. AASB 1060 provides relief from presenting comparatives for:

- Property, Plant and Equipment reconciliations;
- Intangible Asset reconciliations; and
- Right of Use Asset reconciliations.

#### Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

## 2. Use of our funding

### Expenses incurred in the delivery of services

This section provides additional information about how the Department's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Department in achieving its objectives and the relevant notes are:

	Notes	2022 (\$000)	2021 (\$000)
Employee benefits expense	2.1(a)	33,870	34,915
Employee related provisions	2.1(b)	9,906	10,262
Grants and subsidies	2.2	116	63
Supplies and services	2.3	10,064	8,026
Accommodation expenses	2.4	4,340	4,186
Loss on disposal of non-current assets	2.5	1	-
Other expenses	2.6	1,077	835

### 2.1(a) Employee benefits expense

	2022 (\$000)	2021 (\$000)
Employee benefits	30,750	31,663
Termination benefits	-	202
Superannuation – defined contribution plans <sup>(a)</sup>	3,120	3,050
<b>Employee benefits expenses</b>	<b>33,870</b>	<b>34,915</b>
Add: AASB 16 Non-monetary benefit	70	80
Less: Employee Contributions (per the statement of comprehensive income)	(46)	(49)
<b>Total employee benefits provided</b>	<b>33,894</b>	<b>34,946</b>

(a) Defined contribution plans include West State Superannuation Scheme (WSS), Gold State Superannuation Scheme (GSS), Government Employees Superannuation Board Schemes (GESBs) and other eligible funds. Includes payments of superannuation to GESB amounting to \$1.483 million.

**Employee benefits** include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, and non-monetary benefits recognised under accounting standards other than AASB 16 (such as medical care, housing, cars and free or subsidised goods or services) for employees.

**Termination benefits** are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Department is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

**Superannuation** is the amount recognised in profit or loss of the Statement of comprehensive income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, other GESB schemes or other superannuation funds.

**AASB 16 non-monetary benefits** are non-monetary employee benefits, predominantly relating to the provision of vehicle and housing benefits that are recognised under AASB 16 and are excluded from the employee benefits expense.

**Employee contributions** are contributions made to the Department by employees towards employee benefits that have been provided by the Department. This includes both AASB 16 and non-AASB 16 employee contributions.

### 2.1(b) Employee related provisions

	2022 (\$000)	2021 (\$000)
<b>Current</b>		
<b>Employee benefits provisions</b>		
Annual leave	3,871	3,788
Long service leave	4,407	4,411
Deferred salary scheme	65	42
	<b>8,343</b>	<b>8,241</b>
<b>Other provisions</b>		
Employment on-costs	15	15
<b>Total current employee related provisions</b>	<b>8,358</b>	<b>8,256</b>
<b>Non-current</b>		
<b>Employee benefits provisions</b>		
Long service leave	1,545	2,002
<b>Other provisions</b>		
Employment on-costs	3	4
<b>Total non-current employee related provisions</b>	<b>1,548</b>	<b>2,006</b>
<b>Total employee related provisions</b>	<b>9,906</b>	<b>10,262</b>

Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

**Annual leave liabilities** are classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

**Long service leave liabilities** are unconditional long service leave provisions are classified as current liabilities as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and 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.



## Notes to the financial statements

For the year ended 30 June 2022

The provision for long service leave is calculated at present value as the Department does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and 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.

**Deferred salary scheme liabilities** are classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

**Employment on-costs** involve settlements of annual and long service leave liabilities which gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance premium, 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', Note 2.6 (apart from the unwinding of the discount (finance cost)) and are not included as part of the Department's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2022 (\$000)	2021 (\$000)
<b>Employment on-costs provision</b>		
Carrying amount at start of period	19	17
Additional/(reversals of) provisions recognised	3	3
Payments/other sacrifices of economic benefits	(4)	(1)
Unwinding of the discount	-	-
<b>Carrying amount at end of period</b>	<b>18</b>	<b>19</b>

### Key sources of estimation uncertainty – long service leave

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.

Several estimates and assumptions are used in calculating the Department's long service leave provision. These include:

- expected future salary rates;
- discount rates;
- employee retention rates; and
- expected future payments.

## Notes to the financial statements

For the year ended 30 June 2022

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

### 2.2 Grants and subsidies

	2022 (\$000)	2021 (\$000)
<b>Recurrent</b>		
Contributions to the Australian Accounting Standards Board	49	49
Contributions to the Board of Treasurers Secretariat	67	14
<b>Total grants and subsidies</b>	<b>116</b>	<b>63</b>

Transactions in which the Department provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as 'Grant or subsidy expenses'. These payments or transfers are recognised at fair value at the time of the transaction and are recognised as an expense in the reporting period in which they are paid. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non government schools, and community groups.

### 2.3 Supplies and services

	2022 (\$000)	2021 (\$000)
<b>Supplies and services</b>		
Communications	76	89
Consultants	1,063	171
Contractors	848	1,083
Service provided by State Government agencies	5,907	5,374
Repairs and maintenance	48	76
Consumables	292	265
Travel	33	10
Legal costs <sup>(a)</sup>	1,132	31
Other <sup>(b)</sup>	665	758
<b>Total supplies and services expenses</b>	<b>10,064</b>	<b>7,857</b>

(a) Includes payments to State Solicitor's Office amounting to \$0.007 million.

(b) \$0.169 million supplies and services has been reclassified to other expenses for FY2020-21.

**Supplies and services expenses** are recognised as an expense in the reporting period in which they are incurred.

**Repairs and maintenance costs** are recognised as expenses as incurred.

**Notes to the financial statements**  
For the year ended 30 June 2022

**2.4 Accommodation expenses**

	2022 (\$000)	2021 (\$000)
<b>Accommodation expenses</b>		
Lease rental <sup>(a)</sup>	4,337	4,186
Repairs and maintenance	3	-
<b>Total accommodation expenses</b>	<b>4,340</b>	<b>4,186</b>

(a) Includes lease rental payments to the Department of Finance.

**Lease rental** is expensed as incurred as Memorandum of Understanding Agreements between the Department and the Department of Finance for the leasing of office accommodation contain significant substitution rights.

**2.5 Loss on disposal of non-current assets**

	2022 (\$000)	2021 (\$000)
Loss on disposal of non-current assets	1	-
<b>Loss on disposal of non-current assets</b>	<b>1</b>	<b>-</b>

**2.6 Other expenses**

	2022 (\$000)	2021 (\$000)
<b>Other expenses</b>		
Insurance expenses <sup>(a)</sup>	243	169
Minor purchases	180	226
Audit fees	654	605
Other	-	4
<b>Total other expenses</b>	<b>1,077</b>	<b>1,004</b>

(a) \$0.169 million supplies and services has been reclassified to other expenses for FY2020-21.

**Other operating expenses** generally represent the day-to-day running costs incurred in normal operations.

**Minor purchases** includes purchases of minor equipment with a value of less than \$5,000.

**Audit fees** includes payment to the Office of Auditor General for the Department's financial audit and any other audit work undertaken by the Department.

**Notes to the financial statements**  
For the year ended 30 June 2022

**3. Our funding sources**

**How we obtain our funding**

This section provides additional information about how the Department obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Department and the relevant notes are:

	Notes	2022 (\$000)	2021 (\$000)
Income from State Government	3.1	54,319	50,639
Other Income	3.2	49	379

**3.1 Income from State Government**

	2022 (\$000)	2021 (\$000)
Appropriation received during the period:		
Service appropriation	47,457	44,668
<b>Total appropriation received</b>	<b>47,457</b>	<b>44,668</b>
Income received from other public sector entities during the period:		
Funding from other State government agencies	719	347
Strategic Alliance Fund	236	135
<b>Total income from other public sector entities</b>	<b>955</b>	<b>482</b>
Resources received from other public sector entities during the period:		
Department of Finance	5,018	4,648
Department of Justice	454	278
Landgate	411	424
Department of Planning, Lands and Heritage	24	24
<b>Total services received</b>	<b>5,907</b>	<b>5,374</b>
Royalties for Regions Fund:		
Governance of the Royalties for Regions Program	-	115
<b>Total Royalties for Regions Fund</b>	<b>-</b>	<b>115</b>
<b>Total income from State Government</b>	<b>54,319</b>	<b>50,639</b>

**Service Appropriations** are recognised as income at the fair value of consideration received 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 in the bank account or credited to the holding account held at Treasury.

**Income from other public sector entities** are recognised as income when the Department has satisfied its performance obligations under the funding agreement. If there is no performance obligation, income will be recognised when the Department receives the funds.



## Notes to the financial statements

### For the year ended 30 June 2022

**Resources received from other public sector entities** is recognised as income equivalent to the fair value of assets received, or the fair value of services received that can be reliably determined and which would have been purchased if not donated.

### 3.2 Other income

	2022 (\$000)	2021 (\$000)
Government Vehicle Scheme (GVS)	46	49
Strategic Alliance Fund	-	327
Other	3	3
<b>Total other income</b>	<b>49</b>	<b>379</b>

## Summary of consolidated account appropriations

### For the year ended 30 June 2022

	2022 Estimate (\$000) Budget Paper 2	2022 Estimate (\$000) Supplementary Funding	2022 Estimate (\$000) S25 Transfers (In/Out)	2022 Estimate (\$000) Amendments to Standing Appropriation	2022 Estimate (\$000) Revised Budget	2022 Actual (\$000) Actual	2022 Variance (\$000) Variance to Revised Budget
<b>Delivery of services</b>							
Item 14 Net amount appropriated to deliver services	50,128	-	-	-	50,128	46,349	(3,779)
Amount authorised by Other Statutes							
<i>Salaries and Allowances Act 1975</i>	1,108	-	-	-	1,108	1,108	-
<b>Total appropriations provided to deliver services</b>	<b>51,236</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,236</b>	<b>47,457</b>	<b>(3,779)</b>
<b>Capital</b>							
Item 100 Capital appropriation	67	-	-	-	67	61	(6)
<b>Administered Transactions</b>							
Recurrent Administered							
<b>Operating subsidy payments</b>							
Item 15 Bunbury Water Corporation	798	58	-	-	856	856	-
Item 16 Busselton Water Corporation	768	-	-	-	768	761	(7)
Item 17 Electricity Generation and Retail Corporation (Synergy)	386,669	-	-	-	386,669	374,194	(12,475)
Item 18 Forest Products Commission	200	-	-	-	200	200	-
Item 19 Kimberley Ports Authority	3,100	-	-	-	3,100	3,100	-
Item 20 Public Transport Authority	984,070	40,039	-	-	1,024,109	1,003,452	(20,657)
Item 21 Regional Power Corporation (Horizon Power)	8,298	-	-	-	8,298	8,298	-
Item 22 Southern Ports Authority	8,078	4,294	-	-	12,372	12,372	-
Item 23 Water Corporation of Western Australia	364,349	28,821	-	-	393,170	393,170	-
Item 24 Western Australian Land Authority (DevelopmentWA)	249,783	7,774	-	-	257,557	209,129	(48,428)
<b>Total operating subsidy payments</b>	<b>2,006,113</b>	<b>80,986</b>	<b>-</b>	<b>-</b>	<b>2,087,099</b>	<b>2,005,532</b>	<b>(81,567)</b>

## Summary of consolidated account appropriations

For the year ended 30 June 2022

	2022 Estimate (\$000)	2022 Estimate (\$000)	2022 Estimate (\$000) S25 Transfers (In/Out)	2022 Estimate (\$000) Amendments to Standing Appropriation	2022 Estimate (\$000) Revised Budget	2022 Actual (\$000) Actual	2022 Variance (\$000) to Revised Budget
<b>Grants, subsidies and transfer payments</b>							
Item 25 Gaming and Wagering Commission	3,900	-	-	-	3,900	3,900	-
Item 26 Goods and Services Tax (GST) Administration Costs	71,200	-	-	-	71,200	70,559	(641)
Item 27 Department of Jobs, Tourism, Science and Innovation	18,924	-	-	-	18,924	4,524	(14,400)
Item 28 Metropolitan Redevelopment Authority (DevelopmentWA)	866	-	-	-	866	293	(573)
Item 29 Provision for Aboriginal Community Controlled Sector Development	1,017	-	-	-	1,017	-	(1,017)
Item 30 Provision for Perth City Deal	100,000	-	-	-	100,000	-	(100,000)
Item 31 Provision for Unfunded Liabilities in the Government Insurance Fund	17,944	-	-	-	17,944	10,503	(7,441)
Item 32 Provision for Voluntary Targeted Separation Scheme	10,076	-	(9,878)	-	198	-	(198)
Item 33 Refund of Past Years Revenue Collections - Public Corporations	10,000	-	-	-	10,000	-	(10,000)
Item 34 Royalties for Regions	873,230	-	-	-	873,230	803,494	(69,736)
Item 35 State Property - Emergency Services Levy	19,064	-	-	-	19,064	18,466	(598)
Item 36 WA Health	11,985	-	-	-	11,985	8,420	(3,565)
Item 37 All Other Grants, Subsidies and Transfer Payments, comprising:							
Acts of Grace	300	-	-	-	300	81	(219)
Commonwealth Pandemic Leave Disaster Payment	2,300	-	-	-	2,300	26	(2,274)
Incidentals	240	-	-	-	240	-	(240)
Interest on Public Moneys held in Participating Trust Fund Accounts	1,055	-	-	-	1,055	868	(187)
Administration Costs-National Tax Equivalent Regime Scheme	100	-	-	-	100	93	(7)
Western Australian Land Information Authority - Valuation Services	120	-	-	-	120	145	25
Western Australian Treasury Corporation Management Fees	690	-	-	-	690	647	(43)
Covid-19 Business Assistance Package	-	127,543	-	-	127,543	39,968	(87,575)
<b>Total grants, subsidies and transfer payments</b>	<b>1,143,011</b>	<b>127,543</b>	<b>(9,878)</b>	<b>-</b>	<b>1,260,676</b>	<b>961,987</b>	<b>(298,689)</b>

## Summary of consolidated account appropriations

For the year ended 30 June 2022

	2022 Estimate (\$000)	2022 Estimate (\$000)	2022 Estimate (\$000) S25 Transfers (In/Out)	2022 Estimate (\$000) Amendments to Standing Appropriation	2022 Estimate (\$000) Revised Budget	2022 Actual (\$000) Actual	2022 Variance (\$000) to Revised Budget
<b>Authorised by Other Statutes</b>							
<i>Judges' Salaries and Pensions Act 1950</i>	18,907	-	-	-	18,907	18,603	(304)
<i>Parliamentary Superannuation Act 1970</i>	11,414	-	-	-	11,414	9,286	(2,128)
<i>State Superannuation Act 2000</i>	440,919	-	-	4	440,923	420,348	(20,575)
<i>Betting Tax Act 2018</i>	24,300	-	-	11,400	35,700	35,694	(6)
<i>Western Australian Health Promotion Foundation Act 2016</i>	23,949	-	-	-	23,949	23,949	-
<i>Unclaimed Money Act 1990</i>	2,000	-	-	-	2,000	1,048	(952)
<i>Loan Acts - Interest</i>	578,000	-	-	3,551	581,551	581,550	(1)
<i>Western Australian Future Health Research and Innovation Fund Act 2012</i>	101,400	-	-	-	101,400	101,400	-
<i>Loan Acts - Repayment of Borrowings</i>	587,480	-	-	1,272	588,752	588,752	-
<b>Total amounts authorised by Other Statutes</b>	<b>1,788,369</b>	<b>-</b>	<b>-</b>	<b>16,227</b>	<b>1,804,596</b>	<b>1,780,630</b>	<b>(23,966)</b>
<b>TOTAL RECURRENT ADMINISTERED</b>	<b>4,937,493</b>	<b>208,529</b>	<b>(9,878)</b>	<b>16,227</b>	<b>5,152,371</b>	<b>4,748,149</b>	<b>(404,222)</b>



## Summary of consolidated account appropriations

For the year ended 30 June 2022

	2022 Estimate (\$000) Budget Paper 2	2022 Estimate (\$000) Supplementary Funding	2022 Estimate (\$000) S25 Amendments Transfers (in/Out)	2022 Estimate (\$000) to Standing Appropriation	2022 Estimate (\$000) Revised Budget	2022 Actual (\$000) Actual	2022 Variance (\$000) to Revised Budget
<b>Administered Capital</b>							
<b>Government equity contributions</b>							
Item 101 Animal Resources Authority	6,130	-	-	-	6,130	630	(5,500)
Item 102 Electricity Generation and Retail Corporation (Synergy)	170,202	-	-	-	170,202	155,701	(14,501)
Item 103 Electricity Networks Corporation (Western Power)	170,146	6,343	-	-	176,489	176,489	-
Item 104 Kimberley Ports Authority	3,500	-	-	-	3,500	2,000	(1,500)
Item 105 Metropolitan Redevelopment Authority (DevelopmentWA)	1,600	-	-	-	1,600	-	(1,600)
Item 106 Pilbara Ports Authority	50,041	-	-	-	50,041	16,716	(33,325)
Item 107 Regional Power Corporation (Horizon Power)	24,016	-	-	-	24,016	24,016	-
Item 108 Royalties for Regions	226,312	-	-	-	226,312	201,586	(24,726)
Item 109 WA Health	26,960	-	-	-	26,960	22,325	(4,635)
Item 110 Western Australian Land Authority (Development WA)	40,500	-	-	-	40,500	36,500	(4,000)
Item 112 Climate Action Fund	168,000	-	-	-	168,000	168,000	-
Item 113 Digital Capability Fund	500,000	-	-	-	500,000	500,000	-
Item 114 Social Housing Investment Fund	750,000	-	-	-	750,000	750,000	-
Item 115 Softwood Plantation Expansion Fund	350,000	-	-	-	350,000	350,000	-
Item 116 Women and Newborn Health Service Relocation Account	1,787,000	-	-	-	1,787,000	1,787,000	-
Forest Products Commission	-	14,300	-	-	14,300	14,263	(37)
Water Corporation of Western Australia	-	22,900	-	-	22,900	22,900	-
Mid West Ports Authority	-	3,000	-	-	3,000	3,000	-
Bunbury Water Corporation	-	10,170	-	-	10,170	10,170	-
<b>Total Government equity contributions</b>	<b>4,274,407</b>	<b>56,713</b>	<b>-</b>	<b>-</b>	<b>4,331,120</b>	<b>4,241,296</b>	<b>(89,824)</b>

## Summary of consolidated account appropriations

For the year ended 30 June 2022

	2022 Estimate (\$000) Budget Paper 2	2022 Estimate (\$000) Supplementary Funding	2022 Estimate (\$000) S25 Amendments Transfers (In/Out)	2022 Estimate (\$000) to Standing Appropriation	2022 Estimate (\$000) Revised Budget	2022 Actual (\$000) Actual	2022 Variance (\$000) to Revised Budget
<b>Other</b>							
Item 111 Debt Reduction Account	2,115,221	-	-	-	2,115,221	2,115,221	-
<b>Total Other</b>	<b>2,115,221</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,115,221</b>	<b>2,115,221</b>	<b>-</b>
<b>Authorised by Other Statutes</b>							
<i>Loan (Co-operative Companies) Act 2004</i>	-	-	-	7,181	7,181	7,181	-
<b>Total authorised by Other Statutes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,181</b>	<b>7,181</b>	<b>7,181</b>	<b>-</b>
<b>TOTAL CAPITAL ADMINISTERED</b>	<b>6,389,628</b>	<b>56,713</b>	<b>-</b>	<b>7,181</b>	<b>6,453,522</b>	<b>6,363,698</b>	<b>(89,824)</b>
<b>GRAND TOTAL</b>	<b>11,378,424</b>	<b>265,242</b>	<b>(9,878)</b>	<b>23,408</b>	<b>11,657,196</b>	<b>11,159,365</b>	<b>(497,831)</b>

4. Key assets

This section includes information regarding the key assets the Department utilises to gain economic benefits or assets the Department utilises for economic benefit or service potential or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes	2022 (\$000)	2021 (\$000)
Plant and equipment	4.1	35	26
Intangibles	4.2	2,380	3,017
Right-of-use assets	4.3	117	136
<b>Total key assets</b>		<b>2,532</b>	<b>3,179</b>

4.1 Plant and equipment

Year ended 30 June 2022	Office Equipment (\$000)
<b>1 July 2021</b>	
Gross carrying amount	59
Accumulated depreciation	(33)
Accumulated impairment loss	-
<b>Carrying amount at start of period</b>	<b>26</b>
Additions	21
Transfers	-
Other disposals	-
Impairment losses	-
Impairment losses reversed	-
Depreciation	(12)
<b>Carrying amount at end of period</b>	<b>35</b>
Gross carrying amount	79
Accumulated depreciation	(44)
Accumulated impairment losses	-

Initial recognition

Items of plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no cost or significantly less than fair value, the cost is valued at its fair value at the date of acquisition. Items of plant and equipment 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).

Useful lives

All plant and equipment 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. The exceptions to this rule include assets held for sale, land and investment properties.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful life
Office equipment	5 to 10 years
Computer equipment	3 to 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. 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 its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the Department is a not-for-profit agency, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

4.2 Intangible assets

Year ended 30 June 2022	Computer Software (\$000)	Website Cost (\$000)	Work in Progress (\$000)	Total (\$000)
<b>1 July 2021</b>				
Gross carrying amount	11,705	100	107	11,912
Accumulated amortisation	(8,833)	(62)	-	(8,895)
<b>Carrying amount at start of period</b>	<b>2,872</b>	<b>38</b>	<b>107</b>	<b>3,017</b>
Additions	-	-	558	558
Other disposals	-	-	-	-
Transfers	644	-	(644)	-
Impairment losses	-	-	-	-
Impairment losses reversed	-	-	-	-
Amortisation expense	(1,185)	(10)	-	(1,195)
<b>Carrying amount at end of period</b>	<b>2,331</b>	<b>28</b>	<b>21</b>	<b>2,380</b>



Initial recognition

Intangible assets are initially recognised at cost. For assets acquired at significantly less than fair value, the cost is their fair value at the date of acquisition.

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$5,000 or more that comply with the recognition criteria of AASB 138 Intangible Assets (as noted above) are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of comprehensive income.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- a. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b. an intention to complete the intangible asset, and use or sell it;
- c. the ability to use or sell the intangible asset;
- d. the intangible asset will generate probable future economic benefit;
- e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f. the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Costs incurred in the research phase of a project are immediately expensed.

Subsequent measurement

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

Useful lives

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset’s value over its estimated useful life. All intangible assets controlled by the Department have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful lives for each class of intangible asset are:

Asset	Useful life
Computer software <sup>(a)</sup>	10 years
Website costs	10 years

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

Impairment of intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually or when an indication of impairment is identified. As at 30 June 2022 there were no indications of impairment to intangible assets.

The policy in connection with testing for impairment is outlined in note 4.1.

4.3 Right-of-use assets

Year ended 30 June 2022	Vehicles (\$000)
Carry amount at beginning of period	136
Additions	67
Disposals	(22)
Impairment	-
Depreciation	(64)
Net carrying amount as at end of period	117

The Department has leases for vehicles and office space. The lease contracts are typically made for fixed periods of 1-10 years with an option to renew the lease after that date. Lease payments for buildings not leased through the Department of Finance are renegotiated every five years to reflect market rentals.

The Department has also entered into a Memorandum of Understanding Agreements with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

Initial recognition

At the commencement date of the lease, the Department recognises right-of-use assets and a corresponding lease liability for most leases. The right-of-use assets are measured at cost comprising of:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs, including dismantling and removing the underlying asset.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 6.1.

The Department has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

## Notes to the financial statements

### For the year ended 30 June 2022

#### Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

#### Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Department at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 4.1.

## 5. Other assets and liabilities

This section sets out those assets and liabilities that arose from the Department's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2022 (\$000)	2021 (\$000)
Receivables	5.1	607	350
Amounts receivable for services	5.2	14,700	13,782
Other current assets	5.3	183	352
Payables	5.4	1,769	1,295

### 5.1 Receivables

	2022 (\$000)	2021 (\$000)
<b>Current</b>		
Trade receivables	428	216
GST receivable	179	134
<b>Total current receivables</b>	<b>607</b>	<b>350</b>

**Trade receivables** are initially recognised at their transaction price or, for those receivables that contain a significant financing component, at fair value. The Department holds the receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

The Department recognises a loss allowance for expected credit losses (ECLs) on a receivable not held at fair value through profit or loss. The ECLs based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate. Individual receivables are written off when the Department has no reasonable expectations of recovering the contractual cash flows.

## Notes to the financial statements

### For the year ended 30 June 2022

For trade receivables, the Department recognises an allowance for ECLs measured at the lifetime expected credit losses at each reporting date. The Department has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Department has no allowance for ECL to report for financial year 2021-22.

### 5.2 Amounts receivable for services (Holding Account)

	2022 (\$000)	2021 (\$000)
Current	400	400
Non-current	14,300	13,382
<b>Balance at end of period</b>	<b>14,700</b>	<b>13,782</b>

**Amounts receivable for services** represent 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.

The amounts receivable for services are financial assets at amortised cost, and are not considered impaired (i.e. there is no expected credit loss of the Holding Account).

### 5.3 Other current assets

	2022 (\$000)	2021 (\$000)
<b>Current</b>		
Purchase Leave – Debit position	3	4
Prepayments	180	348
<b>Total other current assets</b>	<b>183</b>	<b>352</b>

### 5.4 Payables

	2022 (\$000)	2021 (\$000)
<b>Current</b>		
Trade payables	-	5
Other tax payables	29	29
Accrued salaries	539	445
Accrued expenses	1,180	814
Other payables	21	2
<b>Total current payables</b>	<b>1,769</b>	<b>1,295</b>

**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 settlement is generally within 15-20 days.

**Accrued salaries** represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight after the reporting period. The Department considers the carrying amount of accrued salaries to be equivalent to its fair value.



## Notes to the financial statements

### For the year ended 30 June 2022

#### 6. Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of the Department.

	Notes
Lease liabilities	6.1
Finance costs	6.2
Cash and cash equivalents	6.3
Capital commitments	6.4

##### 6.1 Lease liabilities

	2022 (\$000)	2021 (\$000)
Not later than one year	43	54
Later than one year and not later than five years	76	83
Later than five years	1	1
	<b>120</b>	<b>138</b>
Current	43	54
Non-current	77	84
	<b>120</b>	<b>138</b>

At the commencement date of the lease, the entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Department uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Department as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised);
- Payments for penalties for terminating a lease, where the lease term reflects the Department exercising an option to terminate the lease; and
- Periods covered by extension or termination options are only included in the lease term by the Department if the lease is reasonably certain to be extended (or not terminated).

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

## Notes to the financial statements

### For the year ended 30 June 2022

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales an index or a rate are recognised by the Department in profit or loss in the period in which the condition that triggers those payment occurs.

#### Subsequent Measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

This section should be read in conjunction with note 4.3 Right-of-use assets.

	2022 (\$000)	2021 (\$000)
<b>Lease expenses recognised in the Statement of comprehensive income</b>		
Lease interest expense	5	5
Expenses relating to variable lease payments not included in lease liabilities	-	-
Short-term leases	-	-
Low-value leases	-	-
Losses/(gains) arising from sale and leaseback transactions	-	-
<b>Total lease expense</b>	<b>5</b>	<b>5</b>

**Short-term leases** are recognised on a straight line basis with a lease term of 12 months or less.

**Low-value leases** with an underlying value of \$5,000 or less are recognised on a straight line basis.

**Variable lease payments** that are not included in the measurement of the lease liability recognised in the period in which the event or condition that triggers those payments occurs.

##### 6.2 Finance costs

	2022 (\$000)	2021 (\$000)
Lease interest expense	5	5
<b>Finance costs expensed</b>	<b>5</b>	<b>5</b>

Finance cost includes the interest component of lease liability repayments, interest component of service concession financial liabilities and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

## Notes to the financial statements

For the year ended 30 June 2022

### 6.3 Cash and cash equivalents

	2022 (\$000)	2021 (\$000)
Cash and cash equivalents	11,429	8,105
Restricted cash and cash equivalents		
– Royalties for Regions	-	8
– Accrued salaries suspense account <sup>(a)</sup>	623	513
<b>Balance at end of period</b>	<b>12,052</b>	<b>8,626</b>

(a) Funds held in the suspense account for the purpose of meeting the 27th pay in a reporting period that occurs every 11th year. This account is classified as non-current for 10 out of 11 years.

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand which are subject to insignificant risk of changes in value.

The accrued salaries suspense account consists of amounts paid annually, from agency appropriations for salaries expense, into a Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

### 7. Financial instruments and Contingencies

	Note
Financial instruments	7.1
Contingent assets and liabilities	7.2

#### 7.1 Financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2022 (\$000)	2021 (\$000)
<b>Financial assets</b>		
Cash and cash equivalents	11,429	8,105
Restricted cash and cash equivalents	623	521
Financial assets at amortised cost <sup>(a)</sup>	15,128	13,998
<b>Total financial assets</b>	<b>27,180</b>	<b>22,624</b>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost <sup>(b)</sup>	1,889	1,433
<b>Total financial liability</b>	<b>1,889</b>	<b>1,433</b>

(a) The amount of financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).

(b) The amount of financial liabilities at amortised cost excludes GST payable to the ATO (statutory payable).

## Notes to the financial statements

For the year ended 30 June 2022

### 7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but are disclosed and, if quantifiable, are measured at best estimates.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

The Department has no contingent assets and liabilities to report for Financial Year 2021-22.

### 8. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Note
Events occurring after the end of the reporting period	8.1
Key management personnel	8.2
Related party transactions	8.3
Related bodies	8.4
Affiliated bodies	8.4
Remuneration of auditors	8.5
Supplementary financial information	8.6

#### 8.1 Events occurring after the end of the reporting period

There are no events occurring after the end of the reporting period.

#### 8.2 Key management personnel

The Department has determined key management personnel to include cabinet ministers and senior officers of the Department. The Department does not incur expenditures to compensate Ministers and those disclosures may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the Department for the reporting period are presented within the following bands:

Compensation band (\$)	2022 (\$000)	2021 (\$000)
\$290,001 - 300,000	-	1
\$300,001 - 310,000	1	-
\$310,001 - 320,000	1	-
\$320,001 - 330,000	-	2
\$330,001 - 340,000	1	-
\$370,001 - 380,000	1	1
\$520,001 - 530,000	1	1
<b>Total compensation of senior officers</b>	<b>1,852</b>	<b>1,832</b>

Total compensation includes the superannuation expense incurred by the Department in respect of senior officers.



8.3 Related party transactions

The Department is a wholly owned public sector entity that is controlled by the State of Western Australia.

Related parties of the Department include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- associates and joint ventures of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

Material transactions with related parties

Outside of normal citizen type transactions with the Department, there was one related party of a Minister that provided legal services to a total value of \$1,113,195, of which \$186,657 was outstanding at the end of the period.

8.4 Related and affiliated bodies

The Department has no related or affiliated bodies.

8.5 Remuneration of auditors

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

	2022 (\$000)	2021 (\$000)
<b>Auditing the accounts, financial statements, controls, and key performance indicators:</b>		
Department of Treasury	253	215
Annual Report on State Finances	413	371
	<b>666</b>	<b>586</b>

8.6 Supplementary financial information

(a) Write-offs

During the financial year, there was Nil (2021: \$17,602) written off the Department's asset register under the authority of:

	2022 (\$000)	2021 (\$000)
The accountable authority	-	18
The Minister	-	-
Executive Council	-	-
	<b>-</b>	<b>18</b>

(b) Losses through theft, defaults and other causes

	2022 (\$000)	2021 (\$000)
Losses of public money, other money and public and other property through theft or default	3	-
Amounts recovered	-	-
	<b>3</b>	<b>-</b>

9. Explanatory Statements

This section explains variations in the financial performance of the Department.

	Note
Explanatory statement for controlled operations	9.1
Explanatory statement for administered items	9.2
Supplementary funding for administered	9.3
Special purpose accounts for administered	9.4

9.1 Explanatory statement for controlled operations

This explanatory section explains variations in the financial performance of the Department undertaking transactions under its own control, as represented by the primary financial statements.

All variances between annual estimates (original budget) and actual results for 2022, and between the actual results for 2022 and 2021 are shown below. Narratives are provided for key major variances which vary more than 10% from their comparative and that the variation is more than 1% of the dollar aggregate of:

- Total Cost of Services for the Statements of comprehensive income and Statement of cash flows; and
- Total Assets for the Statement of financial position.

Notes to the financial statements  
For the year ended 30 June 2022

9.1.1 Statement of comprehensive income variances

	Variance note	Estimate 2022 (\$000)	Actual 2022 (\$000)	Actual 2021 (\$000)	Variance between Estimate and Actual (\$000)	Variance between Actual results for 2022 and 2021 (\$000)
<b>COST OF SERVICES</b>						
<b>Expenses</b>						
Employee benefits expense	1	37,295	33,870	34,915	(3,425)	(1,045)
Supplies and services <sup>(a)</sup>	2, A	14,067	10,064	7,857	(4,003)	2,207
Depreciation and amortisation expense		1,325	1,271	1,217	(54)	54
Finance costs		8	5	5	(3)	-
Accommodation expenses	3	3,804	4,340	4,186	536	154
Grants and subsidies		164	116	63	(48)	53
Loss on disposal of non-current assets		-	1	-	1	1
Other expenses <sup>(a)</sup>		1,340	1,077	1,004	(263)	73
<b>Total cost of services</b>		<b>58,003</b>	<b>50,744</b>	<b>49,247</b>	<b>(7,259)</b>	<b>1,497</b>
<b>Income</b>						
Other revenue		60	49	379	(11)	(330)
<b>Total income other than income from State Government</b>		<b>60</b>	<b>49</b>	<b>379</b>	<b>(11)</b>	<b>(330)</b>
<b>NET COST OF SERVICES</b>		<b>(57,943)</b>	<b>(50,695)</b>	<b>(48,868)</b>	<b>7,248</b>	<b>(1,827)</b>
<b>Income from State Government</b>						
Service appropriation		51,236	47,457	44,668	(3,779)	2,789
Income from other public sector entities		1,256	955	482	(301)	473
Services received free of charge		5,951	5,907	5,374	(44)	533
Royalties for Regions Fund		134	-	115	(134)	(115)
<b>Total income from State Government</b>		<b>58,577</b>	<b>54,319</b>	<b>50,639</b>	<b>(4,258)</b>	<b>3,680</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>634</b>	<b>3,624</b>	<b>1,771</b>	<b>2,990</b>	<b>1,853</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>634</b>	<b>3,624</b>	<b>1,771</b>	<b>2,990</b>	<b>1,853</b>

(a) \$0.169 million supplies and services has been reclassified to other expenses for FY2020-21.

Notes to the financial statements  
For the year ended 30 June 2022

Major Estimate and Actual (2022) Variance Narratives

- (1) Variance relates to a higher than normal vacancy rate during the year.
- (2) Variance relates to the repositioning of \$2.2 million from 2021-22 to 2022-23 to align with the timing of expenditure predominantly related to the Western Australian TAB project.
- (3) Variance relates to an increase in accommodation expenditure.

Major Actual (2022) and Comparative (2021) Variance Narratives

- (A) Variance is predominately related to the recommencement of the Western Australian TAB Privatisation Project during the year, and associated expenditure.



### 9.1.2 Statement of financial position variances

	Variance note	Estimate 2022 (\$000)	Actual 2022 (\$000)	Actual 2021 (\$000)	Variance between Estimate and Actual (\$000)	Variance between Actual results for 2022 and 2021 (\$000)
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	1, A	6,512	11,429	8,105	4,917	3,324
Restricted cash and cash equivalents		-	-	8	-	(8)
Receivables		320	607	350	287	257
Amounts receivable for services	2	1,764	400	400	(1,364)	-
Other current assets		349	183	352	(166)	(169)
<b>Total Current Assets</b>		<b>8,945</b>	<b>12,619</b>	<b>9,215</b>	<b>3,674</b>	<b>3,404</b>
<b>Non-Current Assets</b>						
Restricted cash and cash equivalents		637	623	513	(14)	110
Amounts receivable for services	3	12,946	14,300	13,382	1,354	918
Plant and equipment		34	35	26	1	9
Intangible assets	B	2,354	2,380	3,017	26	(637)
Right-of-use assets		180	117	136	(63)	(19)
<b>Total Non-Current Assets</b>		<b>16,151</b>	<b>17,455</b>	<b>17,074</b>	<b>1,304</b>	<b>381</b>
<b>TOTAL ASSETS</b>		<b>25,096</b>	<b>30,074</b>	<b>26,289</b>	<b>4,978</b>	<b>3,785</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Payables	4	698	1,769	1,295	1,071	474
Lease liabilities		70	43	54	(27)	(11)
Employee related provisions		8,102	8,358	8,256	256	102
<b>Total Current Liabilities</b>		<b>8,870</b>	<b>10,170</b>	<b>9,605</b>	<b>1,300</b>	<b>565</b>
<b>Non-Current Liabilities</b>						
Lease liabilities		115	77	84	(38)	(7)
Employee related provisions	C	1,774	1,548	2,006	(226)	(458)
<b>Total Non-Current Liabilities</b>		<b>1,889</b>	<b>1,625</b>	<b>2,090</b>	<b>(264)</b>	<b>(465)</b>
<b>TOTAL LIABILITIES</b>		<b>10,759</b>	<b>11,795</b>	<b>11,695</b>	<b>1,036</b>	<b>100</b>
<b>NET ASSETS</b>		<b>14,337</b>	<b>18,279</b>	<b>14,594</b>	<b>3,942</b>	<b>3,685</b>
<b>EQUITY</b>						
Contributed equity		35,221	61	(16,597)	(35,160)	16,658
Accumulated surplus/(deficit)		(20,884)	18,218	31,191	39,102	(12,973)
<b>TOTAL EQUITY</b>		<b>14,337</b>	<b>18,279</b>	<b>14,594</b>	<b>3,942</b>	<b>3,685</b>

### Major Estimate and Actual (2022) Variance Narratives

- (1) Variance relates to a higher than budgeted cash balance at the end of the financial year mainly due to the timing of payables.
- (2) The balance represents the non-cash component of the service appropriation that is related to intangibles amortisation. The variance represents a movement from current to non-current to reflect the current portion drawn down from the holding account during the year.
- (3) The balance represents the non-cash component of the service appropriation that is related to intangibles amortisation. The variance represents a movement from current to non-current to reflect the current portion drawn down from the holding account during the year.
- (4) The payables balance was higher than forecast at year end due to the timing of invoices received for payment.

### Major Actual (2022) and Comparative (2021) Variance Narratives

- (A) Variance relates to higher cash at the end of the financial year mainly due to the revised timing of payables.
- (B) Variance represents a reduction in the carrying amount of the computer software due to the amortisation impact.
- (C) Variance relates to a delay in receiving leave transfers from other Government departments.

Notes to the financial statements  
For the year ended 30 June 2022

9.1.3 Statement of cash flows variances

	Variance note	Estimate 2022 (\$000)	Actual 2022 (\$000)	Actual 2021 (\$000)	Variance between Estimate and Actual (\$000)	Variance between Actual results for 2022 and 2021 (\$000)
<b>CASH FLOWS FROM STATE GOVERNMENT</b>						
Service appropriation		49,911	46,139	43,414	(3,772)	2,725
Income received from other public sector entities		1,256	746	527	(510)	219
Payments to Consolidated Account	A	-	-	(6,000)	-	6,000
Capital appropriation		67	61	69	(6)	(8)
Holding account drawdown		400	400	400	-	-
Royalties for Regions Fund		134	-	115	(134)	(115)
<b>Net cash provided by State Government</b>		<b>51,768</b>	<b>47,346</b>	<b>38,525</b>	<b>(4,422)</b>	<b>8,821</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
Employee benefits	1	(37,295)	(33,293)	(33,943)	4,002	650
Supplies and services <sup>(a)</sup>	2, B	(8,198)	(4,579)	(2,719)	3,619	(1,860)
Finance costs		(8)	(5)	(5)	3	-
Accommodation		(3,804)	(3,996)	(4,196)	(192)	200
Grants and subsidies		(164)	(116)	(63)	48	(53)
GST payments on purchases	3	(2,281)	(1,009)	(805)	1,272	(204)
Other payments <sup>(a)</sup>		(1,340)	(1,258)	(829)	82	(429)
<b>Receipts</b>						
GST receipts on sales			49	74	49	(25)
GST receipts from taxation authority	4	2,281	870	742	(1,411)	128
Other receipts		142	50	372	92	(322)
<b>Net cash used in operating activities</b>		<b>(50,667)</b>	<b>(43,287)</b>	<b>(41,372)</b>	<b>7,380</b>	<b>(1,915)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of non-current assets		(615)	(569)	(784)	46	215
<b>Net cash used in investing activities</b>		<b>(615)</b>	<b>(569)</b>	<b>(784)</b>	<b>46</b>	<b>215</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Principal elements of lease (2018 – finance lease) payments		(67)	(64)	(73)	3	9
		<b>(67)</b>	<b>(64)</b>	<b>(73)</b>	<b>3</b>	<b>9</b>
Net increase/(decrease) in cash and cash equivalents		419	3,426	(3,704)	3,007	7,130
Cash and cash equivalents at the beginning of the period		6,730	8,626	12,330	1,896	(3,704)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>7,149</b>	<b>12,052</b>	<b>8,626</b>	<b>4,903</b>	<b>3,426</b>

(a) \$0.169 million of supplies and services has been reclassified to other payments for FY2020-21.

Notes to the financial statements  
For the year ended 30 June 2022

Major Estimate and Actual (2022) Variance Narratives

- (1) Variance relates to a higher than normal vacancy rate during the year.
- (2) Variance relates to the repositioning of \$2.2 million from 2021-22 to 2022-23 to align with the timing of expenditure predominantly related to the Western Australian TAB project.
- (3) Variance relates to the reposition of expenditure and associated GST payments from 2021-22 to 2022-23 to align with the timing of expenditure on projects.
- (4) Variance relates to a year end adjustment for an Australian Taxation Office GST refund.

Major Actual (2022) and Comparative (2021) Variance Narratives

- (A) Variance relates to the return of \$6 million in surplus cash to the Consolidated Account in 2020-21 (prior year).
- (B) Variance is predominately related to the recommencement of the Western Australian TAB Privatisation Project during the year, and associated expenditure.



## 9.2. Explanatory statement for administered items

This explanatory section explains variations in the financial performance of the Department undertaking transactions as an agent of the government, as detailed in the administered schedules.

All variances between annual estimates and actual results for 2022, and between the actual results for 2022 and 2021 are shown below. Narratives are provided for key major variances which vary by more than 10% from their comparative and that the variation is more than 1% of the dollar aggregate of Total Administered Income.

	Variance note	Estimate 2022 (\$'000)	Actual 2022 (\$'000)	Actual 2021 (\$'000)	Variance between Estimate and Actual (\$'000)	Variance between Actual results for 2022 and 2021 (\$'000)
<b>INCOME FROM ADMINISTERED ITEMS</b>						
<b>Income</b>						
Commonwealth grants	A	7,445,663	7,221,000	5,204,369	(224,663)	2,016,631
Government enterprises:						
Dividends	B	587,480	612,187	1,362,400	24,707	(750,213)
Income tax equivalent regime		673,958	877,293	931,463	203,335	(54,170)
Local government rates equivalent regime		25,700	24,655	23,690	(1,045)	965
Consolidated Account revenue received from agencies	C	22,195,081	22,868,189	20,167,165	673,108	2,701,024
Gold State superannuation reimbursement		86,846	78,788	88,472	(8,058)	(9,684)
Interest Income		53,759	90,267	50,677	36,508	39,590
Loan guarantee fees		144,451	132,091	142,653	(12,360)	(10,562)
Pension recoups		10,880	11,698	11,920	818	(222)
Other revenue		63,215	242,326	26,144	179,111	216,182
<b>Total Administered income</b>		<b>31,287,033</b>	<b>32,158,494</b>	<b>28,008,953</b>	<b>871,461</b>	<b>4,149,541</b>
<b>Expenses</b>						
Superannuation	1,D	235,345	(540,612)	(865,872)	(775,957)	325,260
Interest Expense		581,655	596,273	626,726	14,618	(30,453)
Appropriations for:						
Operating subsidies	E	2,006,113	2,005,532	2,526,064	(581)	(520,532)
Services		18,631,273	19,854,760	18,512,677	1,223,487	1,342,083
Salaries and allowances		110,188	110,841	108,613	653	2,228
Other appropriations	F	3,566,044	3,387,685	3,025,927	(178,359)	361,758
Royalties for Regions		860,541	813,970	812,100	(46,571)	1,870
Other expenses		290,346	119,667	105,992	(170,679)	13,675
<b>Total Administered expenses</b>		<b>26,281,505</b>	<b>26,348,116</b>	<b>24,852,227</b>	<b>66,611</b>	<b>1,495,889</b>

## Major Estimate and Actual 2022 Variance Narratives

### Expenses

#### 1. Superannuation

The lower than estimated expense for centrally-held superannuation obligations largely reflects the impact of a higher than forecast discount rate at 30 June 2022. Superannuation liabilities are actuarially valued at year end using long term government bond rates – the applicable rate was 3.6% at 30 June 2022, 2.2 percentage points higher than the 1.4% forecast at the time of the 2021-22 Budget. The increase in the rate reflects movements in the bond market during the year, with the valuation change in the liability reflected as a lower expense.

### Major Actual (2022) and Comparative (2021) Variance Narratives Income

#### A. Commonwealth Grants

The increase is mainly driven by the following material movements:

- higher receipts from GST related grants (up \$931.3 million), primarily reflecting Western Australia's share of the growth in the national GST pool;
- higher North West Shelf grants (up \$612.6 million), largely due to higher international crude oil prices (which averaged \$US90.3 per barrel in 2021-22 compared to \$US54.6 per barrel in 2020-21) and the consequent flow through to LNG prices (which are linked to oil prices);
- higher HomeBuilder grants (up \$256.2 million), reflecting a higher number of applicants reaching the required building milestones to activate the grant payment under the Commonwealth's scheme (which is administered on the Commonwealth's behalf by the State), and the subsequent reimbursement by the Commonwealth; and
- higher capital transport infrastructure grants (up \$157.5 million), primarily reflecting payments associated with the progression in construction of METRONET projects.

#### B. Government Enterprises: Dividends

Lower receipts in 2021-22 primarily reflects the Government's 2021-22 Budget decision for most Government Trading Enterprises to retain their 2021-22 dividend payments for future infrastructure investment. This arrangement excluded dividends from the Insurance Commission of Western Australia (\$572.1 million in 2021-22, including \$455.4 million from the September 2020 Bell settlement) and the Western Australian Treasury Corporation (\$16.7 million in 2021-22), with these dividends used to repay Consolidated Account borrowings.

#### C. Consolidated Account Revenue Received from Agencies

The increase is primarily due to higher collections by the Department of Finance (RevenueWA) paid to the Consolidated Account, largely reflecting:

- higher mining royalties receipts (up \$1,266.8 million), mainly higher iron ore royalties receipts (including cash receipts for revenue accrued on production in late 2020-21), as well as higher lithium royalty receipts; and
- higher taxation receipts (up \$1,270.9 million), mainly higher payroll tax, total duty on transfers and insurance duty receipts, reflecting stronger labour and property market dynamics in 2021-22.

## Notes to the financial statements

### For the year ended 30 June 2022

#### Expenses

##### D. Superannuation

The expense for centrally held superannuation obligations was significantly lower than the 2020-21 expense, reflecting a lower valuation for these liabilities at 30 June 2022, which is recorded as an expense. The valuation change in 2021-22 largely reflects:

- the impact of increase in the discount rate used for the actuarial valuation of the State's unfunded superannuation liabilities (up 2.2 percentage points from 1.4% to 3.6% at 30 June 2022);
- an approximately 3% decline in unfunded scheme membership numbers; and
- movements in demographic assumptions used by the actuary.

The above factors that reduce the valuation of superannuation liabilities through 2021-22 were partially offset by:

- the impact of changes in salary assumptions (reflecting changes in the Government's public sector wages policy during 2021-22); and
- the impact of higher Consumer Price Index assumptions.

##### E. Appropriations for: Operating Subsidies

Lower operating subsidy payments in 2021-22 mainly reflects:

- Synergy (down \$510.7 million), primarily due to funding provided in 2020-21 for the \$600 Household Electricity Credit, partly offset by an increase in 2021-22 related to the payment of the System Security Transition Payment;
- the Water Corporation (up \$174.6 million), largely reflecting higher Country Water Pricing Subsidy funding due to the Government's 2021-22 Budget decision to reduce the Royalties for Regions contribution for this subsidy in 2021-22; and
- Western Australian Land Authority (DevelopmentWA, down \$106.2 million), mainly reflecting a significant operating subsidy received in 2020-21 to facilitate the Regional Land Booster (an economic stimulus measure from the Government to incentivise regional land activation in response to the Covid-19 pandemic, which was repaid to the Consolidated Account through a special dividend in 2020-21).

##### F. Appropriations for: Other Appropriations

The increase in 2021-22 largely reflects the combined impact of payments to:

- the Department of Finance (up \$242.4 million), mainly higher funding for the Commonwealth funded HomeBuilder grants program and the State funded Building Bonus homebuyers grants program, partly offset by the end of the one off Small Business Payroll Tax grant (which was applicable in the 2020-21 financial year);
- Main Roads (up \$140.1 million), with higher appropriations authorised by the Road Traffic (Administration) Act 2008, reflecting additional revenue collected from motor vehicle licence fees; and
- the Department of Fire and Emergency Services (up \$82 million), mainly reflecting additional funding in 2021-22 for claims under the Disaster Recovery Funding Arrangements Western Australia.

Partially offsetting the impact of the higher payments was the restatement of the 2020-21 year to reflect a correction in the reported General Insurance Fund (GIF) valuation expense of \$167.4 million due to an incorrect valuation figure taken up in the 2020-21 year end.

## Notes to the financial statements

### For the year ended 30 June 2022

#### 9.3 Supplementary funding

Supplementary funding approved and expended during 2021-22 was as follows:

	2022 Amount Approved (\$000)	2022 Amount Expended (\$000)
<b>Item 15 Bunbury Water Corporation</b>	58	58
	<b>58</b>	<b>58</b>

An additional operating subsidy of \$58,000 was required to meet higher than expected customer concessions incurred in 2019-20 and 2020-21. Outcomes for these concessions are not known with certainty until final accounts for the financial year become available after 30 June each year. The funding was approved and fully drawn in 2021-22.

<b>Item 20 Public Transport Authority</b>	40,039	19,382
	<b>40,039</b>	<b>19,382</b>

A \$40 million increase in the Authority's operating subsidy was approved to offset reduced revenue, and to meet additional expenses incurred as a result of higher fuel prices and for the financial settlement associated with the terminated Radio Systems Replacement contract (which was terminated in 2020 and settled in 2021-22). Following subsequent movements in revenue and expenses, \$19.4 million of the increase was drawn.

<b>Item 22 Southern Ports Authority</b>	4,294	4,294
	<b>4,294</b>	<b>4,294</b>

An additional operating subsidy of \$4.3 million was required to cover an increase in cost in 2021-22 for the Government Support Package for Koolyanobbing Iron Ore. It included recognition of the revised costs to support the package and an increase in forecast expenditure on iron ore loading and cleaning. The funding was fully drawn in 2021-22.

<b>Item 23 Water Corporation</b>	28,821	28,821
	<b>28,821</b>	<b>28,821</b>

The Water Corporation required additional funding of \$28.8 million for its annual operating subsidy payment, reflecting final outcomes from the previous year. This included \$19.4 million following the accounting reclassification of cloud-based ICT projects from capital expenditure to operating expenditure. The funding was approved and fully drawn in 2021-22.

<b>Item 24 Western Australian Land Authority (Development WA)</b>	7,774	-
	<b>7,774</b>	<b>-</b>

An additional operating subsidy of \$7.8 million was approved to facilitate the development of residential and industrial land in regional areas, expensed funding for the construction of required infrastructure at the Australian Marine Complex, and to meet transaction costs associated with the Housing Authority Machinery of Government reform (which includes the transfer of Housing Authority assets to DevelopmentWA). These funds were not drawn in 2021-22 due to the impact of delays in tendering associated with construction market pressures.



**Notes to the financial statements**  
For the year ended 30 June 2022

	2022 Amount Approved (\$000)	2022 Amount Expended (\$000)
<b>Item 37 All Other Grants, Subsidies and Transfer Payments</b>	127,543	37,022
	<b>127,543</b>	<b>37,022</b>

Supplementary funding of \$127.5 million was approved to fund additional Covid-19 support costs for the Level 1 Business Assistance Package and grant payments for the Level 2 Small Business Hardship Grants program. A total of \$37 million in claims was paid to eligible businesses by 30 June 2022, mainly reflecting the net impact of \$40 million for the Covid-19 Business Assistance Package partially offset by a \$2.3 million underspend on the Commonwealth Pandemic Leave Disaster Payment. The residual funding expected to be paid in 2022-23 (reflecting a late surge in applications and the time required to assess the applications and provide the payments to eligible small businesses).

<b>Item 103 Electricity Networks Corporation (Western Power)</b>	6,343	6,343
	<b>6,343</b>	<b>6,343</b>

An additional equity contribution of \$6.3 million was provided to Western Power to offset an increase in tax liability (as a consequence of higher than expected capital contributions) and to offset dividends paid on land sales. The approved contribution was drawn in full.

<b>Forest Products Commission</b>	14,300	14,263
	<b>14,300</b>	<b>14,263</b>

As a part of the 2022-23 Budget process, an equity contribution of \$14.3 million was approved for the Forest Product Commission to address losses on native forest operations in 2021-22 (following the Government's decision in September 2021 to end the logging of native forests by 2024), and to maintain sufficient working capital. The funding was fully drawn in 2021-22.

<b>Water Corporation of Western Australia</b>	22,900	22,900
	<b>22,900</b>	<b>22,900</b>

An equity contribution of \$22.9 million for required infrastructure upgrades for the Burrup Seawater Supply Scheme was approved as part of the 2021-22 Mid-year Review process. The funding was fully drawn in 2021-22.

<b>Mid West Ports Authority</b>	3,000	3,000
	<b>3,000</b>	<b>3,000</b>

An equity contribution of \$3 million was provided to the Mid West Ports Authority for the construction of a jetty on the eastern breakwater for high-speed ferries to service the Abrolhos Islands. This funding was approved as part of the 2021-22 Mid-year Review and fully drawn by 30 June 2022.

<b>Bunbury Water Corporation</b>	10,170	10,170
	<b>10,170</b>	<b>10,170</b>

An operating subsidy of \$10.2 million was provided to the Bunbury Water Corporation to support the cost of the Bunbury Water resource Recovery Scheme Project, and water network fluoridation planning costs. The funding was approved as part of the 2021-22 Mid-year Review and fully drawn in 2021-22.

**Notes to the financial statements**  
For the year ended 30 June 2022

**Note 9.4 Special purpose accounts**

	2022 (\$000)	2021 (\$000)
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**Special Purpose Account Section 10(a), (e) and (f) of the *Financial Management Act 2006***

**Accrued salaries <sup>(a)</sup>**

The purpose of this special purpose account is to receive moneys from agencies in relation to the 27th pay that occurs approximately every 11 years.

Balance at the start of the period	240,829	180,233
Receipts	49,226	60,596
Payments	-	-
<b>Balance at the end of the period</b>	<b>290,055</b>	<b>240,829</b>

**Bankwest Pension Trust <sup>(a)</sup>**

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

Balance at the start of the period	1,285	1,923
Receipts	1,029	1,458
Payments	(1,468)	(2,096)
<b>Balance at the end of the period</b>	<b>846</b>	<b>1,285</b>

**Commonwealth Payments For Specific Purposes Account <sup>(a)</sup>**

The purpose of this special purpose account is to receive moneys from the Commonwealth Government (directly or indirectly) including National Specific Purpose Payments and National Partnership Payments pursuant to the Intergovernmental Agreement on Federal Financial Relations, and associated National Agreements and National Partnerships for disbursement to relevant government agencies, other persons and the Consolidated Account.

Balance at the start of the period	78,485	-
Receipts	3,488,700	2,720,507
Payments	(3,537,214)	(2,642,022)
<b>Balance at the end of the period</b>	<b>29,971</b>	<b>78,485</b>

**Receipts in Suspense/Clearing Account <sup>(a)</sup>**

The purpose of this special purpose account is to receive and hold moneys for disbursement in accordance with relevant agreements; and/or to receive and hold moneys pending proper identification/classification and subsequent transfer.

Balance at the start of the period	313	(530)
Receipts	64,025	61,920
Payments	(63,978)	(61,077)
<b>Balance at the end of the period</b>	<b>360</b>	<b>313</b>

**Independent Schools – General Building Grants <sup>(a)</sup>**

The purpose of this special purpose account is to hold funds received from the Commonwealth Department of Education for capital grants to independent schools in accordance with the provisions of the *State Grants (Schools Assistance) Act 2008* pending payment to independent schools.

Balance at the start of the period	-	-
Receipts	20,288	19,786
Payments	(20,288)	(19,786)
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>

**Notes to the financial statements**  
For the year ended 30 June 2022

	2022 (\$000)	2021 (\$000)
<b>Independent Schools – Recurrent Grants Schools Assistance Acts <sup>(a)</sup></b>		
The purpose of this special purpose account is to hold funds received from the Commonwealth Department Education for recurrent grants to independent schools in accordance with the provisions of the <i>State Grants (Schools Assistance) Act 2008</i> pending payment to independent schools.		
Balance at the start of the period	-	-
Receipts	1,670,926	1,346,286
Payments	(1,670,926)	(1,346,286)
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>
<b>Jervoise Bay Infrastructure Development Account <sup>(a)</sup></b>		
The purpose of this special purpose account is to hold funds received from the Commonwealth being a grant for the development of facilities at Jervoise Bay.		
Balance at the start of the period	11,117	11,076
Receipts	39	41
Payments	-	-
<b>Balance at the end of the period</b>	<b>11,156</b>	<b>11,117</b>
<b>Local Authorities Tax Sharing Entitlements Account <sup>(a)</sup></b>		
The purpose of this special purpose account is to hold funds received from the Commonwealth pursuant to the <i>Local Government (Financial Assistance) Grants Act 1995</i> pending payment to local authorities.		
Balance at the start of the period	-	-
Receipts	415,046	304,905
Payments	(415,046)	(304,905)
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>
<b>Mortgage Moneys Under the Transfer of Land Act 1893 <sup>(b)</sup></b>		
The purpose of this special purpose account is to hold funds paid to the Treasurer in accordance with section 126 of the <i>Transfer of Land Act 1893</i> .		
Balance at the start of the period	93	93
Receipts	-	-
Payments	-	-
<b>Balance at the end of the period</b>	<b>93</b>	<b>93</b>
<b>Perth Children's Hospital Account <sup>(a)</sup></b>		
The purpose of this special purpose account is to hold money for the construction and establishment of the Perth Children's Hospital.		
Balance at the start of the period	7,238	7,238
Receipts	-	-
Payments	(7,238)	-
<b>Balance at the end of the period</b>	<b>-</b>	<b>7,238</b>

**Notes to the financial statements**  
For the year ended 30 June 2022

	2022 (\$000)	2021 (\$000)
<b>Non-Government Schools – Other Recurrent Grants <sup>(a)</sup></b>		
The purpose of this special purpose account is to hold funds received from the Commonwealth Department of Education, Skills and Employment for recurrent grants to non-government schools in accordance with the <i>State Grants (Schools Assistance) Act 2008</i> pending payment to non-government schools.		
Balance at the start of the period	-	-
Receipts	15,810	28,604
Payments	(15,810)	(28,604)
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>
<b>Perry Lakes Maintenance Account <sup>(a)</sup></b>		
The purpose of this special purpose account is to contribute to the costs of maintaining, operating and managing the athletics facilities at the AK Reserve.		
Balance at the start of the period	5,515	5,495
Receipts	19	20
Payments	(1,477)	-
<b>Balance at the end of the period</b>	<b>4,057</b>	<b>5,515</b>
<b>New Perth Stadium Account <sup>(a)</sup></b>		
The purpose of this special purpose account is to hold moneys for the construction of the new Perth Stadium, and all related costs that will benefit, and improve access to, the stadium.		
Balance at the start of the period	22,587	11,547
Receipts	-	11,166
Payments	-	(126)
<b>Balance at the end of the period</b>	<b>22,587</b>	<b>22,587</b>
<b>Royalties For Regions Fund <sup>(b)</sup></b>		
The purpose of this special purpose account is to facilitate investment in regional Western Australia in the areas of infrastructure and headworks, local government and community services.		
Balance at the start of the period	1,000,000	1,000,000
Receipts	1,019,306	970,507
Payments	(1,019,306)	(970,507)
<b>Balance at the end of the period</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>Tariff Equalisation Fund <sup>(b)</sup></b>		
The purpose of this special purpose account is to allow the transparent transfer of appropriate funds from the Electricity Networks Corporation to the Regional Power Corporation to enable it to maintain uniform tariff protection in its areas of operation in accordance with the provisions of the <i>Electricity Industry Act 2004</i> .		
Balance at the start of the period	-	-
Receipts	187,000	185,000
Payments	(187,000)	(185,000)
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>



**Notes to the financial statements**  
**For the year ended 30 June 2022**

	2022 (\$000)	2021 (\$000)
<b>Western Australian Future Health Research and Innovation Fund <sup>(b)</sup></b>		
The purpose of this special purpose account is to assist with improving health outcomes for Western Australia by providing funding for the Future Health Research and Innovation Account, in accordance with the provisions of the <i>Western Australian Future Health Research and Innovation Fund Act 2012</i> .		
Balance at the start of the period	1,491,944	1,407,837
Receipts	137,081	118,007
Payments	(32,400)	(33,900)
<b>Balance at the end of the period</b>	<b>1,596,625</b>	<b>1,491,944</b>
<b>Debt Reduction Account <sup>(a)</sup></b>		
To apply approved appropriation funds to the repayment of Western Australian State borrowings (as borrowed by the Treasurer under various <i>Loan Acts</i> from the Western Australian Treasury Corporation or elsewhere, as applicable), and/or credited to the Consolidated Account to serve as an alternative source of funding to new borrowings. The application of funds to either the repayment of State borrowings or to finance the Consolidated Account is to be based on the optimisation of the financing benefit to the Consolidated Account obtained by either debt repayment, debt avoidance, or a combination of these actions.		
Balance at the start of the period	-	-
Receipts	2,703,973	1,546,593
Payments	(2,703,973)	(1,546,593)
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>
<b>National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse <sup>(a)</sup></b>		
The purpose of this special purpose account is to hold money for meeting payments and related costs associated with the National Redress Scheme for Institutional Child Sexual Abuse established under the Intergovernmental Agreement and the <i>National Redress Scheme for Institutional Child Sexual Abuse Act 2018</i> (Commonwealth) and costs of civil litigation.		
Balance at the start of the period	76,855	140,716
Receipts	-	-
Payments	(49,703)	(63,861)
<b>Balance at the end of the period</b>	<b>27,152</b>	<b>76,855</b>
<b>Noongar Land Fund <sup>(a)</sup></b>		
The purpose of this special purpose account is to establish a Noongar Land Fund in line with the terms of the Indigenous Land Use Agreements which comprise the South West Native Title Settlement.		
Balance at the start of the period	2,800	-
Receipts	-	2,800
Payments	-	-
<b>Balance at the end of the period</b>	<b>2,800</b>	<b>2,800</b>

	2022 (\$000)	2021 (\$000)
<b>Women and Newborn Health Service Relocation account <sup>(a)</sup></b>		
The purpose of this special purpose account is to meet the costs associated with relocating the Women and Newborn Health Service to the Queen Elizabeth II (QEII) Medical Centre campus.		
Balance at the start of the period	-	-
Receipts	1,787,000	-
Payments	-	-
<b>Balance at the end of the period</b>	<b>1,787,000</b>	<b>-</b>
<b>WA Government Strategic Alliance Fund <sup>(a)</sup></b>		
The purpose of this special purpose account is to hold moneys for the purpose of initiating, planning and implementing improvements to the State's banking and related processes.		
Balance at the start of the period	829	-
Receipts	800	964
Payments	(240)	(135)
<b>Balance at the end of the period</b>	<b>1,389</b>	<b>829</b>
<b>Climate Action Fund <sup>(a)</sup></b>		
The purpose of this special purpose account is to hold funding for a broad range of climate action and decarbonisation initiatives to support the Government's emissions reduction target and the implementation of the Western Australian Climate Policy.		
Balance at the start of the period	-	-
Receipts	168,000	-
Payments	(1,000)	-
<b>Balance at the end of the period</b>	<b>167,000</b>	<b>-</b>
<b>Digital Capability Fund <sup>(a)</sup></b>		
The purpose of this special purpose account is to hold funding for the purpose of strategic and targeted investments in digital transformation that improve digital service delivery, upgrade legacy ICT that presents significant risk to service delivery, and reduce regulatory burden for households, business, and government, and are aligned to whole-of-government objectives and policies.		
Balance at the start of the period	-	-
Receipts	500,000	-
Payments	(73,073)	-
<b>Balance at the end of the period</b>	<b>426,927</b>	<b>-</b>
<b>Social Housing Investment Fund <sup>(a)</sup></b>		
The purpose of this special purpose account is to hold funding for the purpose of investments in social housing and other initiatives that contribute to increasing social housing stock, and are aligned to whole of government objectives and policies.		
Balance at the start of the period	-	-
Receipts	750,000	-
Payments	-	-
<b>Balance at the end of the period</b>	<b>750,000</b>	<b>-</b>

	2022 (\$000)	2021 (\$000)
<b>Softwood Plantation Expansion Account <sup>(a)</sup></b>		
The purpose of this special purpose account is to fund the expansion of the first rotation plantation beyond the existing softwood plantation estate managed by the Forest Products Commission to support the industry as approved by the Government.		
Balance at the start of the period	-	-
Receipts	350,000	-
Payments	-	-
<b>Balance at the end of the period</b>	<b>350,000</b>	<b>-</b>
<b>Temporary Access Contribution <sup>(b)</sup></b>		
The purpose of this special purpose account is to contribute towards maintaining the financial viability of the Regional Power Corporation by allowing it to recover all or part of its historical generation costs in accordance with the provisions of the <i>Electricity Act 2004</i> .		
Balance at the start of the period	-	-
Receipts	12,167	-
Payments	(12,167)	-
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>
<b>Remote Communities Fund <sup>(a)</sup></b>		
The purpose of this special purpose account is to meet the costs associated with the delivery of housing, essential and municipal services and other asset investment programs to deliver better services, more opportunities and economic participation in remote Aboriginal communities.		
Balance at the start of the period	-	-
Receipts	-	-
Payments	-	-
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>

(a) established under S10(a) of the *Financial Management Act 2006*.

(b) established under S10(e) of the *Financial Management Act 2006*.

#### Note 9.4.1 Special purpose accounts created during the financial period

The Climate Action Fund, Digital Capability Fund, Social Housing Investment Fund, Softwood Plantation Expansion Fund, Temporary Access Contribution and Remote Communities Fund special purpose accounts were created during the financial year. Please refer to 'Other Statutory Information' for copies of the special purpose statements for those created under S10(a) of the *Financial Management Act 2006*. The Temporary Access Contribution Special Purpose Account was established by legislation under S10(e) of the *Financial Management Act 2006* and therefore does not require the preparation of a special purpose statement.

#### Note 9.4.2 Special purpose accounts closed during the financial period

The Perth Children's Hospital Account was closed on the 24th February 2022.

# AUDITED KEY PERFORMANCE INDICATORS

## PERFORMANCE ASSESSMENT

### OUTCOMES

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

<b>Outcome one:</b> Sustainable and transparent public sector finances	→	<b>Service one:</b> Financial management and reporting
<b>Outcome two:</b> A strong and competitive State economy	→	<b>Service two:</b> Economic and revenue forecasts and policy development
<b>Outcome three:</b> Value-for-money outcomes in service delivery and infrastructure provision	→	<b>Service three:</b> Evaluation and planning of government service delivery and infrastructure provision

### Measuring Our Performance

The Department of Treasury measures its performance through statistical information. Statistical indicators are included to help report performance in both outcome and service areas. The use of statistical data adds scope and objectivity to the sources of information used in measuring performance.

In April 2022, Treasury received a direction under section 61(1)(b) of the *Financial Management Act 2006* (FMA) that the accountable authority is not required to report on key efficiency indicators in the Annual Report with respect to the 2021-22 financial year and subsequent financial years. The direction was issued as, in its role as a central agency, Treasury provides key support activities and policy advice to Government that are not easily measurable.



# CERTIFICATION OF KEY PERFORMANCE INDICATORS

For the year ended 30 June 2022

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Treasury’s performance, and fairly represent the performance of the Department for the financial year ended 30 June 2022.



**Pauline Burton**  
CHIEF FINANCE OFFICER  
14 September 2022



**Michael Court**  
ACTING UNDER TREASURER  
14 September 2022

## Key Effectiveness Indicators

**Government goal: Responsible, achievable, affordable service delivery**

**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 Government on its fiscal strategy and targets; publication of reports on the State’s finances; advice to Government and its agencies on the legislative framework underpinning financial management and accountability; management of the Public Ledger; and management of the Public Bank Account and Future Health Research and Innovation Fund (in conjunction with the Western Australian Treasury Corporation).

The key indicators of effectiveness demonstrate measurable outcomes of our effectiveness in this role.

Key indicators of effectiveness	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Target	2021-22 Actual	Notes
Status of the State’s credit rating <sup>(a)</sup>	Aa1 <sup>(b)</sup> AA+ <sup>(c)</sup>	Aa1 <sup>(b)</sup> AA+ <sup>(c)</sup>	Aa1 <sup>(b)</sup> AA+ <sup>(c)</sup>	Aa1 <sup>(b)</sup> AA+ <sup>(c)</sup>	Aa1 <sup>(b)</sup> AAA <sup>(c)</sup>	1
Unqualified audit opinion on the Annual Report on State Finances	Yes	Yes	Yes	Yes	Yes	2
Percentage of financial reports released as per agreed timeframes	100%	100%	100%	100%	100%	3

- (a) S&P Global and Moody’s currently assess the credit rating for Western Australia.  
(b) Moody’s.  
(c) S&P Global.

**Notes:**

- Western Australia’s economy continues to grow strongly, with domestic economic activity expanding at its fastest rate in a decade during 2021-22. Strong economic growth, coupled with elevated commodity prices, has boosted the general government operating surplus for 2021-22 and in turn, net debt has declined for the third year in a row over the year to 30 June 2022. On the back of the State’s strong financial position and continuing positive budgetary performance, S&P Global upgraded Western Australia to its highest AAA (‘stable’ outlook) credit rating in June 2022. Moody’s reaffirmed Western Australia’s Aa1 ‘stable’ outlook credit rating in October 2021 (one ‘notch’ below its highest AAA rating).
- The 2020-21 Annual Report on State Finances (ARSF) was released on 24 September 2021, in line with the 90 day statutory reporting deadline required by the *Government Financial Responsibility Act 2000*. The ARSF received an unqualified audit opinion from the Auditor General.
- Treasury prepares whole-of-government financial reports required by, and subject to, the statutory reporting requirements of the *Government Financial Responsibility Act 2000*. For 2021-22, the 2020-21 Annual Report on State Finances; the September 2021, December 2021 and March 2022 Quarterly Financial Results Reports; and the 2021-22 Government Mid-year Financial Projections Statement; were all released in line with the statutory reporting requirements and deadlines. Compliance with statutory reporting requirements is expected to continue throughout 2022-23.

Outcome 2: A strong and competitive State economy

Accurate forecasting of Western Australia’s economic and fiscal outlook is a major factor in maintaining a stable credit rating and, in turn, the foundation of a strong and competitive State economy. Good Government decision-making requires accurate revenue and economic forecasting to achieve the best possible economic, fiscal and service delivery outcomes for the State.

Key indicators of effectiveness	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Target	2021-22 Actual	Notes
Accuracy of key general government revenue forecasts:						
Tax revenue <sup>(a)(b)(c)</sup>	-1.6%	-0.1%	15.6%	+/-5.0%	15.9%	1
Royalty revenue <sup>(c)</sup>	32.7%	32.6%	47.0%	+/-5.0%	9.3%	2
Accuracy of key economic forecasts (percentage point difference):						
Employment growth <sup>(d)</sup>	-0.6	-1.3	2.1	+/-0.5	2.9	3
Real State Final Demand (SFD) growth <sup>(d)</sup>	-1.2	-1.8	4.1	+/-2.0	-0.1	4

- (a) For consistency with the scope of relevant Budget taxation forecasts, the actual outcome for 2018-19 and the 2018-19 Budget estimate have been adjusted to account for tax reclassifications on the advice of the ABS: Taxation Related Fines and Penalties were removed from taxation and reclassified as ‘other’ revenue after the 2018-19 Budget; and the Motor Vehicle Recording Fee was reclassified as revenue from ‘sales of goods and services’ in the 2018-19 Mid-year Review.
- (b) For consistency with the scope of relevant Budget taxation forecasts, the Budget estimate for each financial year has been adjusted to account for tax reclassifications on the advice of the ABS: Following the 2020-21 Budget, motor vehicle inspection fees and ‘other’ driver and vehicle service fees were reclassified from taxation revenue to sales of goods and services.
- (c) 2021-22 Actuals for tax and royalty revenue will be published in the 2021-22 Annual Report on State Finances. The estimated actual is as at 8 September 2022 and may change following the receipt of additional data prior to the Annual Report on State Finances cut-off date.
- (d) Any changes to actual figures from previous reporting are due to the revision of the historical series from the ABS.

Notes:

1. Taxation revenue is estimated to be higher in 2021-22 than forecast in the 2021-22 Budget. This reflects stronger than anticipated activity in a number of sectors in the Western Australian economy, including residential and commercial property, mining and the vehicle market, flowing through to the State’s tax base in the form of payroll tax and transfer duties.
2. Royalty revenue is estimated to be higher than forecast in the 2021-22 Budget, largely reflecting higher than anticipated iron ore prices. Lithium royalties were also significantly higher than expected reflecting large price rises due to the strong global demand for lithium.
3. Employment growth in 2021-22 was significantly higher than forecast in the 2021-22 Budget due to a sharp rise in demand for labour, with the largest increases in employment being in the retail trade and mining sectors.
4. Accuracy of State Final Demand growth forecasts was within target in 2021-22.

Outcome 3: Value for money outcomes in service delivery and infrastructure provision

To support the Government in making informed and timely decisions about the delivery of services and the provision of infrastructure, Treasury evaluates all agency funding proposals submitted to the Expenditure Review Committee (ERC) and provides the ERC with independent advice on the financial, economic and social implications of the proposals.

Capital funding proposals are typically underpinned by agency Strategic Asset Plans (SAPs). SAPs (which seek to prioritise the investment, management and disposal of assets over a 10-year horizon) are required to be submitted to Treasury on an annual basis, and play a key role in the evaluation of capital funding proposals.

Treasury endeavours to provide advice to the ERC at least five working days prior to the relevant meeting, to ensure that Committee members have ample time to consider recommendations and form an educated stance on the merits of agency funding proposals.

Key indicators of effectiveness	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Target	2021-22 Actual	Notes
Percentage of advice provided to the Expenditure Review Committee at least 5 working days prior to their consideration	66%	61%	58%	90%	58%	1
Percentage of Ministerially endorsed Strategic Asset Plans (SAPs) for the upcoming year received and reviewed by Treasury before the commencement of the Budget bilateral process <sup>(a)</sup>	N/A	N/A	82%	100%	87%	2

- (a) This key effectiveness indicator was introduced for the 2020-21 financial year. Comparative results for the 2018-19 and 2019-20 financial years are not available.

Notes:

1. The 2021-22 Actual was lower than expected due to matters requiring advice from the State Solicitor’s Office and input from external agencies, leading to later than anticipated deliveries of ERC papers.
2. SAPs were not received from all applicable agencies within the required timeline. Three agencies did not meet the deadline for provision of SAPs, resulting in the formal reported rate of 87%.



Key Efficiency Indicators

Government goal: Responsible financial management and better service delivery

Service 1: Financial management and reporting

This service involves the provision of advice on the Government’s fiscal strategy, advice on the legislative framework underpinning financial management and accountability in the Western Australian public sector, the preparation and publication of regular reports on the State’s finances, and maintenance of the Public Ledger.

The service contributes to the desired outcome of sustainable and transparent public sector finances.

Key indicators of efficiency	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Target	2021-22 Actual	Notes
Average cost of financial reports released <sup>(a)</sup>	\$251,956	\$262,652	\$246,903	\$291,486	N/A	1

(a) This key efficiency indicator measures the average cost of producing the following whole-of-government financial reports: The Annual Report on State Finances, Quarterly Financial Results Reports, the Government Mid-year Financial Projections Statement and (during a State Election year) the Pre-election Financial Projections Statement.

Notes:

1. In line with a direction received under section 61(1)(b) of the *Financial Management Act 2006* (FMA), Treasury is no longer required to report this key efficiency indicator.

Service 2: Economic and revenue forecasts and policy development

This service involves analysis and advice on economic and revenue policy issues, including Commonwealth-State financial relations, the development of forecasts for each of the State’s major revenue sources, and the provision of advice on economic reform.

The service contributes to the desired outcome of a strong and competitive State economy.

Key indicators of efficiency	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Target	2021-22 Actual	Notes
Cost of providing Government with economic and revenue forecasting advice and policy development per economic paper <sup>(a)</sup>	\$47,345	\$40,032	\$46,922	\$48,710	N/A	1

(a) This key efficiency indicator is measured by dividing the number of economic papers (including Ministerials, briefing notes, responses to Parliamentary Questions and Expenditure Review Committee submissions) by the total cost of economic and revenue forecasting and policy development activities during the year (including corporate overhead costs).

Notes:

1. In line with a direction received under section 61(1)(b) of the *Financial Management Act 2006* (FMA), Treasury is no longer required to report this key efficiency indicator.

Service 3: Evaluation and planning of government service delivery and infrastructure provision

This service aims to investigate agencies’ operations in respect of efficiency and effectiveness and to advise Government on the allocation of taxpayers’ resources to achieve Government desired outcomes. It includes the analysis, evaluation and planning of government services to ensure value for money outcomes in key areas including health, education, justice and infrastructure delivery.

The service contributes to the desired outcome of value for money outcomes in service delivery and infrastructure provision.

Key indicators of efficiency	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Target	2021-22 Actual	Notes
Cost of providing Government with service delivery and infrastructure advice per paper produced <sup>(a)</sup>	\$40,533	\$40,088	\$43,308	\$48,440	N/A	1

(a) This key efficiency indicator is measured by dividing the number of papers relating to government service delivery and infrastructure provision (including Ministerials, briefing notes, responses to Parliamentary Questions and Expenditure Review Committee submissions) by the total cost of associated policy activities during the year (including corporate overhead costs).

Notes:

1. In line with a direction received under section 61(1)(b) of the *Financial Management Act 2006* (FMA), Treasury is no longer required to report this key efficiency indicator.





Image: Lake Ballard, near Menzies

# OTHER STATUTORY INFORMATION

## HIGHLIGHTS

Treasury’s compliance with our legislative and government policy requirements, highlighting:

	STAFF ATTENDANCE FOR ACCOUNTABLE AND ETHICAL DECISION-MAKING TRAINING
	ADVANCING OUR DISABILITY ACCESS AND INCLUSION PLAN

	ADHERING TO PUBLIC SECTOR STANDARDS AND ETHICAL CODES
	ACCESS TO INFORMATION VIA FREEDOM OF INFORMATION REQUESTS



# GOVERNANCE DISCLOSURES

**Ministerial directions:** No Ministerial directives were received during the financial year.

## Other Legal Requirements

### Unauthorised use of credit cards

Officers of the Department of Treasury hold corporate credit cards where their functions warrant usage of this facility.

There were no instances of employees using their corporate credit card for personal purposes in 2021-22. As such, there were no referrals for disciplinary action instigated by the Under Treasurer during the reporting period.

	2022 \$
Aggregate amount of personal use expenditure for the reporting period	-
Aggregate amount of personal use expenditure settled by the due date (within 5 working days)	-
Aggregate amount of personal use expenditure settled after the due date (after 5 working days)	-
Aggregate amount of personal expenditure outstanding at the end of the reporting period	-

### Advertising, market research, polling and direct mail

In accordance with section 175ZE of the *Electoral Act 1907*, the Department incurred the following expenditure to organisations providing services in relation to advertising, market research, polling, direct mail and media advertising. Total expenditure for 2021-22 was \$13,506.

	2022 \$
Advertising agencies	
- Initiative Media Australia Pty Ltd	12,597
- CareerHub Pty Ltd	909
Market research organisations	-
Polling organisations	-
Direct mail organisations	-
Media advertising organisations	-
<b>Total expenditure</b>	13,506

### Disability access and inclusion plan outcomes

Our **Disability Access and Inclusion Plan 2018-2022 (DAIP)** aligns to the requirements of the *Disability Services Act 1993*. Treasury's Plan includes strategies which focus on ensuring people with a disability have the same opportunities and access to Treasury business and services as others. Treasury is progressing well with strategies under the seven outcomes of employment, training and development, products and services, premises, communication and information technology.

Through representation on the building the Talent Pool project in 2021-2022, we have made significant progress in relation to Outcome 4 and Outcome 7 in aligning our recruitment and workforce activities to ensure people with disability have same opportunities to obtain and maintain employment and ensuring we provide disability awareness training to all new staff. Our new employees undertake disability awareness training, and this year we achieved a 93% completion rate.

The expiry of the DAIP at the end of 2022 provides an opportunity to develop a new DAIP which will build on past achievements and ensure ongoing action on current strategies as well as introduce new strategies to support people with a disability.

### Compliance with public sector standards and ethical codes

Treasury ensures that Human Resource related policies, procedures and practices are reviewed regularly, well communicated to staff and consistent with the Public Sector Standards (Standards). As part of the 2021-2022 Public Sector Entity Survey to the Public Sector Commission, it was reported that there were no formal grievances or breaches against the Standards for 2021-2022.

The People and Culture team provide ongoing advice, training and support to Treasury management and employees in relation to recruitment activities, Code of Conduct and a range of other compliance requirements. The Treasury Code of Conduct was reviewed and updated in 2021 and staff were reminded of their responsibilities in relation to appropriate workplace behaviour and conduct.

Treasury is committed to maintaining compliance with the *Public Interest Disclosure Act 2003* (the Act) and regularly provides updates and information to staff through the departmental Intranet. During the 2021-22 reporting period, no public interest disclosures were lodged under the Act.

### Recordkeeping plans

Treasury's Recordkeeping Plan was approved by the State Records Commission in December 2017. In accordance with section 28 of the *State Records Act 2000* and State Records Commission Standard 2, principle 6, the next evaluation of our record keeping system will be completed within five years, prior to December 2022. This activity is now underway and will be submitted and reviewed on time.

Training of Treasury staff occurs via our Click2Learn platform which contains online 'Recordkeeping and Use of Information' training which sits within our broader Accountable and Ethical Decision Making (AEDM) training package.

All new employees are required to complete this training to ensure they are compliant with the required standards. Existing staff are also required to complete the AEDM training every three years which includes our Code of Conduct and Treasury specific policies and procedures. Currently 82% of employees have completed the AEDM training.

### Freedom of Information

The purpose of the *Freedom of Information Act 1992* is to facilitate access to government information at the lowest reasonable cost.

Access applications can be lodged **online** or by post. More details can be found on Treasury's **website** or in the **annual report** of the Information Commissioner of WA.



## Special Purpose Statements

The following Special Purpose Accounts were created under section 10(a) of the *Financial Management Act 2006* during 2021-22: Climate Action Fund, Digital Capability Fund, Social Housing Investment Fund, Softwood Plantation Expansion Fund and Remote Communities Fund. A copy of the Special Purpose Statements for each of these funds is included below.

### CLIMATE ACTION FUND

<b>NAME</b>	A Special Purpose Account titled the 'Climate Action Fund' (the Account) shall be established and maintained as a Treasurer's special purpose account pursuant to section 10(a) of the <i>Financial Management Act 2006</i> (FMA) by the Department of Treasury (Treasury).
<b>PURPOSE</b>	To hold funding for a broad range of climate action and decarbonisation initiatives to support the Government's emissions reduction target and the implementation of the Western Australian Climate Policy.
<b>RECEIPTS</b>	There shall be credited to the Account any money appropriated and any money lawfully received for the purposes for which the Account is established.
<b>PAYMENTS</b>	Moneys standing to the credit of the Account may be applied for the purposes of the Account and as endorsed by the Expenditure Review Committee and Cabinet.
<b>ACCOUNTABILITY AND GOVERNANCE</b>	The Account shall be administered, accounted for and reported on by the Under Treasurer in accordance with the FMA, <i>Financial Management Regulations 2007</i> and the Treasurer's instructions.
<b>REVIEW</b>	A detailed review of the Account is to be undertaken on an annual basis. This is to include an assessment of the payments and receipts to ensure compliance with the purpose outlined above.
<b>DISPOSAL OF FUNDS ON CESSATION</b>	Any balance standing to the credit of the Account upon cessation of operations for which the Account was established shall be credited to the Consolidated Account.

I have examined and agree to the provisions of this special purpose statement



Michael Barnes  
UNDER TREASURER  
Department of Treasury  
19 May 2022

Approved  
(under delegated authority)



Michael Court  
DEPUTY UNDER TREASURER  
Department of Treasury  
19 May 2022

### DIGITAL CAPABILITY FUND

<b>NAME</b>	An account titled the Digital Capability Fund (the Account) shall be established and maintained as a Treasurer's special purpose account pursuant to section 10(a) of the <i>Financial Management Act 2006</i> (FMA) by the Department of Treasury.
<b>PURPOSE</b>	To hold funding for the purpose of strategic and targeted investments in digital transformation (ICT reform) that improve digital service delivery, upgrade legacy ICT that presents significant risk to service delivery, and reduce regulatory burden for households, business, and government, and are aligned to whole of government objectives and policies.
<b>RECEIPTS</b>	There shall be credited to the Account all moneys lawfully received for the purpose of the Account.
<b>PAYMENTS</b>	Moneys standing to the credit of the Account may be applied only for the purposes of the Account and as approved by Cabinet.
<b>ACCOUNTABILITY AND GOVERNANCE</b>	The Account shall be administered, accounted for and reported on by the Under Treasurer in accordance with the FMA, <i>Financial Management Regulations 2007</i> , and the Treasurer's Instructions.
<b>REVIEW</b>	A detailed review of the Account is to be undertaken on an annual basis. This is to include an assessment of the payments and receipts to ensure compliance with the purpose outlined above.
<b>DISPOSAL OF FUNDS ON CESSATION</b>	Upon closure of the Account, any balance standing to the credit of the Account shall be credited to the Consolidated Account.

I have examined and agree to the provisions of this special purpose statement



Michael Barnes  
UNDER TREASURER  
Department of Treasury  
11 August 2021

Approved  
(under delegated authority)



Michael Court  
DEPUTY UNDER TREASURER  
Department of Treasury  
11 August 2021



## SOCIAL HOUSING INVESTMENT FUND

<b>NAME</b>	An account titled the Social Housing Investment Fund (the Account) shall be established and maintained as a Treasurer's special purpose account under section 10(a) of the <i>Financial Management Act 2006</i> (FMA) by the Department of Treasury.
<b>PURPOSE</b>	To hold funding for the purpose of investments in social housing and other initiatives that contribute to increasing social housing stock, and are aligned to whole of government objectives and policies.
<b>RECEIPTS</b>	There shall be credited to the Account such moneys as are lawfully received for the purpose of the Account, including appropriations, moneys advanced under the FMA and transfers from other agencies.
<b>PAYMENTS</b>	Moneys standing to the credit of the Account may be applied only for the purposes of the Account and as endorsed by the Expenditure Review Committee and Cabinet.
<b>ACCOUNTABILITY AND GOVERNANCE</b>	The Account shall be administered, accounted for and reported on by the Under Treasurer in accordance with the FMA, <i>Financial Management Regulations 2007</i> , and the Treasurer's instructions.
<b>REVIEW</b>	A detailed review of the Account is to be undertaken on an annual basis. This is to include an assessment of the payments and receipts to ensure compliance with the purpose outlined above.
<b>DISPOSAL OF FUNDS ON CESSATION</b>	Upon closure of the Account, any balance standing to the credit of the Account shall be credited to the Consolidated Account.

I have examined and agree to the provisions of this special purpose statement



Michael Barnes  
UNDER TREASURER  
Department of Treasury  
16 November 2021

Approved  
(under delegated authority)



Michael Court  
DEPUTY UNDER TREASURER  
Department of Treasury  
16 November 2021

## SOFTWOOD PLANTATION EXPANSION

<b>NAME</b>	An account titled the 'Softwood Plantation Expansion Account' (the Account) shall be established and maintained as a Treasurer's special purpose account pursuant to section 10(a) of the <i>Financial Management Act 2006</i> (FMA) by the Department of Treasury (Treasury).
<b>PURPOSE</b>	To fund the expansion of the first rotation (1R) plantation <sup>1</sup> beyond the existing softwood plantation estate managed by the Forest Products Commission (the Commission) to support the industry as approved by the Government.
<b>RECEIPTS</b>	There shall be credited to the Account any money appropriated and any money lawfully received for the purposes for which the Account is established.  No payment of interest will be made on money held in the account as per section 38(7) of the FMA.
<b>PAYMENTS</b>	The Account may be charged for expenditure lawfully incurred for the purposes for which the Account is established and specified in the Softwood Plantation Expansion Program Governance Framework.
<b>ACCOUNTABILITY AND GOVERNANCE</b>	The Account shall be administered, accounted for and reported on by the Under Treasurer in accordance with the FMA, <i>Financial Management Regulations 2007</i> , Treasurer's Instructions and the Softwood Plantation Expansion Program Governance Framework.
<b>REVIEW</b>	A detailed review of the Account is to be undertaken on an annual basis as set out in the Softwood Plantation Expansion Governance Framework. This is to include an assessment of the payments and receipts to ensure compliance with the purpose outlined above.
<b>DISPOSAL OF FUNDS ON CESSATION</b>	Any balance standing to the credit of the Account upon cessation of operations for which the Account was established shall be credited to the Consolidated Account.

I have examined and agree to the provisions of this special purpose statement



Michael Barnes  
UNDER TREASURER  
Department of Treasury  
16 December 2021

Approved  
(under delegated authority)



Michael Court  
DEPUTY UNDER TREASURER  
Department of Treasury  
16 December 2021

1. First rotation refers to the establishment of plantations beyond the Commission's plantation estate as at 1 July 2021, whether through an expansion to an existing estate, or a plantation in a new location.

## REMOTE COMMUNITIES FUND

<b>NAME</b>	An account titled the Remote Communities Fund (the Account) shall be established and maintained as a Treasurer's special purpose account under section 10(a) of the <i>Financial Management Act 2006</i> (FMA) by the Department of Treasury.
<b>PURPOSE</b>	To meet the costs associated with the delivery of housing, essential and municipal services and other asset investment programs to deliver better services, more opportunities and economic participation in remote Aboriginal communities.
<b>RECEIPTS</b>	There shall be credited to the Account moneys appropriated by Parliament or paid or advanced under the FMA and any money lawfully received for the purpose for which the Account is established.
<b>PAYMENTS</b>	Moneys standing to the credit of the Account may be applied only for the purposes of the Account and as endorsed by the Expenditure Review Committee and Cabinet.
<b>ACCOUNTABILITY AND GOVERNANCE</b>	The Account shall be administered, accounted for and reported on by the Under Treasurer in accordance with the FMA, <i>Financial Management Regulations 2007</i> , and the Treasurer's instructions.
<b>REVIEW</b>	A detailed review of the Account is to be undertaken on an annual basis. This is to include an assessment of the payments and receipts to ensure compliance with the purpose outlined above.
<b>DISPOSAL OF FUNDS ON CESSATION</b>	Upon closure of the Account, any balance standing to the credit of the Account shall be credited to the Consolidated Account.

I have examined and agree to the provisions of this special purpose statement



Michael Barnes  
UNDER TREASURER  
Department of Treasury  
1 June 2022

Approved  
(under delegated authority)









Michael Court  
DEPUTY UNDER TREASURER  
Department of Treasury  
1 June 2022

## Government Policy Requirements

### Occupational safety, health and injury management

Our ongoing commitment to injury management is reflected in our injury management policy and guidelines which offers employees, with a work as well as non-work related injury or illness, assistance to return to work as soon as practicable. Treasury ensures compliance with the *Worker's Compensation and Injury Management Act 1981*.

	2019-20	2020-21	2021-22	Targets	Comments about targets
 <b>Number of fatalities</b>	Nil	Nil	Nil	0	Target Achieved
 <b>Lost time injury and disease incidence rate</b>	Nil	Nil	Nil	0 or 10% reduction in incidence rate	Target Achieved
 <b>Lost time injury and severity rate</b>	Nil	Nil	Nil	0 or 10% reduction in severity rate	Target Achieved
 <b>Percentage of injured workers returned to work (i) within 13 weeks</b>	Nil	Nil	Nil	Greater than or equal to 80% return to work within 26 weeks	n/a
 <b>Percentage of injured workers returned to work (ii) within 26 weeks</b>	Nil	Nil	Nil	Greater than or equal to 80%	n/a
 <b>Percentage of managers trained in occupational safety, health and injury management responsibilities, including refresher training within 3 years</b>	43%	38%	34%	Greater than or equal to 80%	OSH for Managers was not conducted in 2021-22 due to the pandemic. Training will recommence in 2022-23



National Strategic Plan for Asbestos Awareness and Management 2019-2023

Treasury has assessed and determined there is no asbestos-containing material (ACM) within its buildings, land or infrastructure, as such the targets for the National Strategic Plan 2019-2023 are not applicable.

Board and Committee remuneration

The only position that received remuneration for committee membership in 2021-22 was the independent chair of the Audit and Risk Committee.

Position	Name	Type of Remuneration	Period of Membership in 2021-22	Gross/Actual Remuneration for 2021-22 <sup>(1)</sup>
Independent chair of the Audit and Risk Committee	Ross Hughes	Annual Fee	12 Months	\$28,664

1. Reported remuneration excludes GST and travel expenses incurred as per Public Sector Commissioner’s Circular 2009-20 Reimbursement of Travel Expenses for Members of Government Boards and Committees.

WA Multicultural Policy Framework

Treasury’s Multicultural Plan was developed in 2021 in support of the Western Australian Multicultural Policy Framework developed by the Office of Multicultural Interests. Treasury is committed to ensuring we take specific action to ensure people from culturally and linguistically diverse (CALD) backgrounds are afforded participation, equality and fairness in opportunities, policies, programs, and provision of services. This Plan was developed in alignment with Treasury’s Workforce and Diversity Plan 2020-21.

Treasury has participated in a number of initiatives to support our CALD groups including education and awareness raising through intranet articles, guest speakers and events, and training for all staff.

Substantive Equality

Treasury continues to make improvement in substantive equality by regularly reviewing its services, practices and policies to ensure we have equitable outcomes for all and systemic discrimination is eliminated.

CONTACT US

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Feedback

Thank you for reading our 2021-22 Annual Report.

We welcome any feedback you have on the information presented in this report and you can provide comments and suggestions via the contact method that best suits you (email, phone, mail) from the contact details listed below.

Alternative Formats

A full copy of this document, and previous years’ Annual Reports, are available from our [website](#) and the State Library of Western Australia.

Upon request, this report is available in an alternative format.

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# APPENDIX 1 – ADMINISTERED LEGISLATION

Treasury assists the Treasurer in administering the following Acts:

- *Advance Bank (Merger with St. George Bank) Act 1998*
  - *Appropriation (Consolidated Fund) Acts (various)*
  - *Auditor General Act 2006*
  - *Australia and New Zealand Banking Group Act 1970*
  - *Australia and New Zealand Banking Group Limited (NMRB) Act 1991*
  - *Australia and New Zealand Banking Group Limited (Town & Country) Act 1995*
  - *Bank Mergers Act 1997*
  - *Bank Mergers (Taxing) Act 1997*
  - *Bank of South Australia (Merger with Advance Bank) Act 1996*
  - *Bank of Western Australia Act 1995*
  - *Bell Group Companies (Finalisation of Matters and Distribution of Proceeds) Act 2015\**
  - *Coal Industry Superannuation Act 1989*
  - *Electricity Industry Act 2004 (Parts 9A and 9B only)*
  - *Fire and Emergency Services Superannuation Act 1985*
  - *Financial Agreement Act 1928*
  - *Financial Agreement Act 1995*
  - *Financial Management (Transitional Provisions) Act 2006*
  - *Financial Management Act 2006*
  - *Financial Relations Agreement (Consequential Provisions) Act 1999*
  - *Government Financial Responsibility Act 2000*
  - *Judges' Salaries and Pensions Act 1950*
  - *Loan Acts (various)*
  - *Motor Vehicle (Catastrophic Injuries) Act 2016*
  - *Coal Industry Superannuation Act 1989*
  - *Parliamentary Superannuation Act 1970*
  - *Perth Building Society (Merger) Act 1986*
  - *Perth Market (Disposal) Act 2015*
  - *Pilbara Port Assets (Disposal) Act 2016*
  - *Railways (Access) Act 1998*
  - *Royalties for Regions Act 2009*
- (Part 2 only, except sections 9 & 10)
- *State Bank of South Australia (Transfer of Undertaking) Act 1994*

- *State Enterprises (Commonwealth Tax Equivalents) Act 1996*
  - *State Entities (Payments) Act 1999*
  - *State Superannuation Act 2000*
  - *State Superannuation (Transitional and Consequential Provisions) Act 2000*
  - *State Trading Concerns Act 1916*
  - *Statistics Act 1907*
  - *Superannuation and Family Benefits Act 1938*
  - *Supply Acts (various)*
  - *TAB (Disposal) Act 2019 (Parts 1 to 5, other than section 27 only)*
  - *The Bank of Adelaide (Merger) Act 1980*
  - *The Commercial Bank of Australia Limited (Merger) Act 1982*
  - *The Commercial Banking Company of Sydney Limited (Merger) Act 1982*
  - *Treasurer's Advance Authorisation Acts (various)*
  - *Unclaimed Money Act 1990*
  - *WADC and WA Exim Corporation Repeal Act 1998*
  - *Western Australian Future Health Research and Innovation Fund Act 2012 (Part 3 only)*
  - *Westpac Banking Corporation (Challenge Bank) Act 1996*
- \* On 16 May 2016 the High Court of Australia declared this Act to be invalid in its entirety. (See *Bell Group N.V. (in liquidation) v Western Australia* [2016] HCA 21).



