



Annual Report 2022-23

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



Statement of compliance

Hon Rita Saffioti MLA

**Deputy Premier; Treasurer; Minister
for Transport; Tourism**

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 year ended 30 June 2023. The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



Michael Barnes PSM, FIPAAWA

Under Treasurer

Department of Treasury

20 September 2023

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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 2023.

This report has been prepared in accordance with the *Financial Management Act 2006*, Treasurer's Instruction (TI) 903 Agency Annual Reports, TI104C Annual Reporting 2022-23 Exemption, and Public Sector Commission guidelines.

Further information about the Department of Treasury can be accessed on our **website**.



Acknowledgement of Country

This report was prepared by the Department of Treasury on the traditional lands of the Whadjuk people of the Noongar Nation.

Treasury acknowledges and pays tribute to the Traditional Custodians of country throughout Western Australia and their continuing connections to land, sea, sky and community.

We pay respect to all members of Western Australia's Aboriginal communities and their cultures, and to Elders past and present.

We acknowledge the strength and stewardship of Aboriginal people in sustaining the world's oldest living culture and value the contribution Aboriginal people make to Western Australia's community and economy.

We recognise our responsibility as an organisation to work with Aboriginal people, families, communities and organisations to make a difference and to deliver improved economic, social and cultural outcomes for Aboriginal people.



Overview

- Under Treasurer's foreword
- Treasury's role
- Treasury snapshot
- Operational structure
- Treasury's strategy




Under Treasurer's foreword



Michael Barnes PSM, FIPAAWA
Under Treasurer





Western Australia had so much to be proud of during 2022-23. The year was marked by a strong economy in the face of global disruptions, with estimated growth in Gross State Product (4.25%) the strongest in nine years. The rest of the country, and indeed the world, looked to Western Australia as a strong and stable jurisdiction that not only withstood challenging conditions, but prospered despite them.

We started the financial year on an excellent footing, with S&P Global returning us to a triple-A credit rating for the first time in nine years in late June 2022. This was bookmarked just after the financial year with the announcement that Moody's Investors Service upgraded Western Australia to its top credit rating. We became the only State or Territory with a triple-A rating from both organisations – a massive achievement.

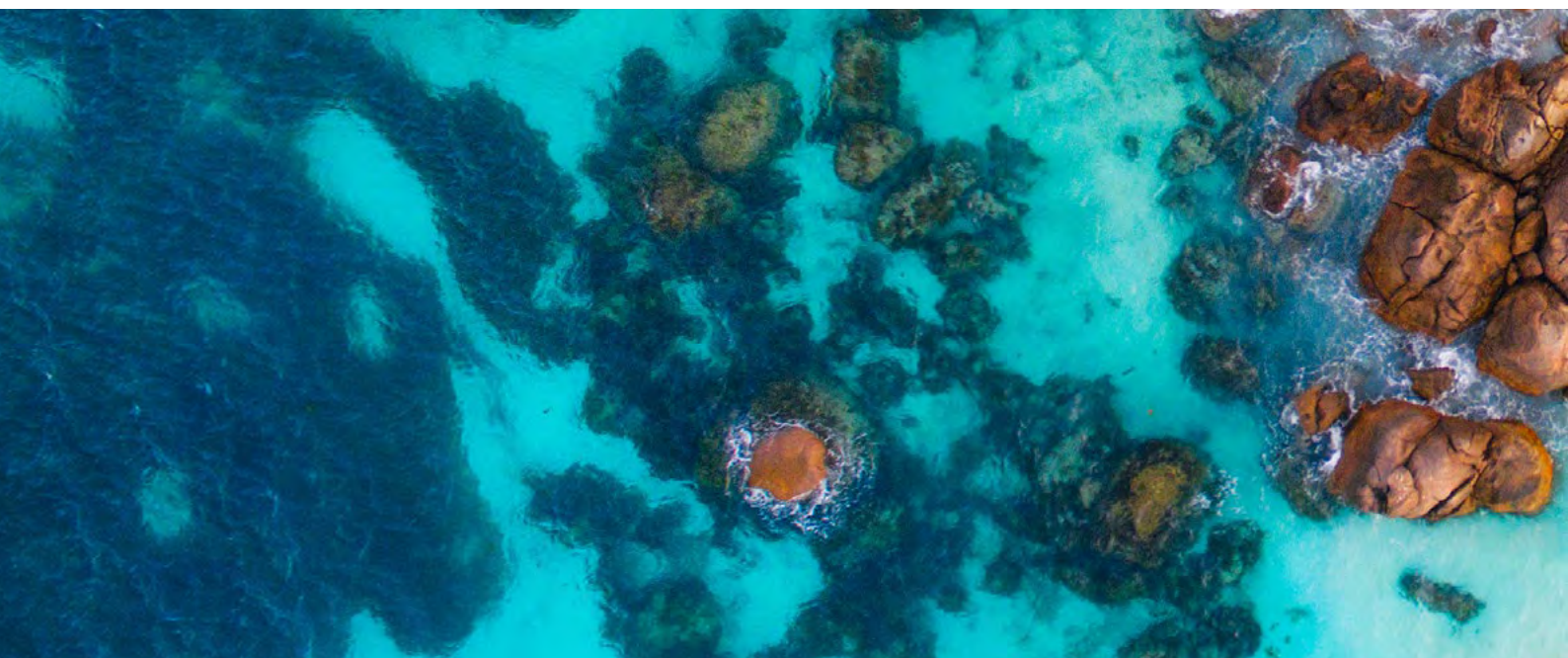
Treasury once again supported the delivery of a responsible State Budget in May 2023. The Budget maintained a sixth consecutive year of surplus and four years of declining net debt, with \$2.1 billion of Consolidated Account debt repaid during 2022-23.

At the centre of Western Australia's strong financial management was Treasury. As always, our Department had an unwavering focus on getting the best possible outcomes for Western Australia. We ensured Government decision-making was based on informed and robust economic, financial and policy advice.

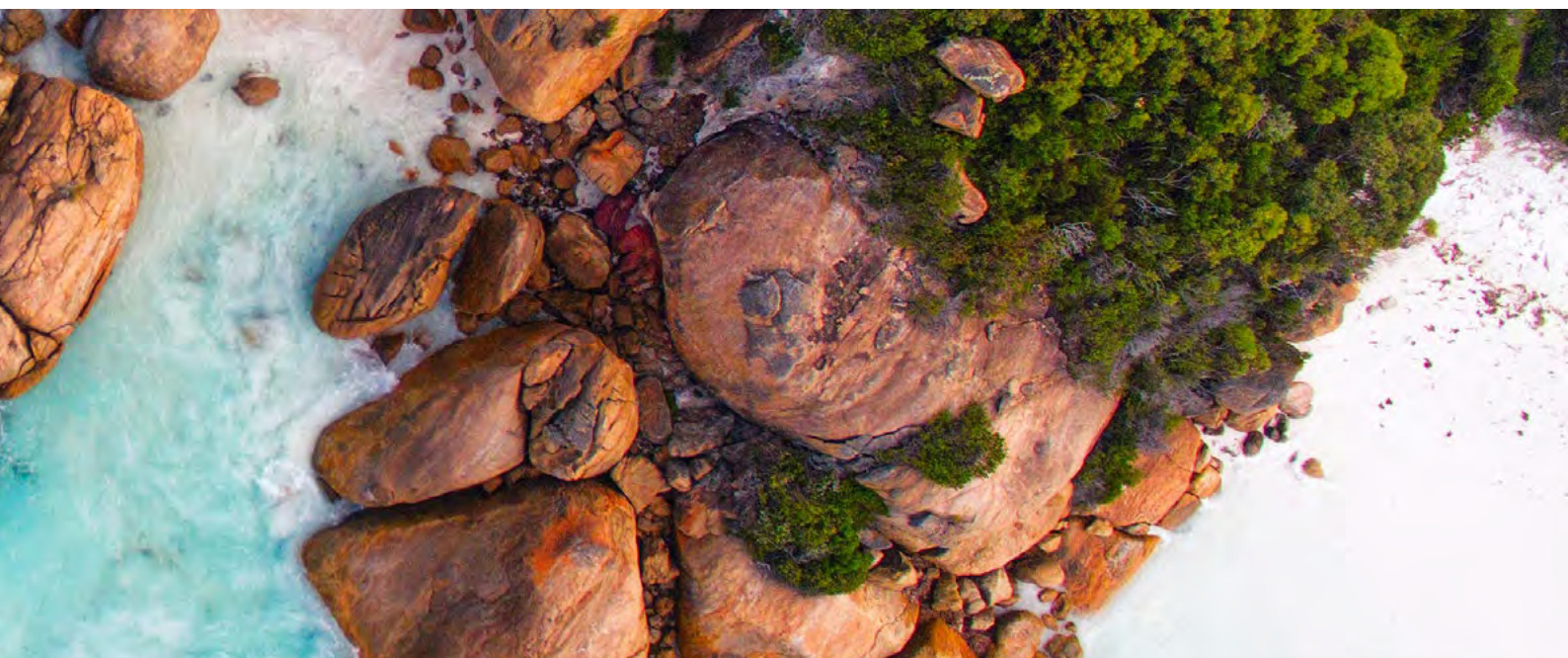
To that end, I thank all Treasury staff for their commitment to excellence, not just this year but in the years leading up to this strong economic and fiscal position. It takes time and effort to achieve results – and we cannot underestimate the role our staff have played in the financial management of the State.

As well as the State Budget, 2022-23 saw Treasury deliver the Annual Report on State Finances (September 2022) and a Mid-year Review (December 2022) alongside other key economic and financial publications. Once again, Treasury led and contributed expert advice to support Western Australia through:

- providing support to the Expenditure Review Committee as part of the deliberations underpinning the Government's release of the 2022-23 Mid-year Review and 2023-24 State Budget;



- commencing a pilot program with key government agencies and public corporations aimed at assessing and enhancing the maturity of climate risk assessment, management and reporting capability. The pilot will assist the public sector in preparing to meet formal climate-related disclosure requirements in the future;
- assisting Synergy and Energy Policy WA with the investment program to support the retirement of Government-owned coal-fired power generation; assisting the Department of Water and Environmental Regulation with the development of a package of climate adaption measures; and chairing the taskforce to develop the South West Interconnected System (SWIS) Demand Assessment, which set out long-term electricity transmission network investment required to support decarbonisation;
- supporting passage of the *Government Trading Enterprises Act 2023*, which provides for improved and consistent governance and transparency arrangements to apply to the Government Trading Enterprises covered by the Act;
- facilitating more strategic and targeted investment in digitisation of Government services and mitigation of cybersecurity risks through the Digital Capability Fund, which has allocated over \$800 million across more than 25 public sector entities;
- undertaking the State's inaugural Aboriginal Expenditure Review to present a baseline of expenditure on programs for Aboriginal people and communities and meet a core commitment of the Closing the Gap National Partnership Agreement, in consultation with the Aboriginal Advisory Council WA;
- leading a comprehensive review of the Aboriginal Community Connectors Program delivered by the Department of Communities, with a strong focus on ensuring culturally appropriate evaluation that supported Government decision-making on the program; and
- leading a review into the Public Trustee's governance arrangements and its fee setting model, with this informing the Government's decision at the 2023-24 Budget to introduce an independent governing board and to reduce fees for selected trust services.



Treasury also continued to work with the Department of Jobs, Tourism, Science and Innovation to implement the Government's economic diversification agenda. In 2022-23, this collaboration included:

- developing and implementing Tourism WA's new Event Tourism Strategy;
- planning work for the Pilbara Hydrogen Hub and the activation of other Strategic Industrial Land across the Pilbara region; and
- economic policy analysis to underpin the development of the State's 10-year Innovation Strategy and the 'Future State: Accelerating Diversify WA', which focuses on driving international investment to support a diversified and future-focused Western Australian economy.

We made excellent progress towards becoming a more inclusive and culturally responsive agency through the release of our Multicultural Plan 2022-24, Reflect Reconciliation Action Plan and Treasury Aboriginal Empowerment Strategy. We are embarking on a reconciliation journey that marks a shift in the way Treasury has traditionally worked, and strives to ensure that decisions made about Aboriginal people are made with Aboriginal people (see page 26).

A review of Treasury commenced in June 2023 as part of the Public Sector Commission's Agency Capability Review Program. This review is an opportunity to reflect and drive continuous improvement across Treasury to ensure we can deliver the best service for Western Australia. I look forward to seeing the review results in late 2023.

As we embark on another year, it is important to reflect on our achievements, which are highlighted in this annual report. Going forward, we will continue to build on our successes and stay resolute in our purpose to shape a strong and prosperous future for Western Australia.

A handwritten signature in blue ink, appearing to read 'M. Barnes'.

Michael Barnes PSM, FIPAAWA
Under Treasurer

20 September 2023

2022-23 snapshot



4th year
of declining public sector net debt



Advised on
137
Expenditure Review
Committee papers



Estimated
\$4.2B
operating surplus



Record
\$39B
infrastructure investment program



Triple-A
credit rating
from both S&P Global and Moody's
Investors Service



\$1.95
million
unclaimed monies processed to
3,617 claimants

Treasury's role

Treasury is at the centre of Government decision-making, managing Western Australia's public sector finances and formulating and implementing the annual State Budget.

As the principal economic and financial advisor, we develop economic and revenue forecasts, and monitor developments in the State's economy, major revenue bases and public sector finances. This ensures Western Australia remains on track against the State Government's budgetary objectives and policies.

Our policy advisory role includes 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.

Our key publications

JULY

- Comparative Analysis of Cost of Living Report

SEPTEMBER



- Treasury's 2021-22 Annual Report
- 2021-22 Annual Report on State Finances

OCTOBER

- Reflect Reconciliation Action Plan
- Streamline WA Six Month Report – September 2022
- Multicultural Plan 2022-24



NOVEMBER

- Quarterly Financial Results Report – September 2022

DECEMBER

- FAB Update No.90
- Overview of State Taxes and Royalties
- Access and Inclusion Plan
- 2022-23 Government Mid-year Financial Projections Statement

FEBRUARY



- Treasury Aboriginal Empowerment Strategy

- Quarterly Financial Results Report – December 2022

APRIL

- Streamline WA Six Month Report – March 2023



MAY



- 2023-24 State Budget
- Quarterly Financial Results Report – March 2023



Operational structure

The Under Treasurer, Michael Barnes, is the head of Treasury and led the following business units during 2022-23:

Office of the Under Treasurer

The central point of liaison between Treasury and the Treasurer's Office, overseeing correspondence and Treasury communications.

Office of the Deputy Under Treasurer

Responsible for whole-of-Treasury perspectives and whole-of-government initiatives including providing oversight of the State's finances.

Advisory Services

Supports Treasury's corporate strategy and performance, undertakes data modelling to support agencies' data analytics, advises on the allocation of the Digital Capability Fund, undertakes special projects and works on key commercial projects.

Economic

Provides expert economic and financial policy advice, including economic conditions and forecasts, tax and royalty changes, the distribution of GST grants, best practice regulation, economic diversification and wages policy.

Agency Budgeting and Governance

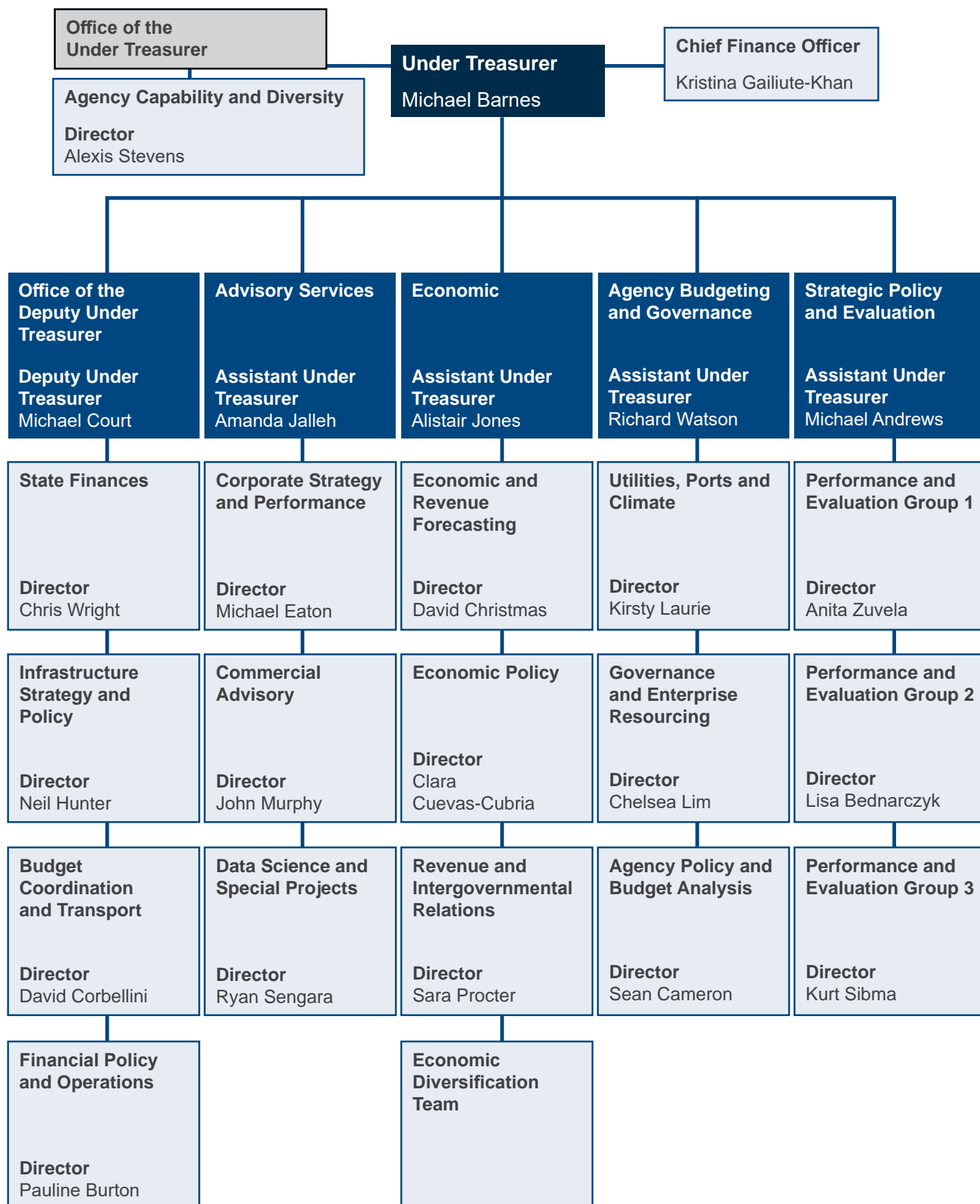
Works with government agencies to provide analysis and advice on service delivery to inform Government decision-making. Provides oversight, governance and support to the State's Government Trading Enterprises.

Strategic Policy and Evaluation

Works in partnership with key service delivery agencies to provide solutions-focused advice to Government, on policy settings, resource allocation, and agencies' financial and service performance. The unit also provides a central advisory role on issues impacting outcomes for Aboriginal people and communities.

Organisational structure

As at 30 June 2023



Responsible Ministers



Hon Rita Saffioti MLA
Deputy Premier; Treasurer;
Minister for Transport;
Tourism
(from 8 June 2023)



Hon Mark McGowan MLA
Premier; Treasurer; Minister for
Public Sector Management;
Federal-State Relations
(1 July 2022 to 8 June 2023)

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 2022-23 legislation

During 2022-23 the following Acts were passed in Parliament:

Government Trading Enterprises Act 2023 – Royal Assent on 22 June 2023. Part 1 came into operation on Royal Assent. All other parts came into operation on 1 July 2023. This Act consolidates, standardises and updates the governance requirements for certain Government Trading Enterprises that were previously addressed across multiple establishing Acts.

Government Trading Enterprises Regulations 2023 came into operation 1 July 2023. These Regulations prescribe the financial administration and audit requirements, and other matters such as timing of external review of board performance, for certain Government Trading Enterprises.

Appropriation (Recurrent 2022-23) Act 2022 – Royal Assent on 16 August 2022, effective 17 August 2022. 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 2023.

Appropriation (Capital 2022-23) Act 2022 – Royal Assent on 16 August 2022, effective 17 August 2022. This Act grants supply, appropriates and applies out of the Consolidated Account certain sums for capital purposes of the year ending 30 June 2023.

Treasurer's Advance Authorisation Act 2023 – Royal Assent on 29 March 2023, effective 30 March 2023. This Act authorises expenditure in the financial year ending 30 June 2023 to make certain payments or advances for certain purposes.



To 2030 and beyond

Bringing the public sector together

In September 2022, Treasury hosted the annual Public Sector Economic Forum, showcasing our progress in economic diversification, decarbonisation and inclusive growth.

The theme was 'WA to 2030 and Beyond: Key Economic Policy Priorities', and featured keynote presentations from the Deputy Under Treasurer, Michael Court, and WA's Chief Scientist, Professor Peter Klinken, as well panellists with a mix of government, academic and industry experience.

By bringing together Western Australia's economic community for robust discussions, Treasury is ensuring the public sector is collaborating towards a shared goal of economic prosperity in the State.

Treasury's strategy

Strategic plan

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 work plans and individual development and performance agreements are developed.



Our goals

1. Promoting fiscal sustainability and value for money outcomes
2. Promoting a strong, competitive and diversified economy
3. Enhancing organisational capability and agility



Our vision

To be highly valued and trusted as the State's pre-eminent economic policy advisor



Our values

**Solutions-focused
Committed people
Working collaboratively
Making a difference**



Our mission

Supporting the Government of the day through the provision of expert financial management and economic policy advice that promotes the public interest



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 Strategic Planning focuses on building the capability and diversity of our workforce through attraction, development, achievement, retention and deployment practices. We developed strategies as part of our annual Strategic Planning Review, which support our goal of 'Enhancing Organisational Capability and Agility' to build a skilled, flexible and sustainable workforce that reflects inclusion and diversity.

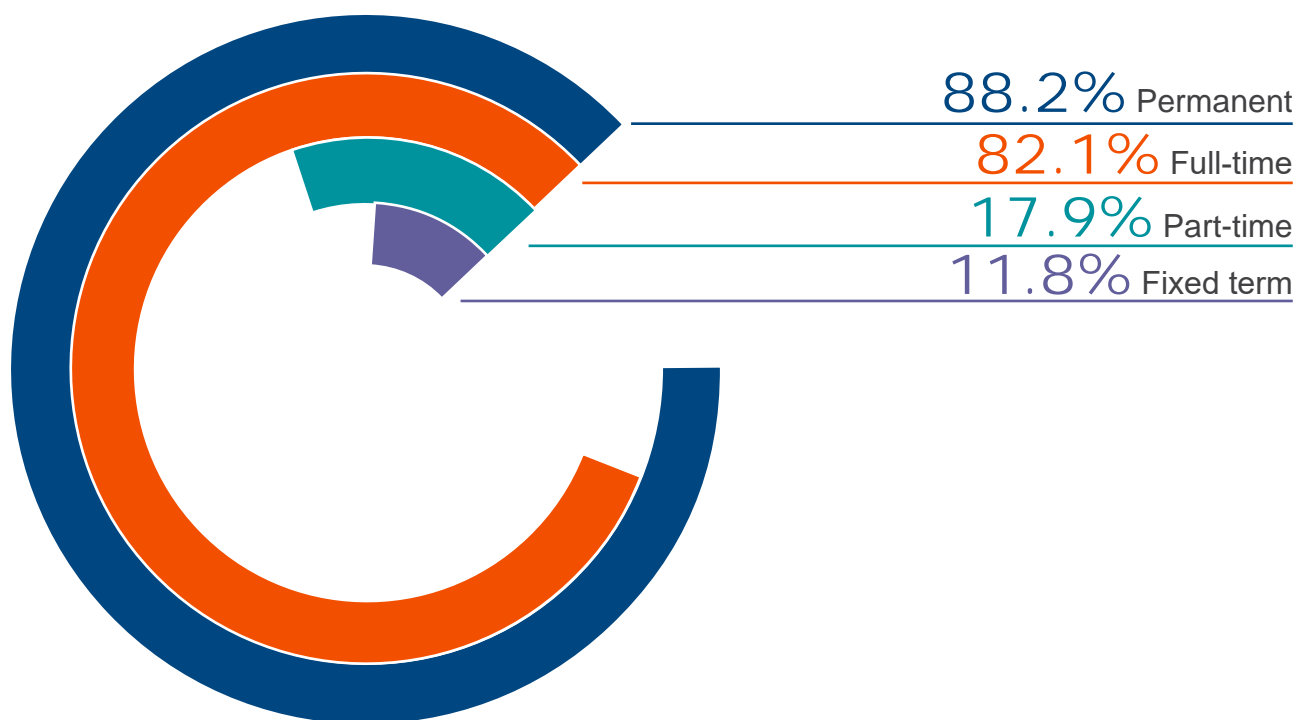
Treasury implemented activities throughout the year to strengthen our capabilities, build ownership and accountability amongst our workforce and develop a culture of empowerment. This was done through leadership development, training and development opportunities and enhanced succession planning.

We developed a new and improved Employee Development and Performance system (due to be launched in the second half of 2023) supported by improvement performance management discussions. An Employee Reference Group (ERG) was also established as an avenue for staff to provide ideas and feedback on programs and initiatives to improve the workplace culture.

We commenced our reconciliation journey in September 2022 as part of the launch of our inaugural Reflect Reconciliation Action Plan and Treasury Aboriginal Empowerment Strategy. We continue to enhance our cultural awareness and support our reconciliation journey through active participation and promotion of National Reconciliation Week, NAIDOC Week and other cultural activities.

As at 30 June 2023, we had a total of 309 staff (Full-Time Equivalents). The median age of our staff was 42 years.

Our staff profile



55.5% Women



44.5% Men



Our Senior Executive Service
is made up of
33.33% Women



Diversity and inclusion statistics

19.4% Culturally diverse

1.3% Aboriginal

2.5% Disability

5.7% Youth



Training, learning and development

Completion rates for training across Treasury's workforce:

- Accountability and Ethical Decision Making training – 84.5%
- Aboriginal and Cultural Competency Awareness training – 81.5%
- Work Health and Safety Manager training – 77.9%
- Disability Awareness training (for new starters only) – 94%
- Bullying and Harassment training – 54.9%

Staff were provided with development and learning opportunities both within 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;
- **Coffee shop forums** – an integral part of Treasury's knowledge-sharing culture which provides staff with the opportunity to engage with and learn from public sector leaders, keeps staff informed of external trends that impact the work Treasury engages in, and provides tools and information to promote personal and professional development and enhance wellbeing;

- **Public Sector Economic Forum** – this was relaunched after a two-year break due to the pandemic and featured keynote presentations and panellists with a mix of government, academic and industry experience. Topics included the impact of the pandemic on the economy, the Government's diversification agenda, the challenges of decarbonising the economy and the key barriers to labour participation;
- **Health and Wellbeing Program** – this provides employees with the opportunity to engage in a range of initiatives focused on nutrition, physical activity, wellness, stress management and mental health education; and
- **Treasury Young Professional Program** – this builds a network of engaged and capable Treasury employees aged 35 and under, who collaborate on projects, build networks and develop a program of social and operational activities.

Diversity profile

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. During the year, the following was undertaken by Treasury:

- successful participation in the 2022 Public Sector Aboriginal Traineeship program, with permanent appointment of the trainee and participation in the 2023 Public Sector Solid Futures Aboriginal Traineeship program;
- tailored Aboriginal Graduate Program recruitment process in 2022 and 2023;
- development of the inaugural Reflect Reconciliation Action Plan (RAP) and launch of the RAP with the Department of the Premier and Cabinet and Public Sector Commission;
- development of the RAP Working Group and establishment of the Aboriginal Employee network group;
- active participation in 2022 NAIDOC week activities and National Reconciliation Week 2023 activities;
- continued promotion of Acknowledgement of Country for internal and external meetings and events;
- inclusion of Aboriginal Cultural Awareness training and Disability Awareness training for all new starters as part of a tailored induction program;
- participation in central agency RAP events with Reconciliation WA, the Department of the Premier and Cabinet and the Public Sector Commission;
- establishment of cultural corners in communal areas on all floors with resources on Aboriginal language and words to increase knowledge;
- celebration of 2023 Harmony Week;
- launch of the Treasury Access and Inclusion Plan during International Day of People with Disability;
- advertising and filling of Project Director, Agency Capability and Diversity Level 9 role under the Public Sector Commission's Women in Executive Leadership Development Experience Initiative;
- celebration of International Women's Day in March 2023, with the theme of 'Embrace Equity' and a diverse panel discussion;
- support for women employees to attend IPAA Women in Public Sector Leadership Conference in November 2022;
- promotion of LGBTIQ activities and events, including IDAHOBIT Day;
- participation and representation as part of the Building the Talent Pool Interagency project in 2022, with the aim of raising awareness and education of disability employment; and
- 20 coffee shop forums held with keynote speakers presenting on various diversity issues.



Walking together for change

Treasury's Aboriginal Empowerment Strategy

Treasury has taken a significant step towards achieving better outcomes for Aboriginal people with the launch of the Treasury Aboriginal Empowerment Strategy (TAES) in 2022.

This strategy reflects the commitment of Treasury to embed the Priority Reforms from the National Agreement on Closing the Gap and the key principles from the Western Australian Aboriginal Empowerment Strategy.

It represents a fundamental shift in the way we work and recognises the need to work together with Aboriginal people to achieve better outcomes.

Policy decisions about Aboriginal people cannot be made without Aboriginal people and lasting improvements will only come from approaches that draw on Aboriginal people's perspectives, priorities, knowledge, experience, and ways of working.

These principles need to be front of mind when reviewing agency budget submissions that impact on Aboriginal people.

The principles within the TAES are drawn from the WA Aboriginal Empowerment Strategy's principles. Treasury reflected on these and committed to 19 priority actions under the goals of:

- eliminating racism, promoting respect for Aboriginal people and supporting truth telling (walking together);

- reviewing and transforming our processes, systems, and services to embed culture at the heart;
- expanding economic opportunities and providing shared access to data; and
- building genuine partnerships that support Aboriginal-led solutions and services.

The TAES was developed collaboratively and involved discussions with Treasury's Reconciliation Action Committee, broader Treasury staff and engagement with the Aboriginal Advisory Council of WA to examine how the Department can do things differently and start transforming the way we operate.

The design of the TAES reflects this approach and was developed by Kathleen Musulin, a proud Malgana Yawuru woman from the Gascoyne region who works as an analyst within Treasury's Aboriginal Affairs Coordination Unit.

The design depicts the journey Treasury is on, walking alongside Aboriginal people from across the State, listening and building empowering relationships that lead to better outcomes for Aboriginal people.

Central to the design are the relationships we develop along the way based on building trust, respecting culture, and working transparently to improve outcomes.



Government of Western Australia
Department of Treasury

Treasury Aboriginal Empowerment Strategy

Treasury's commitment to embedding the
Western Australian
Aboriginal Empowerment Strategy 2021-2029
and Closing the Gap Priority Reforms



Performance summary

- Performance management framework
- Report on operations



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:	Sustainable and transparent public sector finances.	Financial Management and Reporting.
Responsible, achievable, affordable budget management.	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.

Detailed information on our achieved outcomes, along with supporting footnotes, is located within the Audited KPI section of this report.



Report on operations

Actual results versus budget targets

Financial targets	2022-23 Target ⁽¹⁾ (\$000)	2022-23 Actual (\$000)	Variation ⁽²⁾ (\$000)
Total cost of services (expense limit)	57,760	56,626	(1,134)
(sourced from Statement of comprehensive income)			
Net cost of services	57,700	56,581	(1,119)
(sourced from Statement of comprehensive income)			
Total equity	15,755	16,942	1,187
(sourced from Statement of financial position)			
Net increase / (decrease) in cash held	419	(366)	(785)
(sourced from Statement of cash flows)			
Agreed salary expense level	35,395	35,114	(281)
Number of approved Full-Time Equivalents (FTE)	266	261	(5)

(1) As specified in the 2022-23 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 2022-23 with an initial expense limit of \$57.8 million. During the year this increased by \$0.8 million, to a final approved expense limit of \$58.6 million. The movement was mainly due to pay increases and funding for additional resources (\$2.8 million) as well as additional funding received for commercial advisory services to assist in negotiations around the supply of coal in the short to medium term (\$2 million), partly offset by the repositioning of operational resourcing requirements (\$4 million).

Actual total cost of services for 2022-23 (\$56.6 million) was \$2 million below the revised final approved expense limit of \$58.6 million. The variance predominantly relates to timing of expenditure for the commercial advisory services to assist in negotiations around the supply of coal in the short to medium term.

Net cost of services

The actual net cost of services for 2022-23 (\$56.6 million) was \$1.1 million less than initially budgeted. As outlined above, this variance was predominantly associated with pay increases, funding for additional resources, offset by reflow of expenditure for commercial advisory services.

Equity

The actual equity balance for 2022-23 was \$1.1 million above the original budget, mainly due to the higher than anticipated operating surplus for the period.

Cash held

Working cash targets	2022-23 Agreed limit (\$000)	2022-23 Target/Actual (\$000)	Variation (\$000)
Agreed working cash limit (at Budget)	2,568	2,568	n/a
Agreed working cash limit (at Actuals)	2,610	10,815	8,205

Cash held at the end of the year was \$8.2 million above the agreed working cash limit of \$2.6 million, predominantly due to funding received for commercial advisory services that will be reflowed to 2023-24, timing of payables and prior year surpluses carried forward into 2022-23, partly offset by the return of \$4.4 million in surplus cash to the consolidated account.





Disclosures and legal compliance

- Certification of financial statements
- Independent Auditor's Report
- Financial statements
- Audited key performance indicators
- Certification of key performance indicators



Certification of financial statements

For the reporting period ended 30 June 2023

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 ended on 30 June 2023 and the financial position as at 30 June 2023.

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.



Kristina Gailiute-Khan
ACTING CHIEF FINANCE OFFICER
14 September 2023



Michael Barnes PSM
UNDER TREASURER
14 September 2023



Auditor General

INDEPENDENT AUDITOR'S REPORT

2023

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 which comprise:

- the Statement of Financial Position at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- Administered schedules comprising the Administered assets and liabilities at 30 June 2023 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 2023 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.

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 misstatements, 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.

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 the State's financial reporting framework (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 the State's financial reporting framework during the year ended 30 June 2023.

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 Engagement 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 2023. 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 2023.

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 controls 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 management 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 ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management 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 2023, 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

The auditor's report relates to the financial statements and key performance indicators of the Department of Treasury for the year ended 30 June 2023 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 2023

Financial statements

Statement of comprehensive income

For the year ended 30 June 2023

		2023	2022
	Notes	(\$000)	(\$000)
Cost of services			
Expenses			
Employee benefits expenses	2.1(a)	39,209	33,870
Supplies and services	2.3	11,098	10,064
Depreciation and amortisation expenses	4.1, 4.2, 4.3	605	1,271
Finance costs	6.2	9	5
Accommodation expenses	2.4	4,472	4,340
Grants and subsidies	2.2	135	116
Loss on disposal of non-current assets	2.5	-	1
Other expenses	2.6	1,098	1,077
Total cost of services		56,626	50,744
Income			
Other income	3.2	45	49
Total income		45	49
Net cost of services		56,581	50,695
Income from State Government			
Service appropriation	3.1	51,606	47,457
Income from other public sector entities	3.1	1,034	955
Resources received	3.1	6,477	5,907
Royalties for Regions Fund	3.1	252	-
Total income from State Government		59,369	54,319
Surplus for the period		2,788	3,624
Total comprehensive income for the period		2,788	3,624

The Statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

For the year ended 30 June 2023

	Notes	2023 (\$'000)	2022 (\$'000)
Assets			
Current assets			
Cash and cash equivalents	6.3	10,786	11,429
Restricted cash and cash equivalents	6.3	29	-
Receivables	5.1	940	607
Amounts receivable for services	5.2	400	400
Other current assets	5.3	166	183
Total current assets		12,321	12,619
Non-current assets			
Restricted cash and cash equivalents	6.3	871	623
Amounts receivable for services	5.2	14,530	14,300
Plant and equipment	4.1	28	35
Intangible assets	4.2	2,289	2,380
Right-of-use assets	4.3	152	117
Total non-current assets		17,870	17,455
Total assets		30,191	30,074
Liabilities			
Current liabilities			
Payables	5.4	2,072	1,769
Lease liabilities	6.1	53	43
Employee related provisions	2.1(b)	9,044	8,358
Total current liabilities		11,169	10,170
Non-current liabilities			
Lease liabilities	6.1	105	77
Employee related provisions	2.1(b)	1,975	1,548
Total non-current liabilities		2,080	1,625
Total liabilities		13,249	11,795
Net assets		16,942	18,279
Equity			
Contributed equity		-	61
Accumulated surplus		16,942	18,218
Total equity		16,942	18,279

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 2023

	Contributed equity (\$000)	Accumulated surplus/ (deficit) (\$000)	Total equity (\$000)
Balance at 1 July 2021	(16,597)	31,191	14,594
Transfer of accumulated surplus to contributed equity	16,597	(16,597)	0
Restated balance at 1 July 2021	-	14,594	14,594
Surplus		3,624	3,624
Total comprehensive income for the period	-	18,218	18,218
Transactions with owners in their capacity as owners:			
Capital appropriations	61	-	61
Total	61	-	61
Balance at 30 June 2022	61	18,218	18,279
Balance at 1 July 2022	61	18,218	18,279
Surplus		2,788	2,788
Total comprehensive income for the period	61	21,006	21,067
Transactions with owners in their capacity as owners:			
Capital appropriations	69	-	69
Other contributions by Consolidated Fund Digital Capability SPA	250	-	250
Funds paid to Consolidated Fund	(4,444)	-	(4,444)
Transfer of accumulated surplus to contributed equity	4,064	(4,064)	-
Total	(61)	(4,064)	(4,125)
Balance at 30 June 2023	-	16,942	16,942

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 2023

	Notes	2023 (\$000)	2022 (\$000)
Cash flows from the State Government			
Service appropriation		50,976	46,139
Funds from other public sector entities		1,097	746
Payments to Consolidated Fund		(4,444)	-
Capital appropriations		69	61
Holding account drawdown		400	400
Royalties for Regions Fund		252	-
Special Purpose Accounts - Digital Capability Fund		250	-
Net cash provided by the State Government		48,600	47,346
Utilised as follows:			
Cash flows from operating activities			
Payments			
Employee benefits		(37,958)	(33,293)
Supplies and services		(4,856)	(4,579)
Finance costs		(9)	(5)
Accommodation		(4,460)	(3,996)
Grants and subsidies		(135)	(116)
GST payments on purchases		(1,160)	(1,009)
Other payments		(1,072)	(1,258)
Receipts			
GST receipts on sales		29	49
GST receipts from taxation authority		1,122	870
Other receipts		45	50
Net cash used in operating activities		(48,454)	(43,287)
Cash flows from investing activities			
Payments			
Purchase of non-current assets		(443)	(569)
Net cash used in investing activities		(443)	(569)
Cash flows from financing activities			
Payments			
Principal elements of lease payments		(69)	(64)
Net cash used in financing activities		(69)	(64)
Net increase/(decrease) in cash and cash equivalents		(366)	3,426
Cash and cash equivalents at the beginning of the period		12,052	8,626
Cash and cash equivalents at the end of the period	6.3	11,686	12,052

The Statement of cash flows should be read in conjunction with the accompanying notes.

Administered income and expenses

For the year ended 30 June 2023

	Notes	2023 (\$000)	2022 (\$000)
Income			
Commonwealth grants		8,794,019	7,221,000
Government enterprises:			
Dividends		144,871	612,187
Income tax equivalent regime		674,960	877,293
Local Government rates equivalent regime		26,692	24,655
Consolidated Account revenue received from agencies		23,406,549	22,868,189
Gold State superannuation reimbursement		64,835	78,788
Interest		287,922	90,267
Loan guarantee fees		129,721	132,091
Pension recoups		11,994	11,698
Other revenue		110,189	242,326
Total administered income		33,651,752	32,158,494
Expenses			
Superannuation		178,680	(540,612)
Interest		796,018	596,273
Appropriations for:			
Operating subsidies		2,621,784	2,005,532
Services		21,578,017	19,854,760
Salaries and allowances		114,310	110,841
Other appropriations		3,028,380	3,387,685
Royalties for Regions ^(a)		895,695	813,970
Other expenses		116,606	119,667
Total administered expenses		29,329,490	26,348,116

(a) 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

As at 30 June 2023

	2023	2022
	(\$000)	(\$000)
Current assets		
Cash and cash equivalents	6,173,328	5,094,748
Treasurer's Advances	117,848	24,259
Government enterprises:		
Tax equivalent receivable (a)	88,496	187,658
Recoverable advances	2,652	2,709
Other receivables	190,642	184,103
Total administered current assets	6,572,966	5,493,477
Non-current assets		
Investments	622	847
Recoverable advances	960	960
Other receivables	8,741	8,403
Total administered non-current assets	10,323	10,210
TOTAL ADMINISTERED ASSETS	6,583,289	5,503,687
Current liabilities		
Superannuation	31,260	27,811
Interest payables	173,396	130,412
Appropriations payables	226,092	269,716
Special purpose account liabilities	4,645,513	2,609,731
Tax equivalent payable (a)	66,638	10,107
Other payables	63,516	77,190
Total administered current liabilities	5,206,415	3,124,967
Non-current liabilities		
Borrowings	22,886,945	24,986,945
Superannuation	4,352,395	4,474,435
Appropriations payable	18,284,782	16,784,332
Other payables	478,556	395,289
Total administered non-current liabilities	46,002,678	46,641,001
TOTAL ADMINISTERED LIABILITIES	51,209,093	49,765,968

(a) FY2021-22 comparatives have been restated to reflect a correction in the presentation of amounts owed to / from Government Trading Enterprises that fall under the National Tax Equivalent Regime. The net impact to the Administered assets and liabilities schedule is nil.

Notes to the financial statements

For the year ended 30 June 2023

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 2023.

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 – Simplified Disclosures
4. Where appropriate, those Australian Accounting Standards paragraphs applicable for not-for-profit entities have been applied.

The FMA and the TIs take precedence over Australian Accounting Standards. Several Australian Accounting Standards are modified by the 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 2023

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 Australian Accounting Standards have been adopted.

Comparative information

Except when an Australian Accounting Standard 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:

- 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.

Notes to the financial statements

For the year ended 30 June 2023

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
Employee benefits expenses	2.1(a)
Employee related provisions	2.1(b)
Grants and subsidies	2.2
Supplies and services	2.3
Accommodation expenses	2.4
Loss on disposal of non-current assets	2.5
Other expenditure	2.6

2.1(a) Employee benefits expense

	2023	2022
	(\$000)	(\$000)
Employee benefits	35,276	30,750
Termination benefits	274	-
Superannuation – defined contribution plans ^(a)	3,659	3,120
Employee benefits expenses	39,209	33,870
Add: AASB 16 non-monetary benefit (not included in employee benefits expense)	80	70
Less: employee contributions (per note 3.2 Other income)	(45)	(46)
Total employee benefits provided	39,244	33,894

(a) Includes payments of superannuation to GESB amounting to \$2.801 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.

Notes to the financial statements

For the year ended 30 June 2023

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

	2023	2022
	(\$000)	(\$000)
Current		
Employee benefits provisions		
Annual leave	4,325	3,871
Long service leave	4,600	4,407
Deferred salary scheme	103	65
Other provisions		
Employment on-costs	16	15
Total current employee related provisions	9,044	8,358
Non-current		
Employee benefits provisions		
Long service leave	1,971	1,545
Other provisions		
Employment on-costs	4	3
Total non-current employee related provisions	1,975	1,548
Total employee related provisions	11,019	9,906

Notes to the financial statements

For the year ended 30 June 2023

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 and 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.

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'.

Employment on-costs provision	2023 (\$000)	2022 (\$000)
Carrying amount at start of period	18	19
Additional/(reversals of) provisions recognised	4	3
Payments/other sacrifices of economic benefits	(2)	(4)
Unwinding of the discount	-	-
Carrying amount at end of period	20	18

Notes to the financial statements

For the year ended 30 June 2023

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.

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

	2023	2022
	(\$000)	(\$000)
Recurrent		
Contributions to the Australian Accounting Standards Board	52	49
Contributions to the Board of Treasurers Secretariat	83	67
Total grants and subsidies	135	116

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.

Notes to the financial statements

For the year ended 30 June 2023

2.3 Supplies and services

	2023	2022
	(\$000)	(\$000)
Supplies and services		
Communications	67	76
Consultants	1,565	1,063
Contractors	850	848
Services provided by State Government agencies	6,477	5,907
Repairs and maintenance	207	48
Consumables	285	292
Travel	83	33
Legal costs ^(a)	759	1,132
Other supplies and services expenses	805	665
Total supplies and services expenses	11,098	10,064

(a) Includes payments to State Solicitor's Office amounting to \$0.001 million.

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

2.4 Accommodation expenses

	2023	2022
	(\$000)	(\$000)
Accommodation expenses		
Lease rentals ^(a)	4,472	4,337
Repairs and maintenance	-	3
Total accommodation expenses	4,472	4,340

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

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

Repairs and maintenance are recognised as expensed as incurred.

Notes to the financial statements

For the year ended 30 June 2023

2.5 Loss on disposal of non-current assets

	2023	2022
	(\$000)	(\$000)
Loss on disposal of non-current assets	-	1
Loss on disposal of non-current assets	-	1

2.6 Other expenses

	2023	2022
	(\$000)	(\$000)
Other expenses		
Insurance expenses ^(a)	172	243
Minor purchases	238	180
Audit fees	682	654
Expected credit losses expenses	1	-
Other	5	-
Total other expenses	1,098	1,077

(a) Includes insurance payments made to the Insurance Commission of Western Australia.

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 Annual Report on State Finances Audit and any other audit work undertaken by the Department.

Notes to the financial statements

For the year ended 30 June 2023

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
Income from State Government	3.1
Other Income	3.2

3.1 Income from State Government

	2023	2022
	(\$000)	(\$000)
Appropriation received during the period:		
Service appropriation	51,606	47,457
Total service appropriation	51,606	47,457
Income received from other public sector entities during the period:		
Funding from other State Government agencies	1,001	719
Strategic Alliance Fund	33	236
Total income from other public sector entities	1,034	955
Resources received from other public sector entities during the period:		
Department of Finance	5,578	5,018
Department of Justice	417	454
Landgate	458	411
Department of Planning, Lands and Heritage	24	24
Total resources received	6,477	5,907
Royalties for Regions Fund:		
Governance of the Royalties for Regions Program	252	-
Total Royalties for Regions Fund	252	-
Total income from State Government	59,369	54,319

Notes to the financial statements

For the year ended 30 June 2023

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 is 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.

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

	2023	2022
	(\$000)	(\$000)
Government Vehicle Scheme (GVS)	45	46
Other	-	3
Total other income	45	49

Summary of consolidated account appropriations

For the year ended 30 June 2023

	2023 Estimate (\$000) Budget Paper 2	2023 Estimate (\$000) Supplementary Funding	2023 Estimate (\$000) S25 Transfers (in/Out)	2023 Estimate (\$000) Amendments to Standing Appropriations	2023 Estimate (\$000) Revised Budget	2023 Actual (\$000) Actual	2023 Variance (\$000) Variance to Revised Budget
Delivery of services							
Item 14 Net amount appropriated to deliver services	49,392	289	-	-	49,681	49,681	-
Amount authorised by other statutes							
- <i>Salaries and Allowances Act 1975</i>	1,120	-	-	805	1,925	1,925	-
Total appropriations provided to deliver services	50,512	289	-	805	51,606	51,606	-
Capital							
Item 102 Capital appropriation	55	14	-	-	69	69	-
Administered transactions							
Recurrent administered							
Operating subsidy payments							
Item 15 Bunbury Water Corporation	1,232	354	-	-	1,586	1,586	-
Item 16 Busselton Water Corporation	688	12	-	-	700	700	-
Item 17 Electricity Generation and Retail Corporation (Synergy)	763,303	64,502	-	-	827,805	823,349	(4,456)
Item 18 Forest Products Commission	220	-	-	-	220	220	-
Item 19 Fremantle Port Authority	317	-	-	-	317	317	-
Item 20 Kimberley Ports Authority	2,500	-	-	-	2,500	2,500	-
Item 21 Public Transport Authority	1,006,809	103,185	-	-	1,109,994	1,109,994	-
Item 22 Public Transport Authority - Replacement Services for Armadale Rail Line	16,667	-	-	-	16,667	-	(16,667)
Item 23 Regional Power Corporation (Horizon Power)	35,545	21,014	-	-	56,559	55,935	(624)

Summary of consolidated account appropriations

For the year ended 30 June 2023

	2023 Estimate (\$000) Budget Paper 2	2023 Estimate (\$000) Supplementary Funding	2023 Estimate (\$000) S25 Transfers (in/Out)	2023 Estimate (\$000) Amendments to Standing Appropriations	2023 Estimate (\$000) Revised Budget	2023 Actual (\$000) Actual	2023 Variance (\$000) Variance to Revised Budget
Item 24 Southern Ports Authority	5,565	4,445	-	-	10,010	10,010	-
Item 25 Water Corporation of Western Australia	472,023	-	-	-	472,023	472,023	-
Item 26 Western Australian Land Authority (DevelopmentWA)	269,934	-	-	-	269,934	145,150	(124,784)
Total operating subsidy payments	2,574,803	193,512	-	-	2,768,315	2,621,784	(146,531)
<u>Grants, subsidies and transfer payments</u>							
Item 27 Gaming and Wagering Commission	4,000	-	-	-	4,000	4,000	-
Item 28 Goods and Services Tax (GST) administration costs	71,200	1,900	-	-	73,100	72,131	(969)
Item 29 Department of Jobs, Tourism, Science and Innovation	22,605	-	-	-	22,605	4,492	(18,113)
Item 30 National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse	185,000	-	-	-	185,000	185,000	-
Item 31 Noongar Land Fund Account	2,800	-	-	-	2,800	-	(2,800)
Item 32 Provision for Aboriginal Community Controlled Sector development	713	-	-	-	713	-	(713)
Item 33 Provision for <i>Aboriginal Cultural Heritage Act 2021</i>	2,500	-	(2,500)	-	-	-	-
Item 34 Provision for Perth City Deal	99,000	-	(15,000)	-	84,000	-	(84,000)
Item 35 Provision for COVID-19 Test Isolation Payments	48,125	-	-	-	48,125	-	(48,125)
Item 36 Refund of past years revenue collections - public corporations	10,000	-	-	-	10,000	4,399	(5,601)
Item 37 Royalties for Regions	928,400	-	-	-	928,400	928,400	-

Summary of consolidated account appropriations

For the year ended 30 June 2023

	2023 Estimate (\$000) Budget Paper 2	2023 Estimate (\$000) Supplementary Funding	2023 Estimate (\$000) S25 Transfers (in/out)	2023 Estimate (\$000) Amendments to Standing Appropriations	2023 Estimate (\$000) Revised Budget	2023 Actual (\$000) Actual	2023 Variance (\$000) Variance to Revised Budget
Item 38 State Property - Emergency Services Levy	19,270	1,089	-	-	20,359	20,359	-
Item 39 WA Health	22,961	1,464	-	-	24,425	24,425	-
Item 40 All other grants, subsidies and transfer payments, comprising:							
Acts of Grace	200	-	-	-	200	-	(200)
Commonwealth Pandemic Leave Disaster Payment	-	41,745	-	-	41,745	36,745	(5,000)
Incidentals	200	-	-	-	200	-	(200)
Interest on public moneys held in participating trust fund accounts	1,445	5,555	-	-	7,000	5,325	(1,675)
Administration costs - National Tax Equivalent Regime Scheme	100	-	-	-	100	110	10
Western Australian Land Information Authority - valuation services	140	-	-	-	140	172	32
Western Australian Treasury Corporation management fees	708	-	-	-	708	751	43
COVID-19 Business Assistance Package	-	276,688	-	-	276,688	248,960	(27,728)
Interest Top-Up FHRIF Account	-	16,700	-	-	16,700	16,700	-
Total grants, subsidies and transfer payments	1,419,367	345,141	(17,500)	-	1,747,008	1,551,969	(195,039)
Authorised by Other Statutes							
<i>Judges' Salaries and Pensions Act 1950</i>	19,967	-	-	-	19,967	19,414	(553)
<i>Parliamentary Superannuation Act 1970</i>	9,573	-	-	1,100	10,673	10,657	(16)
<i>State Superannuation Act 2000</i>	410,842	-	-	10,000	420,842	267,200	(153,642)
<i>Betting Tax Act 2018</i>	26,550	-	-	15,000	41,550	38,690	(2,860)

Summary of consolidated account appropriations

For the year ended 30 June 2023

	2023 Estimate (\$000) Budget Paper 2	2023 Estimate (\$000) Supplementary Funding	2023 Estimate (\$000) S25 Transfers (in/out)	2023 Estimate (\$000) Amendments to Standing Appropriations	2023 Estimate (\$000) Revised Budget	2023 Actual (\$000) Actual	2023 Variance (\$000) Variance to Revised Budget
<i>Western Australian Health Promotion Foundation Act 2016</i>	24,497	-	-	-	24,497	24,497	-
<i>Unclaimed Money Act 1990</i>	1,000	-	-	1,000	2,000	1,956	(44)
Loan Acts - Interest	589,000	-	-	100,000	689,000	686,749	(2,251)
<i>Western Australian Future Health Research and Innovation Fund Act 2012</i>	70,900	-	-	-	70,900	70,900	-
Loan Acts - Repayment of Borrowings	1,200,000	-	-	900,000	2,100,000	2,100,000	-
Total amounts authorised by Other Statutes	2,352,329	-	-	1,027,100	3,379,429	3,220,063	(159,366)
TOTAL RECURRENT ADMINISTERED	6,346,499	538,653	(17,500)	1,027,100	7,894,752	7,393,816	(500,936)

Administered Capital

Government equity contributions

Item 103 Animal Resources Authority	5,500	1,000	-	-	6,500	6,500	-
Item 104 Bunbury Water Corporation	11,050	-	-	-	11,050	11,050	-
Item 105 Department of Communities	11,700	-	-	-	11,700	700	(11,000)
Item 106 Department of Justice	200	-	-	-	200	-	(200)
Item 107 Forest Products Commission	11,034	-	-	-	11,034	2,876	(8,158)
Item 108 Electricity Generation and Retail Corporation (Synergy)	33,301	7,203	-	-	40,504	40,504	-
Item 109 Electricity Networks Corporation (Western Power)	93,759	14,722	-	-	108,481	108,481	-
Item 110 Kimberley Ports Authority	5,500	-	-	-	5,500	3,922	(1,578)
Item 111 Metropolitan Redevelopment Authority (DevelopmentWA)	2,420	1,650	-	-	4,070	1,650	(2,420)

Summary of consolidated account appropriations

For the year ended 30 June 2023

	2023 Estimate (\$000) Budget Paper 2	2023 Estimate (\$000) Supplementary Funding	2023 Estimate (\$000) S25 Transfers (in/Out)	2023 Estimate (\$000) Amendments to Standing Appropriations	2023 Estimate (\$000) Revised Budget	2023 Actual (\$000) Actual	2023 Variance (\$000) Variance to Revised Budget
Item 112 Pilbara Ports Authority	41,459	17,010	-	-	58,469	58,168	(301)
Item 113 Provision for Aluminium Composite Panel Cladding	11,440	-	-	-	11,440	-	(11,440)
Item 114 Royalties for Regions	298,840	-	-	-	298,840	43,245	(255,595)
Item 115 WA Health	73,829	-	-	-	73,829	46,671	(27,158)
Item 116 Western Australian Land Authority (DevelopmentWA)	29,953	1,047	-	-	31,000	31,000	-
Item 117 Western Australian Police Force	3,622	-	-	-	3,622	-	(3,622)
Item 118 Climate Action Fund	500,000	-	-	-	500,000	500,000	-
Item 119 Digital Capability Fund	400,000	-	-	-	400,000	400,000	-
Item 120 Remote Communities Fund	350,000	-	-	-	350,000	350,000	-
Total Government equity contributions	1,883,607	42,632	-	-	1,926,239	1,604,767	(321,472)
Authorised by Other Statutes							
<i>Loan (Co-operative Companies) Act 2004</i>	-	-	-	9,750	9,750	9,750	-
Total authorised by Other Statutes	-	-	-	9,750	9,750	9,750	-
TOTAL CAPITAL ADMINISTERED	1,883,607	42,632	-	9,750	1,935,989	1,614,517	(321,472)
GRAND TOTAL	8,280,673	581,588	(17,500)	1,037,655	9,882,416	9,060,008	(822,408)

Notes to the financial statements

For the year ended 30 June 2023

4. Key assets

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

	Notes
Plant and equipment	4.1
Intangibles	4.2
Right-of-use assets	4.3

4.1 Plant and equipment

Year ended 30 June 2023

	Office equipment (\$000)
Gross carrying amount	79
Accumulated depreciation	(44)
Carrying amount at start of period	35
Additions	6
Depreciation	(13)
Carrying amount at end of period	28
Gross carrying amount	70
Accumulated depreciation	(42)

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).

Notes to the financial statements

For the year ended 30 June 2023

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 to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the class of asset.

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.

Notes to the financial statements

For the year ended 30 June 2023

4.2 Intangible assets

1 July 2022	Computer software (\$000)	Website cost (\$000)	Work in progress (\$000)	Total (\$000)
Gross carrying amount	12,349	100	21	12,470
Accumulated amortisation	(10,018)	(72)	-	(10,090)
Carrying amount at start of period	2,331	28	21	2,380
Additions	-	-	430	430
Transfers	261	-	(261)	-
Amortisation expense	(511)	(10)	-	(521)
Carrying amount at end of period	2,081	18	190	2,289
Gross carrying amount	12,610	100	190	12,900
Accumulated depreciation	(10,529)	(82)	-	(10,611)

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.

Acquired 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 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.

Notes to the financial statements

For the year ended 30 June 2023

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 ^(a)	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 2023 there were no indications of impairment to intangible assets.

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

Notes to the financial statements

For the year ended 30 June 2023

4.3 Right-of-use assets

	Notes
Carry amount at beginning of period	117
Additions	119
Disposals	(13)
Depreciation	(71)
Net carrying amount as at end of period	152

The Department has leases for vehicles. The lease contracts are typically made for fixed periods of 1-5 years with an option to renew the lease after that date.

The Department has also entered into a Memorandum of Understanding Agreement 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 2023

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.

Notes to the financial statements

For the year ended 30 June 2023

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
Receivables	5.1
Amounts receivable for services	5.2
Other assets	5.3
Payables	5.4

5.1 Receivables

	2023	2022
	(\$000)	(\$000)
Current		
Trade receivables	558	428
GST receivable	201	179
Accrued Revenue	117	-
Other Receivables	64	-
Total current	940	607
Total receivables at end of the period	940	607

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.

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. Please refer to note 2.6 for the amount of ECLs expensed in this financial year.

Notes to the financial statements

For the year ended 30 June 2023

5.2 Amounts receivable for services (Holding Account)

	2023 (\$000)	2022 (\$000)
Current	400	400
Non-current	14,530	14,300
Total amounts receivable for services at end of period	14,930	14,700

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 accounts).

5.3 Other assets

	2023 (\$000)	2022 (\$000)
Current		
Purchased Leave - debit position	9	3
Prepayments	157	180
Total current	166	183
Total other assets at end of period	166	183

5.4 Payables

	2023 (\$000)	2022 (\$000)
Current		
Trade payables	26	-
Other tax payables	18	29
Accrued salaries	749	539
Accrued expenses	1,277	1,180
Other payables	2	21
Total payables at end of period	2,072	1,769

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 for the Department 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 2023

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

6.1 Lease liabilities

	2023	2022
	(\$000)	(\$000)
Not later than one year	53	43
Later than one year and not later than five years	100	76
Later than five years	5	1
	158	120
Current	53	43
Non-current	105	77
	158	120

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 Australian 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).

Notes to the financial statements

For the year ended 30 June 2023

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.

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.

6.2 Finance costs

	2023	2022
	(\$000)	(\$000)
Interest expense		
Interest expense on lease liabilities	9	5
Total interest expense	9	5
Total finance costs expenses	9	5

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 2023

6.3 Cash and cash equivalents

	2023	2022
	(\$000)	(\$000)
Cash and cash equivalents	10,786	11,429
Restricted cash and cash equivalents	900	623
Balance at end of period	11,686	12,052

Restricted cash and cash equivalents	2023	2022
	(\$000)	(\$000)
Current		
Royalties for Regions	29	-

Non-current		
Accrued salaries suspense account ^(a)	871	623

(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 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 into a Treasurer's special purpose 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.

Notes to the financial statements

For the year ended 30 June 2023

7. Financial instruments and contingencies

This note sets out the key risk management policies and measurement techniques of the Department.

	Notes
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:

	2023 (\$000)	2022 (\$000)
Financial assets		
Cash and cash equivalents	11,686	12,052
Financial assets at amortised cost ^(a)	15,669	15,128
Total financial assets	27,355	27,180
Financial liabilities		
Financial liabilities at amortised cost ^(b)	2,229	1,889
Total financial liability	2,229	1,889

(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).

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 estimate.

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

The Department has no contingent assets and liabilities to report for the 2022-23 financial year.

Notes to the financial statements

For the year ended 30 June 2023

8. Other disclosures

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

	Notes
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 (\$)	2023	2022
250,001 - 300,000	1	-
300,001 - 350,000	1	3
350,001 - 400,000	2	1
400,001 - 450,000	1	-
450,001 - 500,000	1	-
500,001 - 550,000	-	1
	2023	2022
	(\$000)	(\$000)
Total compensation of senior officers	2,220	1,852

Notes to the financial statements

For the year ended 30 June 2023

8.3 Related party transactions

The Department is a wholly owned public sector entity that is controlled by of 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 \$633,833 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:

	2023 (\$000)	2022 (\$000)
Auditing the accounts, financial statements, controls and key performance indicators: ^(a)		
Department of Treasury	294	253
Annual Report on State Finances	441	413
	735	666

(a) Represents indicative fee payable in respective years.

Notes to the financial statements

For the year ended 30 June 2023

8.6 Supplementary financial information

(a) Write-offs

During the financial year, there was \$716.02 (2022: nil) written off the Department's books under the authority of:

	2023 (\$000)	2022 (\$000)
The accountable authority	1	-
	1	-

(b) Losses through theft, defaults and other causes

	2023 (\$000)	2022 (\$000)
Losses of public money, other money and public and other property through theft or default	-	3
	-	3

Notes to the financial statements

For the year ended 30 June 2023

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 2023, and between the actual results for 2023 and 2022 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 following variance analyses for the:

1. Estimate and actual results for the current year

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

2. Actual results for the current year and the prior year actual:

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

Notes to the financial statements

For the year ended 30 June 2023

9.1.1 Statement of comprehensive income variances

	Variance notes	Estimate 2023 (\$000)	Actual 2023 (\$000)	Actual 2022 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2023 and 2022 (\$000)
Expenses						
Employee benefits expenses	A	39,756	39,209	33,870	(547)	5,339
Supplies and services	B	11,917	11,098	10,064	(819)	1,034
Depreciation and amortisation expense	C	615	605	1,271	(10)	(666)
Finance costs		7	9	5	2	4
Accommodation expenses		3,960	4,472	4,340	512	132
Grants and subsidies		165	135	116	(30)	19
Loss on disposal of non-current assets		-	-	1	-	(1)
Other expenses		1,340	1,098	1,077	(242)	21
Total cost of services		57,760	56,626	50,744	(1,134)	5,882
Income						
Other income		60	45	49	(15)	(4)
Total income other than income from State Government		60	45	49	(15)	(4)
NET COST OF SERVICES		57,700	56,581	50,695	(1,119)	5,886
Income from State Government						
Service appropriation		50,512	51,606	47,457	1,094	4,149
Income from other public sector entities		1,296	1,034	955	(262)	79
Resources received		5,927	6,477	5,907	550	570
Digital Capability Fund		250	-	-	(250)	-
Royalties for Regions Fund		134	252	-	118	252
Total income from State Government		58,119	59,369	54,319	1,250	5,050
SURPLUS FOR THE PERIOD		419	2,788	3,624	2,369	(836)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		419	2,788	3,624	2,369	(836)

Major actual (2023) and comparative (2022) variance narratives

A. Variance is predominantly related to the additional resources for a new Climate Coordination Unit, along with finite resources for New Wages Policy, Westport program and Target 120 Data Linkage program.

B. Variance is predominantly related to the repositioning of funding from 2021-22 to 2022-23 financial year to align with the timing of expenditure mainly related to the Western Australian TAB Project, and associated expenditure.

C. Variance is predominantly related to the existing Strategic Information Management System (SIMS) software (not including upgrade modules) reaching full amortisation mid-way through 2023.

Notes to the financial statements

For the year ended 30 June 2023

9.1.2 Statement of financial position variances

	Variance notes	Estimate 2023 (\$000)	Actual 2023 (\$000)	Actual 2022 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2023 and 2022 (\$000)
ASSETS						
Current assets						
Cash and cash equivalents		8,699	10,786	11,429	2,087	(643)
Restricted cash and cash equivalents		-	29	-	29	29
Receivables		278	940	607	662	333
Amounts receivable for services		400	400	400	-	-
Other current assets		424	166	183	(258)	(17)
Total current assets		9,801	12,321	12,619	2,520	(298)
Non-current assets						
Restricted cash and cash equivalents		757	871	623	114	248
Amounts receivable for services		14,515	14,530	14,300	15	230
Plant and equipment		26	28	35	2	(7)
Intangible assets		2,218	2,289	2,380	71	(91)
Right-of-use assets		128	152	117	24	35
Total non-current assets		17,644	17,870	17,455	226	415
Total assets		27,445	30,191	30,074	2,746	117
LIABILITIES						
Current liabilities						
Payables		850	2,072	1,769	1,222	303
Lease liabilities		50	53	43	3	10
Employee related provisions		8,701	9,044	8,358	343	686
Total current liabilities		9,601	11,169	10,170	1,568	999
Non-current liabilities						
Lease liabilities		83	105	77	22	28
Employee related provisions	A	2,006	1,975	1,548	(31)	427
Total non-current liabilities		2,089	2,080	1,625	(9)	455
Total liabilities		11,690	13,249	11,795	1,559	1,454
Net assets		15,755	16,942	18,279	1,187	(1,337)
EQUITY						
Contributed equity		-	-	61	-	(61)
Accumulated surplus/(deficit)		15,755	16,942	18,218	1,187	(1,276)
Total equity		15,755	16,942	18,279	1,187	(1,337)

Major actual (2023) and comparative (2022) variance narratives

A. Variance predominantly relates to an increase in the nominal value of long service leave entitlements due to staff movements during the year, including an increase in FTE from 2022 to 2023.

Notes to the financial statements

For the year ended 30 June 2023

9.1.3 Statement of cash flows variances

	Variance Notes	Estimate 2023 (\$000)	Actual 2023 (\$000)	Actual 2022 (\$000)	Variance between actual and estimate (\$000)	Variance between Actual results for 2023 and 2022 (\$000)
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	A	49,897	50,976	46,139	1,079	4,837
Funds from other public sector entities		1,296	1,097	746	(199)	351
Payments to Consolidated Account	1,B	-	(4,444)	-	(4,444)	(4,444)
Capital appropriations		55	69	61	14	8
Holding account drawdown		400	400	400	-	-
Royalties for Regions Fund		134	252	-	118	252
Special Purpose Accounts - Digital Capability Fund		250	250	-	-	250
Net cash provided by State Government		52,032	48,600	47,346	(3,432)	1,254
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	C	(39,756)	(37,958)	(33,293)	1,798	(4,665)
Supplies and services	2	(6,072)	(4,856)	(4,579)	1,216	(277)
Finance costs		(7)	(9)	(5)	(2)	(4)
Accommodation		(3,960)	(4,460)	(3,996)	(500)	(464)
Grants and subsidies		(165)	(135)	(116)	30	(19)
GST payments on purchases		(2,281)	(1,160)	(1,009)	1,121	(151)
Other payments		(1,340)	(1,072)	(1,258)	268	186
Receipts						
GST receipts on sales		-	29	49	29	(20)
GST receipts from taxation authority		2,281	1,122	870	(1,159)	252
Other receipts		142	45	50	(97)	(5)
Net cash used in operating activities		(51,158)	(48,454)	(43,287)	2,704	(5,167)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets		(400)	(443)	(569)	(43)	126
Net cash used in investing activities		(400)	(443)	(569)	(43)	126
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Principal elements of lease payments		(55)	(69)	(64)	(14)	(5)
Net cash used in financing activities		(55)	(69)	(64)	(14)	(5)
Net increase/(decrease) in cash and cash equivalents		419	(366)	3,426	(785)	(3,792)
Cash and cash equivalents at the beginning of the period		9,037	12,052	8,626	3,015	3,426
Cash and cash equivalents at the end of the period		9,456	11,686	12,052	2,230	(366)

Notes to the financial statements

For the year ended 30 June 2023

Major estimate and actual (2023) variance narratives

1. Variance relates to the return of \$4.4 million in surplus cash to the Consolidated Account in 2022-23 to fund appropriation required for 2023-24 and the outyears to support Government priorities.

2. Variance predominantly relates to timing of expenditure for the Market Led Proposals. Funding has been repositioned from 2022-23 to 2023-24 to cover expenditure associated with the Market Led Proposal.

Major actual (2023) and comparative (2022) variance narratives

A. The increase is predominantly related to the additional resources for a new Climate Coordination Unit, along with finite resources for New Wages Policy, Westport program and Target 120 Data Linkage program. In addition, funding was reflowed from 2021-22 to 2022-23 financial year to align with the timing of expenditure mainly related to the Western Australian TAB Project, and associated expenditure.

B. Variance relates to the return of \$4.4 million in surplus cash to the Consolidated Account in 2022-23 to fund appropriation required for 2023-24 and the outyears to support Government priorities.

C. Variance is predominantly related to the additional resources for a new Climate Coordination Unit, along with finite resources for New Wages Policy, Westport program and Target 120 Data Linkage program.

Notes to the financial statements

For the year ended 30 June 2023

9.2. Explanatory statement for administered items

This explanatory section explains variations in the financial performance of the Department undertaking transactions that it does not control but has responsibility to the government for, as detailed in the administered schedules.

All variances between annual estimates and actual results for 2023, and between the actual results for 2023 and 2022 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 total administered income for the following variance analyses for the:

1. Estimate and actuals for the current year (i.e. \$299,052,380)
2. Actual results for the current year and prior year actual (i.e. \$321,584,940)

	Variance notes	Estimate 2023 (\$000)	Actual 2023 (\$000)	Actual 2022 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2023 and 2022 (\$000)
Income from administered items						
Income						
Commonwealth grants	A	7,994,645	8,794,019	7,221,000	799,374	1,573,019
Government enterprises:						
Dividends	1,B	1,475,544	144,871	612,187	(1,330,673)	(467,316)
Income tax equivalent regime		752,527	674,960	877,293	(77,567)	(202,333)
Local government rates equivalent regime		26,486	26,692	24,655	206	2,037
Consolidated Account revenue received from agencies	2	19,301,240	23,406,549	22,868,189	4,105,309	538,360
Gold State superannuation reimbursement		76,707	64,835	78,788	(11,872)	(13,953)
Interest		93,102	287,922	90,267	194,820	197,655
Loan guarantee fees		137,740	129,721	132,091	(8,019)	(2,370)
Pension recoups		9,149	11,994	11,698	2,845	296
Other revenue		38,098	110,189	242,326	72,091	(132,137)
Total administered income		29,905,238	33,651,752	32,158,494	3,746,514	1,493,258
Expenses						
Superannuation	C	323,643	178,680	(540,612)	(144,963)	719,292
Interest		621,295	796,018	596,273	174,723	199,745
Appropriations for:						
Operating subsidies	D	2,572,505	2,621,784	2,005,532	49,279	616,252
Services		19,978,779	21,578,017	19,854,760	1,599,238	1,723,257
Salaries and allowances		113,091	114,310	110,841	1,219	3,469
Other appropriations	3,E	2,692,893	3,028,380	3,387,685	335,487	(359,305)
Royalties for Regions		914,973	895,695	813,970	(19,278)	81,725
Other expenses	4	418,833	116,606	119,667	(302,227)	(3,061)
Total administered expenses		27,636,012	29,329,490	26,348,116	1,693,478	2,981,374

Notes to the financial statements

For the year ended 30 June 2023

Major estimate and actual (2023) variance narratives

Income

1. Government Enterprises: dividends

The decrease is largely due to the Government's decision in the 2022-23 Mid year Review for Government Trading Enterprises to retain dividends for the year to be invested in future infrastructure.

2. Consolidated Account

The increase primarily reflects:

- higher mining royalties receipts (up \$2.6 billion), mainly from higher iron ore and lithium royalties receipts, largely due to the impact of higher iron ore and lithium prices and a lower exchange rate; and
- higher taxation receipts (up \$1.4 billion), mainly higher transfer duties, payroll tax and vehicle licence duty collections, reflecting stronger than anticipated property and mining sector activity in Western Australia, as well as high levels of household spending.

Expenses

3. Appropriations for: Other appropriations

The increase largely reflects:

- Small Business Hardship grants administered by the Department of Treasury (up \$249 million), following a change in the eligibility criteria for the grants in April 2022 which led to the number of applications exceeding the 2021-22 original estimate, with the later than expected processing of these applications carried over to the 2022-23 year; and
- higher appropriation authorised by the *Road Traffic (Administration) Act 2008* (up \$123.3 million), reflecting a reallocation capital expenditure to recurrent purposes (under the same Act), and the impact of additional revenue collected from motor vehicle licence fees and heavy vehicle permits.

4. Other expenses

The decrease primarily reflects drawdowns of capital funding (instead of forecast recurrent funding) from some Treasurer's Special Purpose Accounts (TSPAs).

Major actual (2023) and comparative (2022) variance narratives

Income

A. Commonwealth Grants

The increase in 2022-23 is mainly driven by:

- higher receipts from GST grants (up \$821.5 million), due to strong growth in the annual GST pool and an increase in Western Australia's national population share (including the impact of rebasing for 2021 Census results);
- higher transport infrastructure grants (up \$415.7 million), primarily reflecting the timing of payments associated with METRONET projects that are under construction;
- higher North West Shelf royalty grants (up \$342.2 million), largely due to the impact of higher liquefied natural gas prices and a lower \$US/\$A exchange rate (which averaged US67.3 cents in 2022-23 compared to US72.6 cents in 2021-22);

Notes to the financial statements

For the year ended 30 June 2023

- a \$209.2 million Social Housing Accelerator Payment received in 2022-23, to be applied to future initiatives to deliver additional social housing over the period to 30 June 2028; and
- lower HomeBuilder grants (down \$296.8 million), reflecting a reduction in grants paid by the State in 2022-23 (and lower subsequent reimbursement by the Commonwealth) as Commonwealth scheme approaches the end of its operation.

B. Government Enterprises: dividends

The decrease primarily reflects a reduced dividend from the Insurance Commission of Western Australia (down \$508.6 million), with the 2021-22 outcome boosted by funds collected through the September 2020 Bell Group settlement.

Expenses

C. Superannuation

The increase in expense for unfunded superannuation liabilities largely reflects a much lower movement in the discount rate used by the actuary to value superannuation entitlements for 2022-23 (the discount rate increased by 0.4 percentage points to 4% for 2022-23, which compares with the 2.2 percentage point increase for 2021-22). The discount rate movement dominates remeasurements brought to book through this expense item, with the lower discount rate movement in 2022-23 reflected in a remeasurement impact that is just 10.6% of the equivalent remeasurement effect in 2021-22 (estimated by the actuary to total almost \$80 million in 2022-23, compared with a \$756 million remeasurement impact in 2021-22).

Other key movements impacting the expense recognised in 2022-23 include the net effect of:

- changes in the actuary's indexation assumptions for unfunded superannuation schemes (which increases associated liabilities by around 1%);
- updated salary assumptions applied by the actuary, largely to accommodate increases in industrial agreements finalised during 2022-23 (increases superannuation liabilities by around 1%);
- the impact on the net unfunded superannuation liabilities from an increase in superannuation scheme assets (which offset the gross unfunded liability), reflecting the total of investment returns and contributions less benefit payments in 2022-23; and
- movements in demographic and other conditions experienced by the schemes in 2022-23 (which increases superannuation liabilities by around 2%).

Notes to the financial statements

For the year ended 30 June 2023

D. Appropriations for: Operating subsidies

Higher operating subsidy payments in 2022-23 mainly reflects:

- an increase in payments to Synergy (up \$449.2 million), primarily to meet the cost of providing a \$400 Household Electricity Credit for cost of living relief for residential customers; and
- a higher subsidy for the Public Transport Authority (up \$106.5 million), mainly reflecting the impact of an increase in interest rates applicable to the Authority's borrowings, unavoidable increases in costs for contractual obligations (primarily for bus services), and revised timing of METRONET project works.

E. Appropriations for: Other appropriations

The decrease in 2022-23 primarily reflects the combined impact of payments to:

- the Department of Finance (down \$547.6 million), mainly due to lower funding for the Commonwealth-funded HomeBuilder grants program and the State-funded Building Bonus homebuyers grants program, with both of these temporary schemes approaching the end of their operation; and
- the Department of Treasury for Small Business Hardship grants (up \$209 million), following a change in the eligibility criteria for the grants in April 2022 which led to an increase in the number of applications which were largely processed during 2022-23.

Notes to the financial statements

For the year ended 30 June 2023

9.3 Supplementary funding

Supplementary funding approved and expended during 2022-23 was as follows:

	2023 Amount approved (\$000)	2023 Amount expended (\$000)
Item 15 Bunbury Water Corporation	354	354
	354	354

Relative to the original Budget, an additional \$354,000 in operating subsidy funding was required in 2022-23. This reflected higher costs to provide non commercial services on behalf of the Government (\$312,000) and higher than expected annual pensioner and seniors concessions claims (\$42,000). The funding was approved and fully drawn in 2022-23.

Item 16 Busselton Water Corporation	12	12
	12	12

A \$12,000 increase in operating subsidy funding was required during 2022-23, supporting higher than expected annual pensioner and seniors concessions claims. The funding was fully drawn in 2022-23.

Item 17 Electricity Generation and Retail Corporation (Synergy)	64,502	60,046
	64,502	60,046

An additional \$64.5 million operating subsidy was required in 2022-23, primarily to meet costs associated with undertaking renewable wind generation and battery storage project feasibility studies that support the delivery of the Government's initiative to decarbonise the South West electricity system. The higher subsidy also reflects a reclassification of funding for Synergy's Customer Engagement Platform project (CX360) from equity contribution (Item 108) due to a change in accounting standards, and higher costs for other subsidised activities (such as rebates and concessions) that Synergy undertakes on behalf of the Government. A lower than expected spend on these activities resulted in only \$60 million of the approved \$64.5 million increase being drawdown by 30 June 2023.

Item 21 Public Transport Authority	103,185	103,185
	103,185	103,185

An additional \$103.2 million operating subsidy was required in 2022-23, reflecting the impact of higher interest rates on debt servicing costs, higher than expected increased contract costs (primarily for bus services), the impact of revised timing of METRONET project works, and to offset lower than forecast public transport fare revenue. The funding was fully drawn in 2022-23.

Notes to the financial statements

For the year ended 30 June 2023

	2023 Amount approved (\$000)	2023 Amount expended (\$000)
Item 23 Regional Power Corporation (Horizon Power)	21,014	20,390
	21,014	20,390

An additional \$21 million operating subsidy was provided in 2022-23. The increase was largely due to higher diesel prices (\$9 million), additional salaries expenditure related to settlement of industrial agreements (\$4.1 million), upgrade and maintenance costs on billing and safety systems (\$1.8 million) and the impact of higher Consumer Price Index impacts on costs met from subsidies (\$6.1 million). A total \$20.4 million of the approved funding was drawn down in 2022-23, reflecting the final impact of these costs to 30 June 2023.

Item 24 Southern Ports Authority	4,445	4,445
	4,445	4,445

An additional \$4.4 million operating subsidy was approved in 2022-23, recognising increased costs arising from higher volumes of iron ore trade in 2022-23 for the Mineral Resources Limited Government Support Package for Koolyanobbing Iron Ore (implemented in 2018-19). The additional funding was fully drawn in 2022-23.

Item 28 Goods and Services Tax (GST) Administrative Costs	1,900	931
	1,900	931

Additional funding of \$1.9 million was approved for GST administration costs in 2022-23. This reflects an increase in Western Australia's share of the Australian Taxation Office (ATO) GST administration costs following upward revisions to the State's expected population share in the Commonwealth's October 2022 Budget (reflecting rebased population estimates in the 2021 Census) and its May 2023 Budget (reflecting the most recent population growth). This increase was approved prior to final confirmation of the 2022-23 amount payable to the Commonwealth, and before the refund of overpaid contributions to the ATO in 2021-22 – these later adjustments reduced the actual draw down to just \$0.9 million by 30 June 2023.

Item 38 State Property - Emergency Services Levy	1,089	1,089
	1,089	1,089

Supplementary funding of \$1.1 million was approved in 2022-23 to meet the additional Emergency Services Levy liability on State-owned properties as determined by Landgate's final gross rental value determination for the year. This amount was fully drawn in 2022-23.

Item 39 WA Health	1,464	1,464
	1,464	1,464

A \$1.5 million increase in administered funding for WA Health reflects costs carried over from 2021-22 to 2022-23 (associated with the updated delivery schedule for the Peel Health Campus Transition). This amount was fully drawn in 2022-23.

Item 40 All Other Grants, Subsidies and Transfer Payments	340,688	305,971
	340,688	305,971

Supplementary funding of \$340.7 million was approved for 2022-23, mainly for the carryover (from 2021-22), and higher than expected costs, of the Small Business Hardship Grants Program and other pandemic support packages. This item also includes the impact of higher interest rates on funds paid to participating trusts (\$6 million) and a once-off top-up for the Western Australian Future Health Research and Innovation Account (\$16.7 million). A total \$306 million was drawn, with some Small Business Hardship Grants Program payments now expected to proceed after 30 June 2023.

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	2023 Amount approved (\$000)	2023 Amount expended (\$000)
Item 103 Animal Resources Authority	1,000	1,000
	1,000	1,000

Supplementary funding of \$1 million was approved to provide an additional equity contribution to support the Authority during wind-up activities in 2022-23. This funding was fully drawn by 30 June 2023.

Item 108 Electricity Generation and Retail Corporation (Synergy)	7,203	7,203
	7,203	7,203

An additional equity contribution of \$7.2 million was provided in 2022-23, primarily to meet the cost of installing a firewater containment system at Synergy's Big Battery project in Kwinana and to undertake soil rectification works at the battery site. These higher costs were partially offset by the reclassification of funding for Synergy's Customer Engagement Platform project (CX360) from equity (Item 108) to an operating subsidy (see Item 17 earlier in this section). The approved contribution was drawn in full by 30 June 2023.

Item 109 Electricity Networks Corporation (Western Power)	14,722	14,722
	14,722	14,722

An equity contribution of \$14.7 million was provided in 2022-23 to offset the dividend paid on land sales and an increase in Western Power's tax liability (as a consequence of higher than expected capital contributions). The approved contribution was drawn in full by 30 June 2023.

Item 111 Metropolitan Redevelopment Authority (Development WA)	1,650	-
	1,650	-

An additional equity contribution of \$1.7 million was provided during 2022-23, reflecting expected higher costs to activate the Market Hall rooftop area at Yagan Square. The original budget was sufficient to cover approved spending, and the higher funding was not drawn down.

Item 112 Pilbara Ports Authority	17,010	16,709
	17,010	16,709

An equity contribution of \$17 million was provided in 2022-23, primarily reflecting a delay with the Town of Port Hedland's contribution for the Spoilbank Marina (originally forecast to be received in 2021-22). Following receipt of the Town's contribution by the Consolidated Account, \$16.7 million was drawn in 2022-23.

Item 116 Western Australian Land Authority (Development WA)	1,047	1,047
	1,047	1,047

An additional equity contribution of \$1 million was provided in 2022-23 to meet higher costs for the Ocean Reef Marina project, partly offset by the retiming of project cashflows to align with updated work schedules. The approved contribution was fully drawn by 30 June 2023.

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9.4 Special purpose accounts

	2023 (\$000)	2022 (\$000)
Special Purpose Account Section 10(a), (e) and (f) of the <i>Financial Management Act 2006</i>		
Accrued Salaries Account ^(a)		
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	290,056	240,830
Receipts	57,369	49,226
Payments	-	-
Balance at the end of the period	347,425	290,056
Bankwest Pension Account ^(a)		
The purpose of this special purpose account is to receive moneys from Treasury Corporation of Victoria Inflation Indexed Annuities in relation to the GESB Pension Scheme Superannuation liability of Bankwest employees.		
Balance at the start of the period	847	1,286
Receipts	606	1,029
Payments	(831)	(1,468)
Balance at the end of the period	622	847
Commonwealth Payments For Specific Purposes Account ^(a)		
The purpose of this special purpose account is to receive moneys from the Commonwealth Government (directly or indirectly) including:		
<ul style="list-style-type: none"> ▪ National Specific Purpose Payments and National Partnership Payments pursuant to the Intergovernmental Agreement on Federal Financial Relations, and associated National Agreements and National Partnerships; ▪ payments of financial assistance to non-government schools pursuant to the <i>Australian Education Act 2013</i> (Commonwealth); and ▪ payments of financial assistance to local governments pursuant to the <i>Local Government (Financial Assistance) Grants Act 1995</i> (Commonwealth); for disbursement to relevant government agencies, other persons and the Consolidated Account. 		
Balance at the start of the period	29,970	78,484
Receipts	6,253,086	5,610,771
Payments	(6,236,494)	(5,659,285)
Balance at the end of the period	46,562	29,970
Receipts in Suspense/Clearing Account ^(a)		
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	360	313
Receipts	71,419	64,025
Payments	(71,363)	(63,978)
Balance at the end of the period	416	360

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	2023 (\$000)	2022 (\$000)
Jervoise Bay Infrastructure Development Account ^(a)		
The purpose of this special purpose account is to receive moneys from the Commonwealth Government pursuant to the provisions of the 'Grant of Financial Assistance in relation to the provision of the Federal Funds for the Construction of the Jervoise Bay Facility' and other receipts.		
Balance at the start of the period	11,156	11,117
Receipts	229	39
Payments	-	-
Balance at the end of the period	11,385	11,156
Mortgage Moneys under the <i>Transfer of Land Act 1893</i> ^(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	2	-
Payments	-	-
Balance at the end of the period	95	93
Perry Lakes Maintenance Account ^(a)		
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	4,057	5,515
Receipts	87	19
Payments	-	(1,477)
Balance at the end of the period	4,144	4,057
New Perth Stadium Account ^(a)		
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	22,587
Receipts	-	-
Payments	(22,587)	-
Balance at the end of the period	-	22,587
Royalties For Regions Fund ^(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	989,049	1,019,306
Payments	(989,049)	(1,019,306)
Balance at the end of the period	1,000,000	1,000,000

Notes to the financial statements

For the year ended 30 June 2023

	2023 (\$000)	2022 (\$000)
Tariff Equalisation Fund ^(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	175,000	187,000
Payments	(175,000)	(187,000)
Balance at the end of the period	-	-
Western Australian Future Research and Innovation Fund ^(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	1,596,625	1,491,944
Receipts	117,548	137,081
Payments	(32,300)	(32,400)
Balance at the end of the period	1,681,873	1,596,625
Debt Reduction Account ^(a)		
The purpose of this special purpose account is to apply approved appropriation funds to the repayment of Western Australian State borrowings (as borrowed by the Treasurer under various Loan Acts 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	2,100,000	2,703,973
Payments	(2,100,000)	(2,703,973)
Balance at the end of the period	-	-
National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse ^(a)		
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 National Redress Scheme for <i>Institutional Child Sexual Abuse Act 2018</i> (Commonwealth) and costs of civil litigation.		
Balance at the start of the period	27,153	76,856
Receipts	185,000	-
Payments	(69,577)	(49,703)
Balance at the end of the period	142,576	27,153

Notes to the financial statements

For the year ended 30 June 2023

	2023 (\$000)	2022 (\$000)
Noongar Land Fund ^(a)		
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	2,800
Receipts	-	-
Payments	-	-
Balance at the end of the period	2,800	2,800
New Women and Babies Hospital Account ^(a)		
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 (QEI) Medical Centre campus.		
Balance at the start of the period	1,787,000	-
Receipts	-	1,787,000
Payments	(9,487)	-
Balance at the end of the period	1,777,513	1,787,000
WA Government Strategic Alliance Fund ^(a)		
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	1,389	829
Receipts	401	800
Payments	(33)	(240)
Balance at the end of the period	1,757	1,389
Climate Action Fund ^(a)		
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	167,000	-
Receipts	500,000	168,000
Payments	(498,685)	(1,000)
Balance at the end of the period	168,315	167,000
Digital Capability Fund ^(a)		
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	426,927	-
Receipts	400,000	500,000
Payments	(181,483)	(73,073)
Balance at the end of the period	645,444	426,927

Notes to the financial statements

For the year ended 30 June 2023

	2023 (\$000)	2022 (\$000)
Social Housing Investment Fund ^(a)		
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	750,000	-
Receipts	-	750,000
Payments	(251,123)	-
Balance at the end of the period	498,877	750,000
Softwood Plantation Expansion Account ^(a)		
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	350,000	-
Receipts	-	350,000
Payments	(30,608)	-
Balance at the end of the period	319,392	350,000
Temporary Access Contribution ^(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	11,803	12,167
Payments	(11,803)	(12,167)
Balance at the end of the period	-	-
Remote Communities Fund ^(a)		
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	350,000	-
Payments	(9,856)	-
Balance at the end of the period	340,144	-

(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 opened during the financial period

There are no special purpose accounts opened during the financial period.

Note 9.4.2 Special purpose accounts closed during the financial period

The New Perth Stadium Account was closed on 16th June 2023 and the remaining balance of \$118,000 was returned to the Consolidated Account.

The following special purpose accounts were closed on 9th August 2022 and activity has since been consolidated into the Commonwealth Payments for Specific Purpose Account:

- Independent Schools – General Building Grants
- Independent Schools – Recurrent Grants Schools Assistance Acts
- Non-Government Schools – Other Recurrent Grants
- Local Authorities Tax Sharing Entitlements Account

These special purpose statements were amended on 9th August 2022 along with the following:

- Accrued Salaries Account
- Bankwest Pension Account
- Jervoise Bay Infrastructure Development Account

Refer to the 'Other Statutory Information' section for copies of the signed statements.

Audited key performance indicators

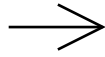
Performance assessment

Outcomes

The outcomes that the Department works to achieve through its services

Outcome one:

Sustainable and transparent
public sector finances

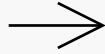


Service one:

Financial management and reporting

Outcome two:

A strong and competitive
State economy

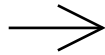


Service two:

Economic and revenue forecasts and policy
development

Outcome three:

Value for money outcomes in service
delivery and infrastructure provision



Service three:

Evaluation and planning of government service
delivery and infrastructure provision

Certification of key performance indicators

For the year ended 30 June 2023

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 2023.



Kristina Gailiute-Khan
ACTING CHIEF FINANCE OFFICER
14 September 2023



Michael Barnes PSM
UNDER TREASURER
14 September 2023

Key effectiveness indicators

Government goal: Responsible, achievable, affordable budget management

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	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Target	2022-23 Actual	Notes
Status of the State's credit rating ^(a)	Aa1 ^(b)	Aa1 ^(b)	Aa1 ^(b)	Aa1 ^(b)	Aa1 ^(b)	1
	AA+ ^(c)	AA+ ^(c)	AAA ^(c)	AA+ ^(c)	AAA ^(c)	
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 Investors Service currently assess the credit rating for Western Australia.

(b) Moody's Investors Service.

(c) S&P Global.

Notes:

1. S&P Global upgraded the State's credit rating to its highest AAA rating with a 'stable' outlook in late June 2022, noting their revised assessment is supported by the State's track record of robust financial management, continued budgetary outperformance relative to domestic and international peers, and exceptional liquidity. Moody's revised the outlook for Western Australia's Aa1 credit rating (one 'notch' below its highest Aaa rating) to 'positive' (from 'stable') in November 2022. The change in the outlook reflected Moody's assessment that "the State's strengthening governance points to a potential improvement in ... credit worthiness as windfall gains, tight expenditure controls and improving revenue diversification maintain the State's debt burden at moderate levels, strengthening the State's capacity to respond to future shocks."
2. The 2021-22 Annual Report on State Finances (ARSF) was released on 28 September 2022, 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.
3. Treasury prepares whole-of-government financial reports required by, and subject to, the statutory reporting requirements of the *Government Financial Responsibility Act 2000*. For 2022-23, the 2021-22 Annual Report on State Finances; the September 2022, December 2022 and March 2023 Quarterly Financial Results Reports; and the 2022-23 Government Mid-year Financial Projections Statement were all released in line with the statutory reporting requirements and deadlines stipulated in the Act.

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	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Target	2022-23 Actual	Notes
Accuracy of key general government revenue forecasts:						
- Tax revenue ^{(a)(b)}	-0.1%	15.6%	15.9%	+/-5.0%	11.8%	1
- Royalty revenue ^(b)	32.6%	47.0%	9.3%	+/-5.0%	55.7%	2
Accuracy of key economic forecasts (percentage point difference):						
- Employment growth ^(c)	-0.8	2.6	3.3	+/-0.5	0.4	3
- Real State Final Demand (SFD) growth ^(c)	-1.4	5.7	0.6	+/-2.0	-0.4	4

(a) 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.

(b) 2022-23 Actuals for tax and royalty revenue will be published in the 2022-23 Annual Report on State Finances. The estimated actual is as at 29 August 2023 and may change following the receipt of additional data prior to the Annual Report on State Finances cut-off date.

(c) Any changes to actual figures from previous reporting are due to the revision of the historical series from the ABS.

Notes:

1. Taxation revenue in 2022-23 was higher than forecast. This reflects stronger than anticipated activity in a number of sectors in the Western Australian economy, including property and mining, as well as high levels of household spending, flowing through to the State's tax base in the form of transfer duties, payroll tax and vehicle licence duty.
2. Royalty revenue was higher than forecast in the 2022-23 Budget largely reflecting that iron ore prices were well in excess of our prudent Budget assumptions. Lithium royalties were also significantly higher than expected reflecting very large price rises due to a continuation of strong global demand for lithium.
3. Employment growth forecast is within target in 2022-23.
4. Accuracy of State Final Demand growth forecast is within target in 2022-23.

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 days prior to the relevant meeting, to ensure Committee members have ample time to consider recommendations and form an educated stance on the merits of agency funding proposals.

Key indicators of effectiveness	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Target	2022-23 Actual	Notes
Percentage of advice provided to the Expenditure Review Committee at least five days prior to their consideration ^(a)	96%	93%	97%	100%	86%	1
Percentage of Ministerially endorsed Strategic Asset Plans for the upcoming year received and reviewed by Treasury before the commencement of the Budget bilateral process ^(b)	n/a	82%	87%	100%	82%	2

(a) Following a review of the Department's Outcome Based Management Structure, this key effectiveness indicator was revised from 'five working days' to 'five days'. Results for the 2019-20, 2020-21 and 2021-22 financial years have been back-cast for comparability purposes.


(b) This key effectiveness indicator was introduced for the 2020-21 financial year. Comparative results for the 2019-20 financial year are not available.

Notes:

1. The 2022-23 Actual was lower than anticipated, as some ERC papers required input from external agencies and additional analysis prior to delivery to the ERC.
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 reported rate of 82%.

Key efficiency indicators

In April 2022, Treasury received a direction under section 61(1)(b) of the *Financial Management Act 2006* 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.

An aerial photograph of a river system with prominent meanders, surrounded by dense green vegetation. The river flows through a landscape with patches of trees and open land. A dark blue rectangular box is overlaid on the left side of the image, containing white text.

Other statutory information

- Governance disclosures
- Other legal requirements
- Government policy requirements



Governance disclosures

Ministerial directions

No Ministerial directives were received during the financial year.

Governance committees

Treasury has governance committees which advise the Executive on key areas of policy and management. They are:

- Budget Management Committee; and
- Audit and Risk Committee.

There are also specific committees in Treasury that plan, prioritise and manage the activities covered in their terms of reference:

- Work Health and Safety Committee;
- Diversity Committee;
- ICT Solutions Group;
- Young Professional Program Committee;
- Treasury Monthly Executive Committee; and
- Reconciliation Action Plan Working Group.

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.

Despite each cardholder being reminded of their obligations annually under the Department's credit card policy, one employee inadvertently utilised the corporate credit card for personal use. The matter was not referred for disciplinary action as the Chief Finance Officer noted prompt advice and settlement of the personal use amount, and that the nature of the expenditure was immaterial and characteristic of an honest mistake.

2023 \$

Aggregate amount of personal use expenditure for the reporting period	6
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)	6
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 2022-23 was \$8,868.

2023 \$

Advertising agencies	
- Initiative Media Australia Pty Ltd	8,368
Market research organisations	
Polling organisations	
Direct mail organisations	
Media advertising organisations	
- Economic Society of Australia	500
Total expenditure	8,868

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 to ensure people with a disability have the same opportunities and access to Treasury business and services as others.

In December 2022, the Treasury Access and Inclusion Plan 2023-2027 was launched. We continue to build on past achievements and ensure ongoing action on current strategies as well as introducing new strategies to support people with a disability.

As the nature of Treasury business focuses on other public sector agencies rather than the broader community, our strategies are limited with respect to Outcomes 1, 4, 5 and 6. Both the previous DAIP and the current DAIP focused on Treasury's culture and work environment, which supports Outcome 7 but we continue to work towards activities that support all outcomes.

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 the same opportunities to obtain and maintain employment, and ensuring we provide disability awareness training to all new staff, with a 94% completion rate for all new starters. Our Flexible Working Arrangements Framework also provides support for employees who have a disability and is widely accessed by them as part of their employment.

People with disability currently represent 4% of Treasury's workforce in comparison to 1.6% of the wider public sector, as outlined in the March 2023 quarter.

Compliance with public sector standards and ethical codes

Treasury ensures that all workforce policies and practices are reviewed regularly, are well communicated to staff and consistent with the Public Sector Standards (Standards). As part of the 2022-23 Public Sector Integrity and Conduct Annual Collection, it was reported there were no completed formal grievances and no breaches against the Standards for 2022-23.

Ongoing advice, training and support is provided to Treasury management and employees in relation to recruitment activities, Code of Conduct and a range of other compliance requirements. All new employees are required to read the Code of Conduct and acknowledge their understanding of this document, in addition to agreeing to its content as part of electronic sign-on each day prior to commencing work.

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 Department's intranet. During the 2022-23 reporting period, no public interest disclosures were lodged under the Act.

Recordkeeping plans

Treasury's Recordkeeping Plan was approved by the State Records Commission on 2 May 2023. 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 plan will be completed within five years, to be submitted to the State Records Office by 2 May 2028.

Treasury's workforce is required to complete training in our Click2Learn platform which contains online 'Recordkeeping and Use of Information' training as part of our broader Accountable and Ethical Decision Making (AEDM) learning modules. All new employees are required to complete this training as part of their induction requirements. Existing staff are required to complete the AEDM training every three years, which includes our Code of Conduct and Treasury-specific policies and procedures. A total of 84.5% of employees have currently 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.

Key indicators of effectiveness	2020-21 Actual	2021-22 Actual	2022-23 Target
Applications received	4	2	3
Decisions made	5	6	2
Days to process	61	57	57
Internal review	0	1	0
External review (complaint)	1	1	0

Special purpose statements

The following special purpose accounts were created under section 10(a) of the *Financial Management Act 2006* during 2022-23: Accrued Salaries Account; Commonwealth Payments for Specific Purposes Account; Bankwest Pension Account; and Jervoise Bay Infrastructure Development Trust Account. A copy of the Special Purpose Statements for each of these funds is included.

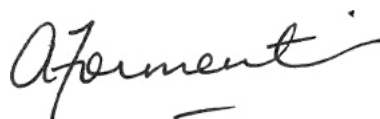
ACCRUED SALARIES ACCOUNT

NAME	An account titled the Accrued Salaries Account (the Account) shall be established and maintained as a special purpose account pursuant to section 10(a) of the <i>Financial Management Act 2006</i> by the Department of Treasury.
PURPOSE	To receive moneys from agencies in relation to the 27th pay that occurs approximately every 11 years.
RECEIPTS	There shall be credited to the Account such moneys as are received from agencies for the purpose of the Account.
PAYMENTS	Moneys standing to the credit of the Account may be provided to agencies for making the 27th pay.
ACCOUNTABILITY AND GOVERNANCE	The Account shall be administered, accounted for and reported on by the Under Treasurer in accordance with the <i>Financial Management Act 2006</i> , Financial Management Regulations 2007, and Treasurer's instructions.
REVIEW	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.
DISPOSAL OF FUNDS ON CESSATION	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 Court
ACTING UNDER TREASURER
Department of Treasury
9 August 2022
Approved (under delegated authority)



Audrey Formentin
DIRECTOR, FINANCIAL POLICY
Department of Treasury
5 August 2022

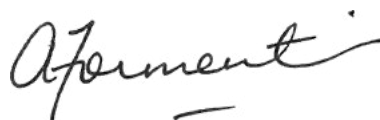
COMMONWEALTH PAYMENTS FOR SPECIFIC PURPOSES ACCOUNT

NAME	An account titled the Commonwealth Payments for Specific Purposes Account (the Account) shall be established and maintained as a special purpose account pursuant to section 10(a) of the <i>Financial Management Act 2006</i> by the Department of Treasury.
PURPOSE	<p>To receive moneys from the Commonwealth Government (directly or indirectly) including:</p> <ul style="list-style-type: none">▪ National Specific Purpose Payments and National Partnership Payments pursuant to the Intergovernmental Agreement on Federal Financial Relations, and associated National Agreements and National Partnerships;▪ payments of financial assistance to non-government schools pursuant to the <i>Australian Education Act 2013</i>; and▪ payments of financial assistance to local governments pursuant to the <i>Local Government (Financial Assistance) Act 1995</i>;▪ for disbursement to relevant agencies, other persons and the Consolidated Account.
RECEIPTS	There shall be credited to the Account such moneys as are received from the Commonwealth Government, directly or indirectly, for the purpose of the Account.
PAYMENTS	Moneys standing to the credit of the Account may be used for the purpose of, and only for the purpose of the Account.
ACCOUNTABILITY AND GOVERNANCE	The Account shall be administered, accounted for and reported on by the Under Treasurer in accordance with the <i>Financial Management Act 2006</i> , Financial Management Regulations 2007, Treasurer's instructions and relevant agreements.
REVIEW	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.
DISPOSAL OF FUNDS ON CESSATION	Upon closure of the Account, any balance standing to the credit of the Account shall be credited to the Consolidated Account or dealt with in accordance with relevant agreements, as applicable.

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



Michael Court
ACTING UNDER TREASURER
Department of Treasury
9 August 2022
Approved (under delegated authority)



Audrey Formentin
DIRECTOR, FINANCIAL POLICY
Department of Treasury
5 August 2022

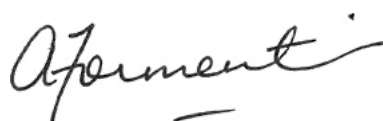
BANKWEST PENSION ACCOUNT

NAME	An account titled the Bankwest Pension Account (the Account) shall be established and maintained as a special purpose account pursuant to section 10(a) of the <i>Financial Management Act 2006</i> by the Department of Treasury.
PURPOSE	To receive moneys from Treasury Corporation of Victoria Inflation Indexed Annuities in relation to the GESB Pension Scheme superannuation liability of Bankwest employees.
RECEIPTS	There shall be credited to the Account such moneys as are received for the purpose of the Account.
PAYMENTS	Moneys standing to the credit of the Account may be transferred to the Consolidated Account to recoup amounts appropriated for the pension payments.
ACCOUNTABILITY AND GOVERNANCE	The Account shall be administered, accounted for and reported on by the Under Treasurer in accordance with the <i>Financial Management Act 2006</i> , Financial Management Regulations 2007, and Treasurer's instructions.
REVIEW	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.
DISPOSAL OF FUNDS ON CESSATION	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 Court
ACTING UNDER TREASURER
Department of Treasury
9 August 2022
Approved (under delegated authority)



Audrey Formentin
DIRECTOR, FINANCIAL POLICY
Department of Treasury
5 August 2022

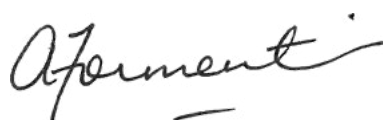
JERVOISE BAY INFRASTRUCTURE DEVELOPMENT ACCOUNT

NAME	An account titled the Jervoise Bay Infrastructure Development Account (the Account) shall be established and maintained as a special purpose account pursuant to section 10(a) of the <i>Financial Management Act 2006</i> by the Department of Treasury.
PURPOSE	To receive moneys from the Commonwealth Government pursuant to the provisions of the 'Grant of Financial Assistance in relation to the provision of Federation Funds for the Construction of the Jervoise Bay Facility' and other receipts.
RECEIPTS	There shall be credited to the Account such moneys as are received from the Commonwealth Government and interest earned for the purpose of the Account.
PAYMENTS	Moneys standing to the credit of the Account may be used for the purpose of, and only for the purpose of, the Account.
ACCOUNTABILITY AND GOVERNANCE	The Account shall be administered, accounted for and reported on by the Under Treasurer in accordance with the <i>Financial Management Act 2006</i> , Financial Management Regulations 2007, Treasurer's instructions and relevant agreement.
REVIEW	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.
DISPOSAL OF FUNDS ON CESSATION	Upon closure of the Account, any balance standing to the credit of the Account shall be credited to the Consolidated Account or dealt with in accordance with the relevant agreement, as applicable.

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



Michael Court
ACTING UNDER TREASURER
Department of Treasury
9 August 2022
Approved (under delegated authority)



Audrey Formentin
DIRECTOR, FINANCIAL POLICY
Department of Treasury
5 August 2022

Government policy requirements

Occupational safety, health and injury management

Treasury is committed to achieving excellence in providing and maintaining a safe working environment for all employees, contractors and workplace visitors.

Together we work collaboratively to achieve a workplace where staff feel supported, and are confident to report and use initiative to proactively minimise both physical and mental risks. Our leadership team commits to championing a healthy and safe workplace through actively pursuing opportunities to increase workplace health and safety performance, supporting and facilitating a safety culture across Treasury. This includes recognising that workplace health and safety matters are essential and integral components in all Treasury activities.

Treasury's culture of safety and wellbeing was supported throughout 2022-23 by:

- appointment of five new health and safety representatives under the new *Workplace Health and Safety Act 2020*;
- retraining of six workplace support officers in Mental Health First Aid and family and domestic violence;
- updated training and re-appointment of our eight first aid officers;
- ongoing support through our Employee Assistance Program (EAP) provider;
- implementation of outcomes from the 2022 external Health and Safety Audit; and
- activities and events as part of our Mental Health and Wellbeing Program.

Treasury encouraged and supported good health and wellbeing in the workplace through promotional activities and events as part of our Treasury health and wellbeing calendar and Treasury Health Week. This included influenza vaccinations, REACH health checks, skin cancer checks, a step challenge and internal webinars where employees could learn about topics related to health.

Treasury has an EAP which is available to support staff and their families. In 2022-23, there were 21 new referrals and 49 hours of EAP utilised. This represents a 16% decrease from the previous year.

Occupational safety, health and injury management performance

Measures	Results 2020-21	Results 2021-22	Results 2022-23	Targets	Comments about targets
Number of fatalities	Nil	Nil	Nil	0	Target achieved
Lost time injury and disease incidence rate	Nil	Nil	Nil	0 or 10% reduction in incidence rate	Target achieved
Lost time injury and severity rate	Nil	Nil	Nil	0 or 10% reduction in severity rate	Target achieved
Percentage of injured workers returned to work (i) within 13 weeks	Nil	Nil	0 Injury	Greater than or equal to 80% return to work within 26 weeks	n/a
Percentage of injured workers returned to work (ii) within 26 weeks	Nil	Nil	0 Injury	Greater than or equal to 80%	n/a
Percentage of managers trained in work health and safety injury management responsibilities, including refresher training within 3 years	38%	34%	77.9%	Greater than or equal to 80%	OSH for Managers was not conducted in 2021-22 due to the pandemic. Training recommenced in the first half of 2023.

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, and 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 2022-23 was the independent chair of the Audit and Risk Committee.

Position title	Member name	Type of remuneration	Period of membership in 2022-23	Term of appointment or tenure	Base salary/sitting fees	Gross/actual remuneration for financial year
Chair	Ross Hughes	Annual fee	12 months	3 years	\$27,500 per annum plus superannuation guarantee	\$30,388

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 2022-2024 was developed to outline the specific actions Treasury will take to implement the Western Australian Multicultural Policy Framework. The plan was developed in line with our Strategic Plan 2021-2024, and the Public Sector Commission's Workforce Diversification and Inclusion Strategy for WA Public Sector Employment 2020-2025.

The representation of culturally and linguistically diverse (CaLD) people at Treasury continues to exceed the public sector's aspirational targets for diversity groups. We continue to embrace employees from CaLD backgrounds and share their stories and backgrounds to better educate our workforce and ensure an inclusive and positive work environment.

In March 2023, Treasury promoted Harmony Week via a dedicated page on our intranet with the theme of 'Share, Discover, Celebrate', culminating on Harmony Day with a morning tea to celebrate Treasury's cultural diversity. We have also acknowledged other significant events that represent our workforce including Diwali, Chinese New Year, Ramadan and Eid Mubarak.

We have used our intranet to generate inclusiveness through staff sharing their personal stories about their background, hardships faced, culture and traditions and the affect these have had on the person they are today.

Substantive equality

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

Appendix – Administered legislation

Treasury assists the Treasurer in administering the following Acts:

- *Acts Amendment and Repeal (Financial Sector Reform) Act 1999*
- *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 1985¹*
- *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*
- *Parliamentary Superannuation Act 1970²*
- *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*³
- *State Superannuation (Transitional and Consequential Provisions) Act 2000*⁴
- *State Trading Concerns Act 1916*
- *Statistics Act 1907*
- *Superannuation and Family Benefits Act 1938*⁵
- 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).

1. Also administered by the Fire and Emergency Services Superannuation Board
2. Also administered by Parliamentary Superannuation Board
3. Also administered by the Government Employees Superannuation Board
4. Also administered by the Government Employees Superannuation Board
5. Also administered by the Government Employees Superannuation Board

Feedback

Thank you for reading our 2022-23 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 above.

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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