



Government of Western Australia
Office of the Government
Chief Information Officer

Office of the Government Chief Information Officer

Annual Report 2017 - 18

STATEMENT OF COMPLIANCE

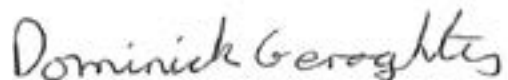
Hon Dave Kelly MLA

Minister for Water; Fisheries; Forestry;
Innovation and ICT; Science

For the year ended 30 June 2018

In accordance with section 68 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to the Parliament, the Final Report for the Office of the Government Chief Information Officer for the financial year ended 30 June 2018.

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



Dominick Geraghty
Reporting Officer
29 August 2018

About this report

This Annual Report is divided into five main areas and every effort has been made to ensure the readability and accessibility of this report in print and online.

To support sustainability, this report can be viewed online at www.wa.gov.au/agency/office-of-digital-government. Only limited professional copies have been produced.

We encourage your feedback on this report and comments can be provided via the contact details on page 67.

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Key Legislation

The Office of the GCIO complies with all relevant legislation that governs its functions.

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EXECUTIVE SUMMARY

The 2017-18 financial year was the third and final year of operations for the Office of the Government Chief Information Officer (GCIO).

Over the past three years, the Office has been establishing the foundations for a digital transformation of the Western Australian public sector to enable government to improve the delivery of services.

New technologies are providing the means to meet community demand for government services delivered anywhere, anytime and on any device. Technology is also enabling services to be informed by quality data that are delivered seamlessly by an interconnected public sector. Broader social and economic benefits are also possible, such as overcoming geographic isolation, facilitating community engagement with government, and increased efficiencies.

The framework for digital transformation is the State's first ICT Strategy, the Western Australian Government Information and Communications Technology (ICT) Strategy 2016-2020 (*Digital WA*), which the Office of the GCIO developed in 2016. This has been supported by a range of whole of government policies, tools and guidance materials which the Office has delivered over the past three years to assist agencies in reforming their approach to ICT.

In 2016-17, the Office of the GCIO was also responsible for the innovation function and developed the State's first Innovation Strategy which was partly aimed at facilitating agencies

working with local innovators to improve service delivery.

In addition to developing the strategic parameters, the Office of the GCIO was involved in the implementation of service delivery and ICT reforms through its two flagship programs: ServiceWA and GovNext-ICT. These programs underpin Digital WA by developing the structure to deliver the 'one government' approach to service delivery.

This year saw many of the projects, policies and initiatives outlined in Digital WA move into delivery stages. One of the major achievements for 2017-18 was the release of the redeveloped, whole-of-government website; WA.gov.au. This website is the single entry point to government online services and the public 'face' of the one government approach. Following on from the release of the beta or test website in 2016, the Office worked closely with a user experience group, external website developers and subject matter experts to ensure the design of the website addressed both user and agency requirements. Visitor numbers to the redeveloped site increased by over 300 percent in the first six months of going live.

In developing the website, the Office of the GCIO also tested a number of policies and guidelines relating to digital services which were then released as whole of government policies during the year. These will assist the sector in moving to one government approach to online service delivery.

In 2017-18, the GovNext-ICT program moved from the planning and establishment phase to implementation. As at 30 June 2018, 29 agencies had started transitioning to GovNext-ICT services realising benefits including faster turnaround times for patient test results at PathWest, enabling the introduction of new technologies to provide enhanced information to first responders in emergency situations, a more connected workforce through an upgraded telephony system at Fremantle Ports, and increased bandwidth and reduced costs at Healthway.

The GovNext-ICT program was included within a number of reviews during the year. These highlighted some areas for improvement, including governance, transparency and planning for implementation. The outcomes and recommendations of these reviews will shape the direction for GovNext-ICT in the next financial year.

In 2017-18, the need for better cyber security policies and procedures to protect the public sector became a high priority for the Office of the GCIO. A range of initiatives were introduced, including the establishment of the Cyber Security Working Group and partnering with Edith Cowan University, the Federal Government and others to establish the Cyber Security Research Centre. The CRC will place Western Australia at the forefront of cyber security within Australia, with the State benefiting as participants from state

EXECUTIVE SUMMARY

government, university, industry and research fields work together to deliver cyber security solutions and practices.

Whole of government reform is difficult, particularly when being driven by a small organisation with a large agenda and a three year lifespan. The Office of the GCIO has collaborated with and leveraged the business and technical expertise and skills of other agencies to inform the Office's activities over the past three years.

As of 1 July 2018, the Office of GCIO will become a discrete business unit within the Department of the Premier and Cabinet (DPC) and renamed the Office of Digital Government. This move will provide the Office with the mandate to drive reform, including supporting the sector deliver digital services, improving cyber security, facilitating data sharing, building the sector's data analytics capacity to inform policy development and service delivery, and supporting the implementation of ICT procurement reforms.

Impacts of the Office of the GCIO

The Office of the GCIO was established on 1 July 2015 from the reinvestment of \$25 million from a \$110 million harvest of targeted reductions in agency ICT expenditure over three years as part of a broader budget repair and reform agenda. An ICT Renewal and Reform Fund (IRRF) was established for the \$25 million with an objective to drive and deliver digital reform in the WA



ECU Vice Chancellor Prof. Steve Chapman (L) and Minister for Innovation and ICT The Hon Dave Kelly MLA (R) signing the MOU between Edith Cowan University and the State of WA.

public sector. The funding comprised operating expenses for the Office of \$9.93 million and a discretionary component of \$15.07 million for whole of government ICT initiatives.

The Government's investment in the Office of the GCIO has delivered clear benefits and outcomes for the community since 2015.

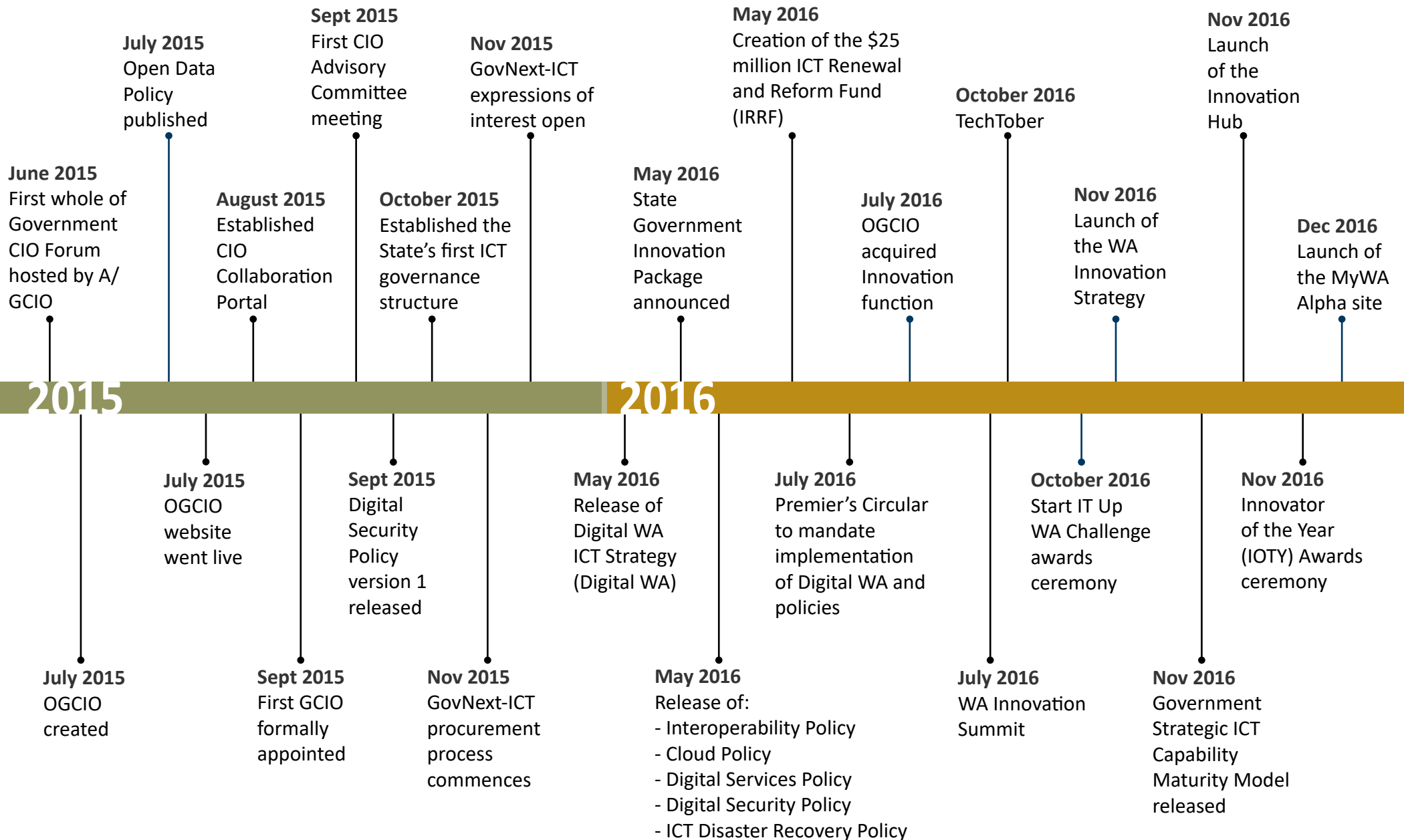
At the time the Office of the GCIO was established, Western Australia had the lowest score in the country on the Intermedium Digital Readiness Index, at 3.5/10¹. By June 2017, this

¹ Intermedium Digital Government Readiness Report June 2017, <http://indaily.com.au/wp-content/up->

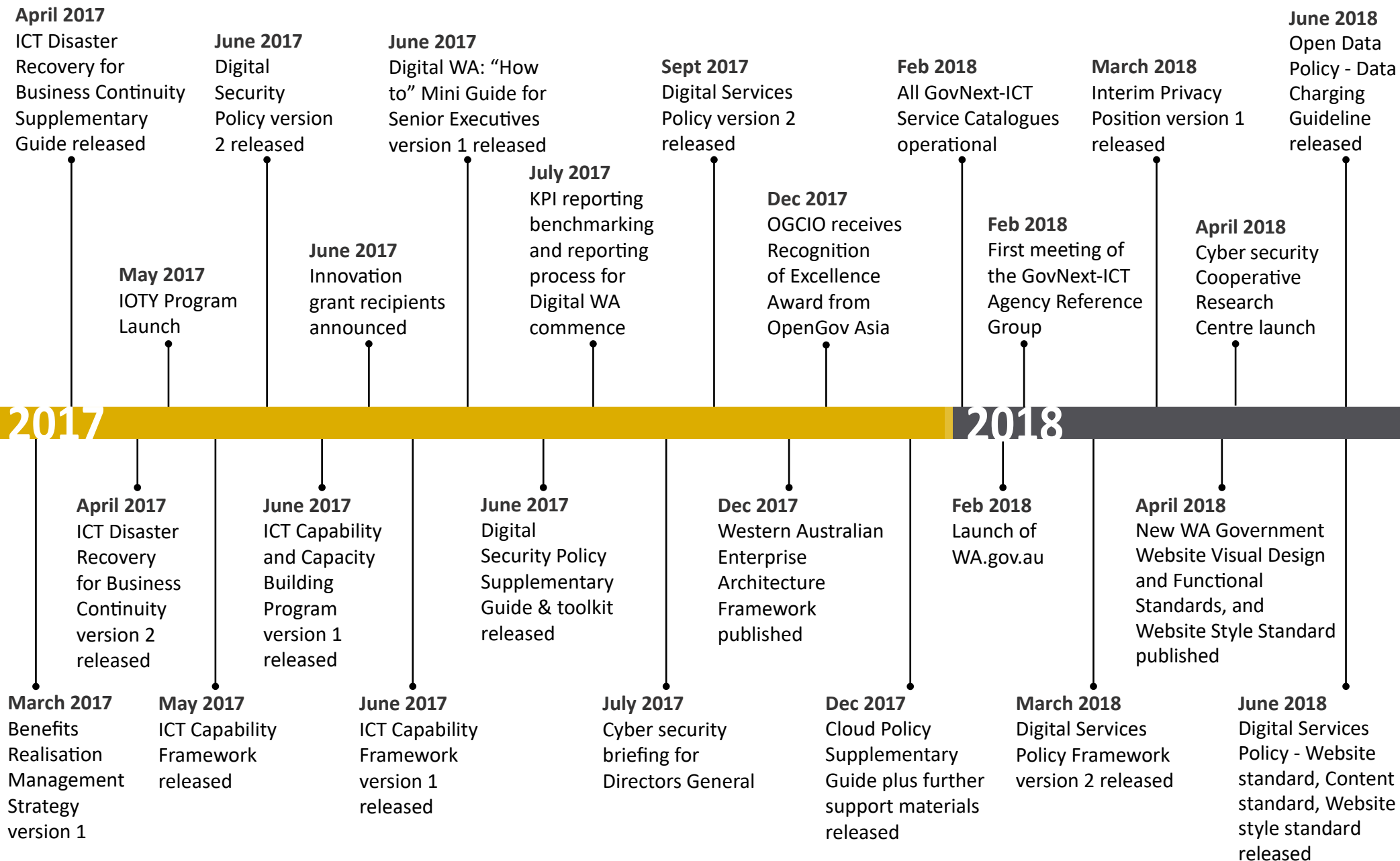
score had increased to 5.9/10 reflecting the strategy, policies, whole of sector governance, service delivery approach and procurement reforms implemented in the WA public sector². The achievements of the Office of the GCIO are summarised in the following timeline.

[loads/2017/07/INTERMEDIUM_ReadinessReport_2017.pdf](#)
² ibid

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY



OPERATIONAL STRUCTURE

Our Vision

The creation of a simple, connected and digital public sector.

Our purpose

To provide leadership for ICT in the public sector. This translates into improved services, transparency, governance, delivery, consistency, commonality, savings, efficiencies and reform.

Our objectives

To collaborate with government agencies and industry to stabilise cost, increase value-for-money and minimise risk in the delivery of ICT across the public sector.

We will:

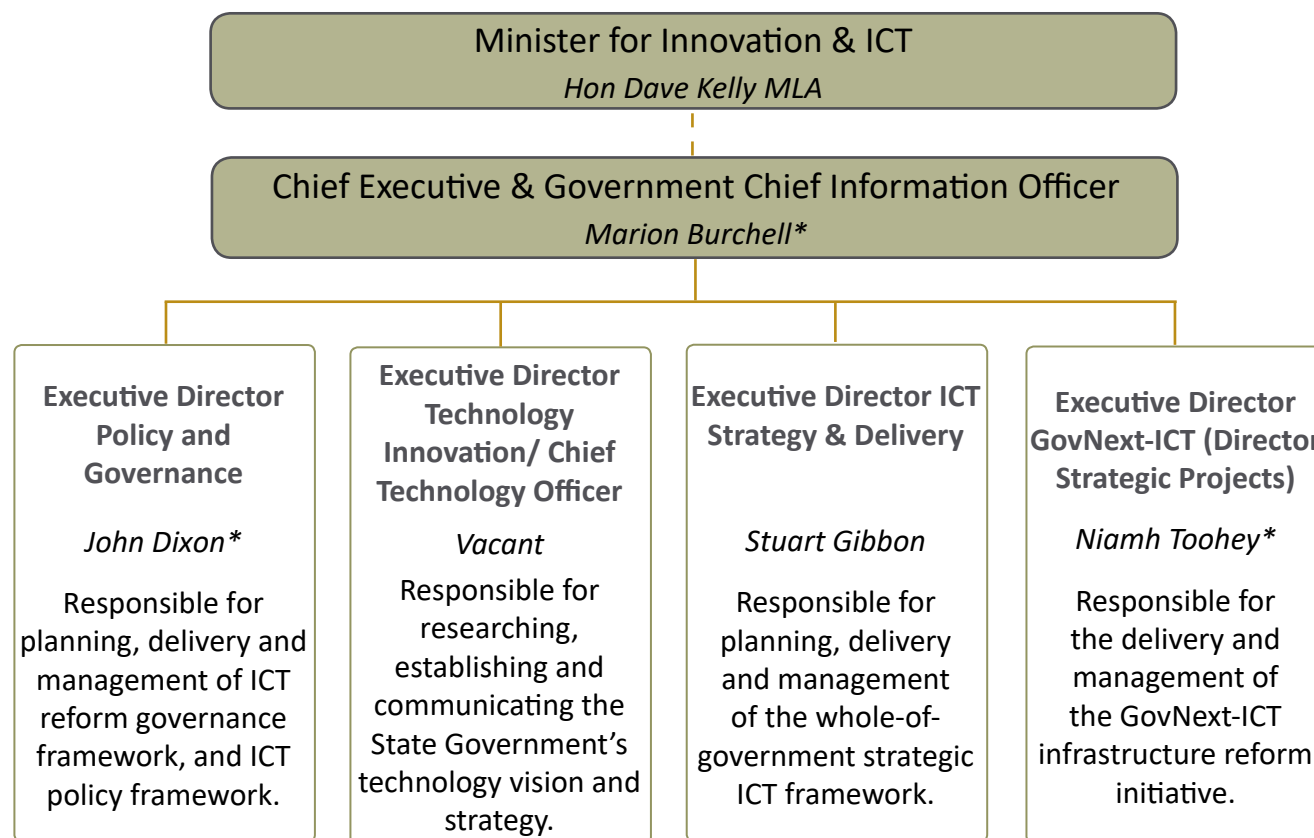
- lead, influence and advise on governance of ICT projects and implementations
- establish and drive a whole-of-government ICT strategy, policy and reform agenda
- identify and advise on ICT innovations which will support and enhance government services to meet business and community needs
- promote a standardised approach to ICT across government
- implement frameworks which improve public sector ICT capability and capacity

Our Values

The Office of the GCIO is motivated by the following values:

- Accountability
We 'walk the talk' and do what we say we will
- Empowerment
We give people the tools to help themselves to deliver better services
- Efficiency
We find the best route from ideas to action
- Teamwork
We value a diverse range of input
- Vision
We look ahead to what can be done better
- Communication
We are transparent and clear in our language.

ORGANISATIONAL STRUCTURE



Enabling Legislation

The Office of the GCIO was established on 1 July 2015 as a sub-department of the Department of Finance under section 56 of the *Financial Management Act 2006 (WA)*. The Office ceased as a sub-department on 30 June 2018 and became a discrete business unit in the Department of Premier and Cabinet (DPC) from 1 July 2018.

Responsible Minister

Hon. Dave Kelly MLA, Minister for Innovation and ICT.

*Denotes Acting in the position

Senior Executives leaving the Office in 2017-18

The following Senior Executives left the Office of the GCIO in 2017-18:

Giles Nunis - *Chief Executive and Government Chief Information Officer*

Mr Nunis left the Office in March 2018.

Andrew Cann - *Executive Director Technology Innovation/Chief Technology Officer*

Mr Cann was on secondment at another agency in May-June 2017-18.

Holger Kaufmann - *Executive Director GovNext-ICT (Director Strategic Projects)*

Dr Kaufmann left the Office in May 2018.

PERFORMANCE MANAGEMENT FRAMEWORK

Government Goals	Desired Outcomes	Services
Sustainable Finances: Responsible financial management and better service delivery.	Enabling effective utilisation of best practice technology in the public sector.	Establishment of a platform for the delivery of better government services through efficient development of ICT strategy, policies and solutions.

In 2016-17, the Office of the GCIO reported against effectiveness and efficiency indicators for the Innovation function, which the Office acquired responsibility for on 1 July 2016. This function was transferred to the Department of Jobs, Tourism, Science and Innovation on 1 July 2017.

Shared responsibilities with other agencies

The Office of the GCIO collaborates with government agencies and industry to facilitate the efficient operation of government, drive technology innovation and improve the delivery of government digital services to achieve value for money for the community.

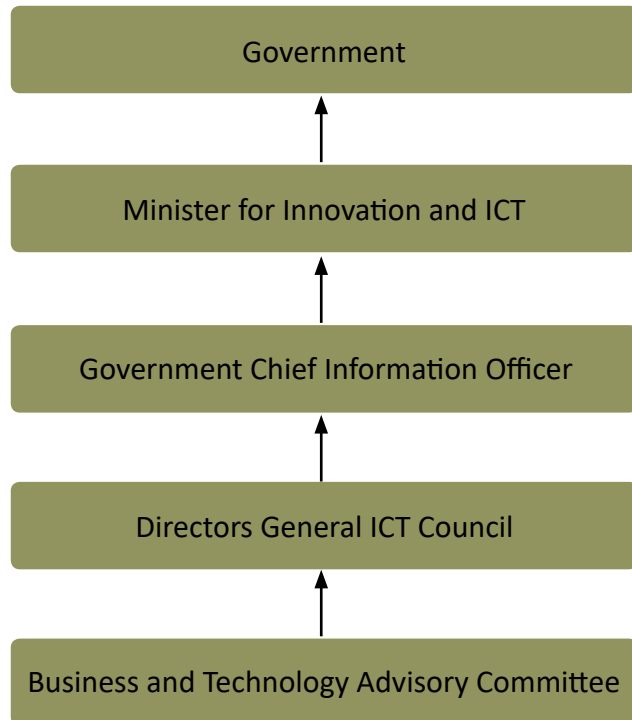
This is achieved by providing leadership and strategic advice to the Government on initiatives to improve the operations and management of ICT across the public sector and collaborative development of policies and guidance materials for whole of government reform.

In 2017-18, the Office of the GCIO worked on the joint State Telecommunications Infrastructure Audit with the Department of Primary Industries and Regional Development. The audit identified commercial, private and government-owned telecommunications infrastructure assets across the State to establish gaps in coverage and help guide investment.

GOVERNANCE

The Office of the GCIO provides leadership and coordination for public sector digital reform and is guided by two governance groups – the Directors General ICT Council (DsG ICT Council) and the Business and Technology Advisory Committee (BATAAC). This ensures strategies, policies and initiatives are developed with a whole-of-government perspective, informed by technical expertise and driven by business need.

Until March 2018, the governance framework comprised the DsG ICT Council, the Business Impact Group and the CIO Advisory Committee. The Business Impact Group and CIO Advisory Committee, which had been meeting jointly, were merged to form the BATAAC.



The governance groups meet regularly, with the Office of the GCIO providing a chair and secretarial support. Decisions of these groups are published on the Office of the GCIO website.

In addition to the formal governance framework, a program-specific board provided guidance for the ServiceWA Program.

Directors General Information and Communications Technology Council

The DsG ICT Council provides leadership and direction on whole-of-government digital reform, and makes decisions on both short and long-term reform initiatives.

The Council comprises of Directors Generals from the Departments of Communities; Education; Finance; Health; Premier and Cabinet; Transport; and Treasury, and the Chief Executive Officers from Landgate and WA Police.

The DsG ICT Council held three meetings in 2017-18, with an additional out of session meeting held on 5 December 2018.

Business and Technology Advisory Committee

The BATAAC supports the Directors General ICT Council and the Office of the GCIO in delivering on the Western Australian Government vision for digital reform by providing:

- advice on the business and technical merits of whole-of-government digital reform

initiatives, and matters of common concern and interest; and

- public sector collaboration to implement key initiatives and optimise the use of Government's information assets by facilitating networking, knowledge sharing and information exchange across the sector.

The BATAAC met three times in 2017-18, with an additional out of session meeting held on 14 November 2017 and out of session consideration of papers in April 2018.

Risk

To mitigate the risk inherent with decision making within reform initiatives, the Office of the GCIO follows a risk management approach.

ServiceWA operated under the guidance of a Program Board that comprises senior business and ICT representatives from government agencies. Program staff identify, assess and track all risks within a risk register, tabled at every Program Board meeting.

Other risks are managed at project level by individual project managers and escalated as required to the appropriate governance group.

The Office of the GCIO also operated under the Department of Finance Risk Management Framework with risks identified and recorded on a risk register.

DIGITAL TRANSFORMATION: LEADERSHIP THROUGH POLICY

Digital WA Strategy

Digital WA provides the strategic framework for digital transformation in the WA public sector, with the overarching vision of better services delivered to the community, supported by innovative uses of technology by a public sector that is mature in its digital capabilities.

The Strategy also provides direction for public sector agencies to create a more collaborative, whole-of-government approach leveraging the opportunities that new technologies and common platforms provide.

The policies, programs and initiatives developed within the Office of the GCIO align within the strategic direction in this Strategy.

Policies and guidance material

In 2017-18, the Office of the GCIO issued an Interim Privacy position which promotes the current mandated Policy Framework and Standards for information sharing between agencies, and requires information sharing to be consistent with appropriate minimum privacy standards, such as the Australian Privacy Principles.

The Office of the GCIO also issued the revised Digital Services Policy which sets a position for the provision and management of digital services within the WA public sector. This was supported by a range of standards and guidance materials released during the year to assist agencies in creating a consistent and accessible user experience:

- Website Standard - to ensure websites are created for the right purposes, planned and managed well, and use appropriate online addresses
- Content Standard - to ensure information and instructions provided online are clear and easy to understand, appropriate to the audience and channel, and easier to search and navigate
- Website Metadata Tagging - to ensure website content can be easily found in online searches
- Accessibility and Inclusivity Standard - to ensure Government websites

and online services can be accessed by people who may otherwise experience barriers due to language, disability or location;

- Website Visual Design and Functionality - to ensure Government websites begin to look and operate the same, regardless of which agency owns them
- Website Style Standard - to help agencies quickly and efficiently apply consistent designs to their websites, regardless of the technology used
- WA Domain Name - to ensure proper use and application of the wa.gov.au domain

The Office of the GCIO also issued the Cloud Policy Supplementary Guide consisting of 15 factsheets (including off-shoring data and cloud risk assessment) and four public sector cloud adoption case studies, and the Open Data Policy - Data Charging Guideline covering intellectual property and charging for data within State Government. This was approved by the DsG ICT Council on 12 June 2018, and will be published by Landgate on the Open Data Portal, as part of the Open Data Toolkit.

ICT Policies



Open Data Policy



Digital Security Policy



Digital Services Policy



ICT Business Continuity and Disaster Recovery



Interoperability Policy



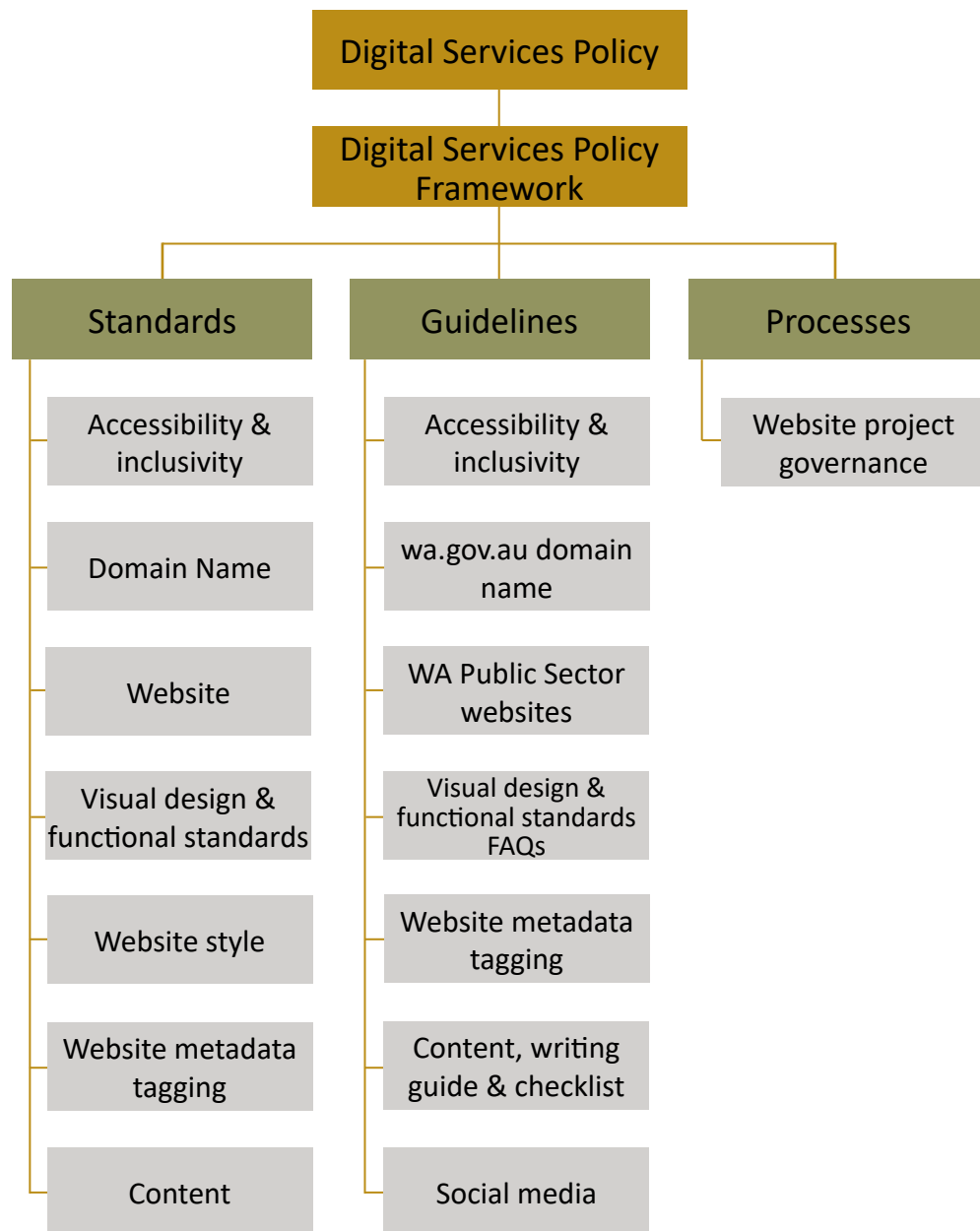
Cloud Policy



Interim Privacy Position

In developing policies and guidance materials, the Office works with its governance bodies to ensure all policies meet the needs of the sector.

DIGITAL TRANSFORMATION: LEADERSHIP THROUGH POLICY



Case Study: Undertaking Successful Co-Design: development of a whole of government user experience

During 2017-18, the Office of the GCIO collaborated with user groups and subject matter experts to establish clear design and functional standards for WA public sector agency websites to support a ‘one government’ user experience.

Using an agile approach, this work was tested and refined throughout the development of the whole-of-government website, WA.gov.au. The approved standards have been documented in both the Website Visual Design and Functional Standard and Website Style Standard, released in April 2018.

As the design of WA.gov.au is based on usability rather than aesthetics, it operates on a low bandwidth, making it more accessible for West Australians in regional areas or those with poor internet connections. The design also aims to comply with Web Content Accessibility Guidelines (WCAG 2.0) level AA.

Having information and services presented seamlessly across government websites will make it easier for people to navigate and engage with government.

DIGITAL TRANSFORMATION: LEADERSHIP THROUGH POLICY

In 2017-18, the Office of the GCIO published the Western Australian Enterprise Architecture Framework and reported on the key performance indicators (KPIs) in Digital WA.

Western Australian Enterprise Architecture Framework (WEAF)

Building on the work done in 2016-17 that provided guidance to agencies on how they could develop or grow their own Enterprise Architecture (EA) disciplines and practices, the Office of the GCIO released the first whole of government EA framework, the Western Australian Enterprise Architecture Framework (WEAF).

The WEAF provides a common approach and language to be used by agencies to identify and map out their business functions, services, information, and technology.

The Office of the GCIO also commenced the first whole of government data collection based on the WEAF. Information about the services an agency provides, the functions they carry out, and the systems and technologies they use to support those activities is being collected and categorised against the WEAF standards. This will be an ongoing and “live” process for agencies to provide data on a regular basis as their organisational capacity and capabilities change and evolve.

The prototype release of this information as a searchable catalogue for the public sector only went live in June 2018, and will continue to grow and be developed throughout 2018-19. This online catalogue will allow agencies to identify circumstances where their business services and functions may align with work done by other agencies, creating opportunities for collaboration and cooperation to be more efficient and effective in delivering services to the community.

As at 30 June 2018, the prototype catalogue contained 162 services that 85 agencies collectively deliver to WA citizens on behalf of the Government. The catalogue also identified 331 products or applications used in 21 agencies, some of which overlap and exist in multiple agencies.

Key Performance Indicator (KPI) Data Collection and Reporting Process Project

Digital WA includes the following KPIs:

- >90 percent of the ICT components of major projects are completed on time and within budget
- >90 percent of government digital services meet or exceed agreed and published service levels
- 10 percent overall reduction in the annual cost of delivering current (2016-17) ICT services by the end of the Strategy, aggregated across the sector
- >90 percent of ICT reinvestment plans deliver the targeted return on investment from savings made through the Strategy or agency ICT reforms
- >90 percent of agency chief executives are confident in the quality of their ICT governance to inform good decision
- >75 percent of agencies reach maturity level 3 or higher in all strategic core capabilities

During 2017-18, the Office of the GCIO collected data from the 2016-17 year from over 80 different agencies across the public sector, representing approximately 99 percent of the public sector workforce and expenditure. The DsG ICT Council considered the findings and individual reports were provided to each participating agency, providing useful information on progress.

DIGITAL TRANSFORMATION: LEADERSHIP THROUGH KEY REFORM PROJECTS

Digital Transformation Leadership

Under Digital WA, whole of government programs were established to support agencies implement the ICT foundations required to deliver better services through digital transformation. The Office of the GCIO also commenced work on initiatives to support agencies improve their cyber security practices.

ServiceWA

The ServiceWA (Digital) Program is making it easier for the community to find and access government services anywhere, at any time and on any device through the digital services portal, WA.gov.au. The Program is also developing the systems, standards and operational capabilities needed to improve the quality, accessibility and security of digital services across the public sector.



In 2017-18, the whole of government digital services portal, WA.gov.au was released and, as noted earlier, a range of standards and guidelines to support the Digital Services Policy were developed to support agencies create more user focussed, accessible online services.

WA.gov.au was first released as an Alpha (test) website in 2016 and, after a period of community consultation to inform the final design, the website was launched on 5 February 2018 by the Hon Dave Kelly MLA, Minister for Innovation and ICT.

As at 30 June 2018, the website linked to over 630 transactional, informational and data services provided by almost 50 agencies. From 1 January 2018 – 30 June 2018, activity on the redeveloped site increased by over 390,000 page views; more than three times greater than during the same period in 2017.

The website design – and the standards that guided it – was overseen by a cross agency User Experience Working Group to ensure the needs of government agencies and communities were met.

The website will ultimately create a “one government” online presence with the migration of agency website content onto the site, making it easier for people to find government information, and lowering costs for the public sector through the reduction in the number of government websites.

Work was also undertaken on projects to develop a prototype Change of Address service, which is built on and supported by several different prototype common platforms to make it easier for agencies to build and connect their digital services.

DIGITAL TRANSFORMATION: LEADERSHIP THROUGH KEY REFORM PROJECTS

GovNext-ICT

The GovNext-ICT program provides the technological foundation to support a modern, integrated public sector delivering better services to the community in a secure environment. It involves fundamental change across the entire public sector by moving agencies from being owners and operators of ICT infrastructure assets to consumers of ICT infrastructure services. This will enable agencies to respond to community demand and business needs more quickly, share information through increased network capacity, have a better understanding of their overall ICT management and services consumed, and improve service reliability with connected systems and greater levels of security compliance.

The GovNext-ICT Service Broker (GSB) team supports agencies in transitioning to GovNext-ICT services and, in 2017-18, focussed on assisting agencies plan and fulfil their immediate operational ICT requirements under the mandatory common use arrangement (CUA), and vendors to deliver services as required by agencies.

To facilitate collaboration and knowledge sharing amongst agencies, the GSB established the GovNext-ICT reference group (GRG) and held meetings during the year. The Office of the GCIO also published three case studies, showcasing agencies that had procured GovNext-ICT services and the benefits they had realised.

As at 30 June 2018, 29 agencies are in the process of transitioning to GovNext-ICT.

Strategy & business case	Planning	Procuring services through GSB	Transitioning	Benefits realisation
6 agencies	6 agencies	14 agencies	29 agencies	23 agencies

**Note: an agency can be at multiple stages in the process depending on which service they are targeting.*

Case Study: Department of Fire and Emergency Services

The Department of Fire and Emergency Services (DFES) works in collaboration with Western Australian communities and other government agencies to prevent and respond to incidents such as fires, cyclones and floods.

First responders depend on clear communications to maintain the flow of information during an emergency and deliver real-time situational awareness out in the field.

In order to start leveraging new technologies to support first responders and field staff, DFES needed to first improve and expand its base ICT infrastructure capabilities.

A move to GovNext-ICT network services has resulted in improved bandwidth capacity, enhanced consumption of common cloud services, and established the infrastructure necessary to support future emergency response innovations.

These changes have delivered network and telephony cost savings of 20 percent, improved their ability to share data with first responders and other agencies and eliminated aging infrastructure and its associated costs.

The GovNext-ICT program was included within a number of reviews during the year. The Office of the Auditor General commenced a performance audit on the implementation of the program, and an independent assessment was also requested by DPC. Both reviews are to be completed in 2018-19.

Recommendations and findings of all reviews will be addressed through the establishment of the GovNext-ICT Governance Board in 2018-19 and the creation of a Program Management Office to focus on whole of government implementation.

The transition to DPC on 1 July 2018 will provide the mandate the program needs to drive the implementation of the reform as well as whole of government ICT procurement reform more broadly.

DIGITAL TRANSFORMATION: LEADERSHIP THROUGH KEY REFORM PROJECTS

Cyber Security

As more government services are delivered online, the community needs to have confidence that personal information stored in Government systems and processes is safe and secure. This will involve building the public sector's cyber security capabilities.

In 2017-18, the Office of the GCIO undertook a number of activities to promote better cyber security practices in the WA public sector, including:

- Hosting a Cyber Security Executive Briefing for 80 Directors General and Chief Executives in July 2017 focussing on cyber security as a business risk, not just a technology risk;
- Establishing a cross-agency Cyber Security Working Group with representatives from nine public sector agencies to support the development of a whole of government approach to cyber security and encourage collaboration; and
- Negotiating the State's partnership with Edith Cowan University (ECU), the Federal Government and other participants from industry, research and other jurisdictions to establish the CRC.

In June 2018, the Minister for Innovation and ICT announced more than \$500,000 in funding from 1 July 2018 to establish a cyber security function within the Office of the GCIO to develop whole of government cyber security initiatives.

Case Study: Cyber Security Cooperative Research Centre

The new CRC was launched in April 2018 to build Australia's cyber security capabilities.

The CRC brings together a collaboration of 25 industry, government and research partners, led by the Australian Cyber Security Research Institute. The Government of Western Australia is the largest State Government contributor to the CRC, with a contribution of \$5.6 million over seven years.

Based at ECU Joondalup, the CRC positions Western Australia as the nation's new centre for cyber research. Participants will work together to deliver solutions to secure critical infrastructure and ensure the safety of businesses and citizens.

The CRC will focus on three key areas:

- ensuring the security of critical infrastructure by developing innovative approaches, tools and techniques to predict, prevent, detect, and respond to cyber threats
- enabling Australian individuals, businesses and industries to access cyber security solutions which build national and international confidence in Australia as a safe and trusted place to do business and access cyber space
- building the next generation of industry, government and research cyber security leaders, and increasing maturity, capability and collaboration in the sector.

The CRC also presents an opportunity to share new approaches and innovations in cyber security with other Australian Government jurisdictions. The Office of the GCIO together with the CRC and public sector agencies have identified several research projects that would have benefits across industry, government and the community.

These projects will identify common cyber security problems for agencies and develop solutions to strengthen cyber security standards across the public sector, addressing nine consecutive reports by the Western Australian Auditor General that have highlighted problems with information systems management.

DIGITAL TRANSFORMATION: LEADERSHIP THROUGH COLLABORATION AND RAISING AWARENESS

For whole of government reform to succeed, it needs to be centrally led and collaboratively delivered. In this context, the Office of the GCIO has worked closely with agencies to assist them in progressing their digital transformation agendas.

In 2017-18, key staff from the Office of the GCIO participated on 37 committees sharing their expertise and experience in digital transformation to help drive reform and build momentum for change. A senior staff member was also seconded to the Office of the Director of Public Prosecutions as a Consultant CIO to assist with the planning of their ICT reform agenda.

The Office of the GCIO worked on the State Telecommunications Infrastructure Audit with the Department of Primary Industries and Regional Development (DPIRD). Two staff members from DPIRD were located in the Office of the GCIO to support this work.

The Office of the GCIO uses an online Yammer portal to seek input, provide information, and exchange ideas with and between key staff in public sector agencies. There are dedicated stakeholder groups for particular initiatives being progressed by the Office.

Staff from the Office of the GCIO are regularly asked to present at industry and government forums to share their knowledge and collaborate with their peers. In 2017-18, staff spoke at 14 events, including the Mandarin Seminar Breakfast Information Session in March and OpenGov Asia.

The Office of the GCIO liaises regularly with industry and professional bodies to provide clarity around the transformation agenda and respond to any issues raised. The Office of the GCIO also appeared before the Public Accounts Committee to inform the Committee of the State's progress against recommendations made by the Committee in its 2016 Report *Doing ICT Better*.



DIGITAL TRANSFORMATION: LEADERSHIP THROUGH COLLABORATION AND RAISING AWARENESS

Sponsorship

WAITTA INCITE Awards

The Office is a major partner and only Government sponsor for the INCITE awards, now in its 27th year, which showcase excellence in ICT and digital innovation in WA business, government and education. The Awards were held in June 2018 and all winners and National iAwards Finalists will represent Western Australia at the Australian Information Industry Association National iAwards, bringing Western Australian ICT innovations and businesses to the national stage.

Ministry of Data

The Office of the GCIO sponsored the inaugural Ministry of Data (MoD) Hackathon, held on 25 August 2017. The MoD focuses on solving pre-defined problems provided by Government agencies, and provides data, mentoring, support and funding options to take solutions all the way to final products.

As lead agency for whole of government data policy, the Office of the GCIO helps to facilitate discussions between MoD, government agencies and strategic partners, to promote the use of government data to deliver a range of positive outcomes.



Case Study: The Ministry of Data

The Ministry of Data (MoD) is a volunteer organisation which facilitates local entrepreneurs to solve Government problems using open data, and build new businesses with the solutions they find.

The Office of the GCIO collaborated on the development of the concept, and was a principal sponsor of the 2017 hack weekend.

One of the problems challenged teams to help Main Roads automatically identify roadside hazards based on thousands of hours of road video footage. The solutions generated have proven the catalyst for two new Western Australian start-ups: SmartVision AI; and ISEEROO. The companies continue to partner with Main Roads, and are developing computer vision technologies with potentially a global market.

DIGITAL TRANSFORMATION - LOOKING FORWARD: SIGNIFICANT ISSUES AND FUTURE TRENDS

Significant issues and future trends

Move to the Department of the Premier and Cabinet

On 10 May 2018, the WA Government announced as part of the 2018/19 State Budget that the Office of the GCIO would be transferred to DPC from 1 July 2018. On 19 June 2018, the Minister for Innovation and ICT announced the Office of the GCIO would be re-named the Office of Digital Government and would become a discrete business unit within DPC. Much of the administrative activities of the Office in the later part of the financial year were focussed on planning and preparation for the transition.

By moving to DPC, the Office will be able to leverage this central agency role to drive whole of Government digital reform including:

- acceleration of the Government's transition to digital service delivery, reflecting strong community demand for online services;
- implementation of higher cyber security standards across Government, in response to a series of Auditor General reports;
- developing policy and strategy to support a culture of data sharing;
- building data analytics capacity within the WA public sector to underpin good policy development and better targeted service delivery; and
- supporting the implementation of information technology procurement reforms across the sector.

This move will enable a shift from a technology focus to a service delivery focus in line with the recommendations of the Service Priority Review report *"Working Together: One Public Sector Delivering for WA"*.

It will also allow for stronger governance and reporting as recommended by the Commission of Inquiry into Government Programs and Projects. The Office of the GCIO will be appointing an independent chair of the DsG ICT Council and will establish the GovNext-ICT Program Board with an independent chair.

Data Analytics

The Western Australian public sector must combine, share and utilise its data assets in a much more comprehensive and unified way in order to meet the service delivery requirements of modern government.

Through improving access to data and tailoring its use to meet business and community needs, the sector can provide higher-quality advice and deliver improved services at a lower cost.

Making data more openly available will create opportunities for Western Australian businesses and cultivate a culture of transparency and trust with the public. Having a legislative framework for sharing information while protecting sensitive personal information would support this outcome.

The Western Australian Whole of Government Open Data Policy was launched in 2015, alongside the data.wa.gov.au portal. In the past year, the Office of the GCIO, in partnership with Landgate, has updated and expanded guidance on the Open Data policy.

Making agencies' data more openly available will create opportunities for Western Australian businesses and cultivate a culture of transparency and trust with the public. It also creates an enabling environment for modern data analytics, which can generate rapid insights into complex policy problems by combining and processing large volumes of interrelated data.

DIGITAL TRANSFORMATION - LOOKING FORWARD: SIGNIFICANT ISSUES AND FUTURE TRENDS

Better Connectivity across the State

Access to a high performance and affordable internet network is a key driver for the Western Australian economy and essential for residents and businesses that want to engage in the modern digital economy. The National Broadband Network (NBN) is vital infrastructure for the future prosperity of Western Australia. Fast, reliable, high-capacity internet is the backbone of modern economies, and a key enabler for efficient delivery of Government services in the 21st century.

To ensure that NBN rollout in Western Australia is high quality and fit-for-purpose, the Office of the GCIO drafted and supported a number of submissions to the Commonwealth Joint Standing Committee on the NBN during the year.

During 2017-18, the Office of the GCIO worked with DPIRD to undertake the State Telecommunications Infrastructure Audit, the first of its kind in Australia.

The audit identified a large number of existing public and private fixed line and mobile infrastructure assets across the state, with a strong focus on regional areas. The audit lays the foundations for the business sector to identify and evaluate opportunities for investments that would improve digital connectivity for regional businesses and communities.

The GovNext-ICT Program is also working with all public sector agencies to improve the connectivity at government offices across the state. This will allow greater use of modern technology in order to provide better services to rural, regional and remote communities.

GovNext-ICT

As noted earlier, the GovNext-ICT program was included within a number of reviews in 2017-18. The findings and recommendations of these reviews will be addressed in the next financial year and focus on implementation challenges. This will involve embedding change management as a key priority for the Office to support the sector in its transition to GovNext-ICT. The Office will also be facilitating stronger relationships between GovNext-ICT vendors and agencies to assist in meeting their needs in delivering better services to the community.



SUMMARY OF FINANCIAL PERFORMANCE FOR 2017-18

The Office of the GCIO 2017-18 gross expense allocation was approximately \$13.3 million, funded largely through income from the ICT Renewal and Reform Fund (\$7.1 million) and appropriations from government (\$3.4 million).

The \$13.3 million in expenses primarily relates to employee expenses (\$7.4 million) and supplies and services (\$3.0 million).

Actual results versus estimate	Estimate ^(a) \$000	Actual \$000	Variance \$000	Reason for significant variation between actual and estimate
Total cost of services (expense limit)	13,315	6,742	(6,573)	The variance is a result of the capitalisation of costs for the MyWA website, vacancies remaining unfilled during the year and the carryover of budgeted expenditure into 2018-19 to extend the Office for a further 12 months.
Net cost of services	(6,262)	(1,317)	4,945	Reduced expenditure, as above, was offset partially by a reduction in the amount of income received from the ICT Renewal and Reform Fund.
Total equity	0	3,619	3,619	At the time the 2017-18 budget was set the Office was scheduled to complete all activity and expend all resources by the end of 2017-18 leaving a projected net equity balance of nil. During 2017-18, the life of the Office was extended by 12 months with a portion of resources retained to fund operations in 2018-19.
Net increase/ (decrease) in cash held	(3,399)	(2,115)	1,284	As outlined above, the life of the Office was extended by 12 months during 2017-18. As a result, not all cash balances were expended as forecast. A component was retained to fund the Office in 2018-19.
Approved salary expense level	6,353	4,085		The actual salary expense was below the estimate largely due to the capitalisation of salary costs for the MyWA website and employee positions not filled as a result of the extension of the Office function in the 2018-19 financial year.
Working Cash limit	700	401		The working cash limit is a factor of the expenditure incurred during the year. The reduced actual figure reflects the lower than budget expenditure during the year.

(a) Further explanations are contained in Note 29 of the financial statements.

SUMMARY OF NON-FINANCIAL PERFORMANCE FOR 2017-18

Outcome

Key effectiveness indicator	Unit	Target	Actual
Percentage of ICT policies endorsed by Governance groups for development by OGCIO that have been developed and approved by Government	%	75	75

Service

Key efficiency indicator	Unit	Target	Actual
Average cost of Policy Development	\$'000	203	225 ^(a)
Cost of GovNext and myWA project implementation as a percentage cost of the overall government spend on related services	%	5.2	4.9 ^(b)

(a) The higher average cost reflects the fewer policies in total worked on (10) during the year when compared to target (12) and prior year actual (12). Two policies developed and approved required no further work during 2017-18.

(b) The increased result compared to the prior year reflects a reduction in reported government spend on related ICT services due in part to the cessation of several ICT common use arrangements.

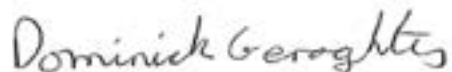
CERTIFICATION OF FINANCIAL STATEMENTS

Certification of Financial Statements

For the year ended 30 June 2018

The accompanying financial statements of the Office of the Government Chief Information Officer 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 30 June 2018 and the financial position as at 30 June 2018.

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.



Dominick Geraghty
Reporting Officer
29 August 2018

AUDIT OPINION



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

OFFICE OF THE GOVERNMENT CHIEF INFORMATION OFFICER

Report on the Financial Statements

Opinion

I have audited the financial statements of the Office of the Government Chief Information Officer which comprise the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information, including Administered transactions and balances.

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 Office of the Government Chief Information Officer for the year ended 30 June 2018 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, 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 am independent of the Office in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Reporting Officer for the Financial Statements

The Office of the Government Chief Information Officer ceased to exist as a sub-department under the *Financial Management Act 2006* on 30 June 2018. The Treasurer appointed a Reporting Officer under section 68 of the Act who was responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Reporting Officer.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Controls**Opinion**

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Office of the Government Chief Information Officer. The controls exercised by the Office are those policies and procedures established by the Government Chief Information Officer to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Office of the Government Chief Information Officer are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2018.

The Government Chief Information Officer's Responsibilities

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

Auditor General's Responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 Assurance Engagements on Controls issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

AUDIT OPINION

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the 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 the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance 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 Key Performance Indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Office of the Government Chief Information Officer for the year ended 30 June 2018. The key performance indicators are the key effectiveness indicators and the 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 Office of the Government Chief Information Officer are relevant and appropriate to assist users to assess the Office's performance and fairly represent indicated performance for the year ended 30 June 2018.

The Reporting Officer's Responsibility for the Key Performance Indicators

The Reporting Officer is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's instructions and for such internal control as the Reporting Officer 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 Reporting Officer 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 Responsibility

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 agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with *Standard on Assurance Engagements ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery.

The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators

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

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

This auditor's report relates to the financial statements and key performance indicators of the Office of the Government Chief Information Officer for the year ended 30 June 2018 included on the Office's website. The Office's management is responsible for the integrity of the Office's website. This audit does not provide assurance on the integrity of the Office's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.


SANDRA LABUSCHAGNE
ACTING DEPUTY AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
30 August 2018

STATEMENT OF COMPREHENSIVE INCOME For the year ended 30 June 2018

	Note	2018 \$000	2017 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	7	4,519	4,408
Supplies and services	8	1,372	4,246
Amortisation expense	9	82	–
Accommodation expenses	10	535	313
Grants and subsidies	11	180	369
Other expenses	12	54	94
Total cost of services		6,742	9,430
Income			
<i>Revenue</i>			
Grants and subsidies	13		
Other revenue		5,415	4,030
Total Revenue		10	15
Total income other than income from State Government		5,425	4,045
NET COST OF SERVICES		5,425	4,045
		(1,317)	(5,385)
Income from State Government	14		
Service appropriation		3,403	7,413
Services received free of charge		93	111
Total income from State Government		3,496	7,524
SURPLUS/(DEFICIT) FOR THE PERIOD		2,179	2,139
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,179	2,139

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

STATEMENT OF FINANCIAL POSITION As at 30 June 2018

	Note	2018 \$000	2017 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	22	3,062	5,177
Receivables	15	176	206
Total Current Assets		3,238	5,383
Non-Current Assets			
Intangible assets	16	1,499	–
Total Non-Current Assets		1,499	–
TOTAL ASSETS		4,737	5,383
LIABILITIES			
Current Liabilities			
Payables	18	126	1,209
Other current liabilities	19	–	1,746
Provisions	20	777	844
Total Current Liabilities		903	3,799
Non-Current Liabilities			
Provisions	20	215	144
Total Non-Current Liabilities		215	144
TOTAL LIABILITIES		1,118	3,943
NET ASSETS		3,619	1,440
EQUITY			
Contributed equity	21	–	–
Accumulated surplus		3,619	1,440
TOTAL EQUITY		3,619	1,440

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 2018

	Note	Contributed equity \$000	Accumulated surplus/(deficit) \$000	Total equity/ (Equity deficit) \$000
Balance at 1 July 2016	21	–	(699)	(699)
Total comprehensive income for the period		–	2,139	2,139
Balance at 30 June 2017		–	1,440	1,440
Balance at 1 July 2017		–	1,440	1,440
Total comprehensive income for the period		–	2,179	2,179
Balance at 30 June 2018		–	3,619	3,619

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 2018

	Note	2018 \$000	2017 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation ^(a)		1,657	9,159
Net cash provided by State Government		1,657	9,159
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(4,881)	(3,862)
Supplies and services		(1,983)	(3,945)
Accommodation		(535)	(313)
Grants and subsidies		(195)	(369)
GST payments on purchases		(331)	(453)
Other payments		(85)	(58)
Receipts			
Grants and contributions		5,415	4,030
GST receipts on sales		33	7
GST receipts from taxation authority		362	330
Other receipts		10	70
Net cash provided by/(used in) operating activities	22	(2,191)	(4,563)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets		(1,581)	–
Net cash provided by/(used in) investing activities		(1,581)	–
Net increase/(decrease) in cash and cash equivalents		(2,115)	4,596
Cash and cash equivalents at the beginning of the period		5,177	581
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	22	3,062	5,177

(a) During the year, the sub-department received \$3.403 million service appropriation from Department of Treasury. However, the sub-department also repaid \$1.746 million to Department of Treasury which related to the reflow of Innovation Fund appropriation being reallocated to the Department of Jobs, Tourism, Science and Innovation.

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

SCHEDULE OF INCOME AND EXPENSES BY SERVICE For the year ended 30 June 2018

	Service 1		Service 2 ^(a)		Total	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
COST OF SERVICES						
<u>Expenses</u>						
Employee benefits expense	4,519	3,594	-	814	4,519	4,408
Supplies and services	1,372	3,280	-	966	1,372	4,246
Amortisation expense	82	-	-	-	82	-
Accommodation expenses	535	249	-	64	535	313
Grants and subsidies	180	-	-	369	180	369
Other expenses	54	79	-	15	54	94
Total cost of services	6,742	7,202	-	2,228	6,742	9,430
<u>Income</u>						
Grants and subsidies	5,415	4,030	-	-	5,415	4,030
Other revenue	10	13	-	2	10	15
Total income other than income from State Government	5,425	4,043	-	2	5,425	4,045
NET COST OF SERVICES	(1,317)	(3,159)	-	(2,226)	(1,317)	(5,385)
Income from State Government						
Service appropriation	3,403	3,077	-	4,336	3,403	7,413
Resources received free of charge	93	111	-	-	93	111
Total income from State Government	3,496	3,188	-	4,336	3,496	7,524
SURPLUS/(DEFICIT) FOR THE PERIOD	2,179	29	-	2,110	2,179	2,139

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

Service 1: Establishment of a Platform for the Delivery of Better Government Services through Efficient Development of ICT Strategy, Policies and Solutions

Service 2: Establishment of a \$20 million innovation package to grow the WA innovation ecosystem and innovation activity through the delivery of programs, services and events

(a) Service 2 was transferred to the Department of Jobs, Tourism, Science and Innovation on 01/07/17.

SCHEDULE OF ASSETS AND LIABILITIES BY SERVICE For the year ended 30 June 2018

	Service 1		Service 2 ^(a)		Total	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<u>Assets</u>						
Current assets	3,238	2,565	-	2,818	3,238	5,383
Non-current assets	1,499	-	-	-	1,499	-
Total Assets	4,737	2,565	-	2,818	4,737	5,383
<u>Liabilities</u>						
Current liabilities	903	1,977	-	1,822	903	3,799
Non-current liabilities	215	140	-	4	215	144
Total Liabilities	1,118	2,117	-	1,826	1,118	3,943
NET ASSETS	3,619	448	-	992	3,619	1,440

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

Service 1: Establishment of a Platform for the Delivery of Better Government Services through Efficient Development of ICT Strategy, Policies and Solutions

Service 2: Establishment of a \$20 million innovation package to grow the WA innovation ecosystem and innovation activity through the delivery of programs, services and events

(a) Service 2 was transferred to the Department of Jobs, Tourism, Science and Innovation on 01/07/17.

SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS AND INCOME ESTIMATES For the year ended 30 June 2018

	2018 Estimate \$000	2018 Actual \$000	Variance \$000	2018 Actual \$000	2017 Actual \$000	Variance \$000
<u>Delivery of Services</u>						
Item 85 Net amount appropriated to deliver services	3,404	3,403	(1)	3,403	7,413	(4,010)
Total appropriations provided to deliver services	3,404	3,403	(1)	3,403	7,413	(4,010)
<u>Administered Transactions</u>						
Item 86 Amount provided for Administered grants, subsidies and other transfer payments	5,839	-	(5,839)	-	5,632	(5,632)
Total administered transactions	5,839	-	(5,839)	-	5,632	(5,632)
GRAND TOTAL	9,243	3,403	(5,840)	3,403	13,045	(9,642)
<u>Details of Expenses by Service</u>						
Establishment of a platform for the delivery of better government services through efficient development of Information and Communications Technology (ICT) strategy, policies and solutions	13,315	6,742	(6,573)	6,742	9,430	(2,688)
Total Cost of Services	13,315	6,742	(6,573)	6,742	9,430	(2,688)
Less Total Income	(7,053)	(5,425)	1,628	(5,425)	(4,045)	(1,380)
Net Cost of Services	6,262	1,317	(4,945)	1,317	5,385	(4,068)
Adjustments	(2,858)	2,086	4,944	2,086	2,028	58
Total appropriations provided to deliver services	3,404	3,403	(1)	3,403	7,413	(4,010)
<u>Details of Income Estimates</u>						
Income disclosed as Administered Income	5,839	-	(5,839)	-	5,632	(5,632)
Total income estimates	5,839	-	(5,839)	-	5,632	(5,632)

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

Notes 29 'Explanatory statement' and Note 33 'Explanatory statement for Administered Items - Income and Expenses' provide details of any significant variations between estimates and actual results for 2018 and between the actual results for 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

Note 1. Australian Accounting Standards

General

The sub-department's financial statements for the year ended 30 June 2018 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). These annual financial statements were authorised for issue by the sub-department's Reporting Officer on 29 August 2018.

The sub-department has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The sub-department cannot early adopt an Australian Accounting Standard unless specifically permitted by *TI 1101 Application of Australian Accounting Standards and Other Pronouncements* or by an exemption from *TI 1101*. There has been no early adoption of any Australian Accounting Standards that have been issued or amended (but not operative) by the sub-department for the annual reporting period ended 30 June 2018. Any Australian Accounting Standards that are operative after 30 June 2018 will not impact due to the closure of the sub-department.

Note 2. Summary of significant accounting policies

(a) General statement

The sub-department is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

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

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the

preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

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

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

(c) Reporting entity

The reporting entity is the Office of the Government Chief Information Officer.

Mission

We connect people, processes and technology to empower individuals to deliver better outcomes for government and citizens. We do this by collaborating with government agencies and industry to stabilise costs, increase value-for-money and minimise risk in Information and Communications Technology (ICT) delivery.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

Services

The sub-department provided one service in 2017-18 to Western Australia: Establishment of a platform for the delivery of better government services through efficient development of Information and Communications Technology (ICT) strategy, policies and solutions.

The sub-department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral, to the function of the sub-department. These administered balances and transactions are not recognised in the principal financial statements of the sub-department but schedules are prepared using the same basis as the financial statements and are presented at Note 33 'Explanatory statement for Administered Items – Income and Expenses' and Note 34 'Administered assets and liabilities'.

(d) Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

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

(e) Income

Revenue recognition

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

Service appropriations

Service Appropriations are recognised as revenues at fair value in the period in which the sub-department gains control of the appropriated funds. The sub-department gains control of appropriated funds at the time those funds are deposited to the bank account.

Net Appropriation Determination

The Treasurer may make a determination providing for a prescribed receipt to be retained for services under the control of the sub-department. In accordance with the most recent determination, as quantified in the 2017-18 Budget Statements, the sub-department retained \$5.425 million in 2018 (\$4.045 million in 2017) from the following:

- Grants and subsidies
- Other revenue

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the sub-department obtains control over the assets comprising the contributions, usually when cash is received.

(f) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful lives. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

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

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by the sub-department have a finite useful life and zero residual value.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

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

Website costs 5 years

Website Costs

Website costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a website, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a website that can be reliably measured, are capitalised to the extent that they represent probable further economic benefits.

(g) Impairment of assets

Intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. As the sub-department is a not-for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and current replacement cost.

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

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

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

See Note 17 'Impairment of assets' for the outcome of impairment reviews and testing.

(h) Leases

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

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

(i) Financial instruments

In addition to cash, the sub-department has two categories of financial instruments:

- Receivables
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- Financial Assets
 - Cash and cash equivalents
 - Receivables
- Financial Liabilities
 - Payables
 - Other current liabilities

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

The fair value of short-term receivables and payables is the transaction cost or the face value

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(j) Cash and cash equivalents

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

(k) Accrued salaries

Accrued salaries (see Note 18 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The sub-department considers the carrying amount of accrued salaries to be equivalent to its fair value.

(l) Receivables

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

(m) Payables

Payables are recognised at the amounts payable when the sub-department becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

(n) Borrowings

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

(o) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period. (see also Note 20 'Provisions')

Provisions - employee benefits

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

Annual leave

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be 'other long-term employee benefits'. The

annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

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

The provision for annual leave is classified as a current liability as the sub-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.

Long service leave

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

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as the sub-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 sub-department has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Superannuation

The Government Employees Superannuation Board (GESB) and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

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

defined benefit lump sum scheme closed to new members since 1995.

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

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

The sub-department has no liabilities under the Pension Scheme or the GSS. The liabilities

for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the sub-department to the GESB.

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

See also Note 2(p) 'Superannuation expense'.

Provisions - other

Employment on-costs

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

(p) Superannuation expense

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

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

Assets or services received free of charge or for nominal cost that the sub-department would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

Note 3. Comparative figures

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

Note 4. Judgements made by management in applying accounting policies

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

Operating lease commitments

The sub-department has entered into a lease

for office accommodation. This lease is of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, this lease has been classified as operating lease.

Note 5. Key sources of estimation uncertainty

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

Long service leave

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

Note 6. Disclosure of changes in accounting policy and estimates

Voluntary changes in accounting policy

There are no voluntary changes in accounting policies during the reporting period.

Changes in accounting estimates

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

Note 7. Employee benefits expense

	2018 \$000	2017 \$000
Wages and salaries	3,245	3,634
Superannuation ^(a)	450	272
Long service leave ^(b)	138	137
Annual leave ^(b)	578	358
Severance Payment ^(c)	102	-
Other related expenses	6	7
	<u>4,519</u>	<u>4,408</u>

(a) Includes West Sate, Gold State, GESB and other eligible funds.

(b) Includes a superannuation contribution component.

(c) The total severance gross payout for 2018 was \$120,679, with \$18,290 related to leave entitlements (Refer to Note 20).

Employment on-costs expenses, such as workers' compensation insurance, are included at Note 12 'Other expenses'. Employment on-costs liability is included at Note 20 'Provisions'.

Employment on-costs expenses, such as workers' compensation insurance, are included at Note 12 'Other expenses'. Employment on-costs liability is included at Note 20 'Provisions'.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

Note 8. Supplies and services

	2018 \$000	2017 \$000
Communications	13	12
Contractors and professional services ^(a)	1,113	2,451
Consumables	18	22
Repairs and Maintenance	–	4
Travel	8	34
Legal costs ^(b)	131	1,331
Other ^(c)	89	392
	1,372	4,246

(a) \$400,000 (2017: \$424,781) was relevant to payments for corporate services provided by the Department of Finance.

(b) \$52,965 (2017: \$46,985) was relevant to payments for legal advice to State Solicitor's Office.

(c) \$14,110 (2017: \$11,486) was relevant to payments for vehicle operating costs provided by the Department of Finance.

Note 9. Amortisation expense

	2018 \$000	2017 \$000
<u>Amortisation</u>		
Website costs	82	–
Total Amortisation	82	–

Note 10. Accommodation expenses

	2018 \$000	2017 \$000
Cleaning	132	75
Lease rentals ^(a)	403	238
	535	313

(a) \$400,714 (2017: \$234,776) was relevant to lease rentals paid to the consolidated account.

Note 11. Grants and subsidies

	2018 \$000	2017 \$000
Grants - recurrent	180	369
	180	369

Note 12. Other expenses

	2018 \$000	2017 \$000
Minor equipment	9	72
Employment on-costs	22	1
Audit fees	22	14
Other	1	7
	54	94

Note 13. Income

	2018 \$000	2017 \$000
<u>Grants and subsidies</u>		
Grants and subsidies ^(a)	5,415	4,030
	5,415	4,030
<u>Other revenue</u>		
Recoups	–	–
Government Vehicle Scheme (GVS)	10	8
Other	–	7
	10	15
	5,425	4,045

(a) \$5,115,000 (2017: \$4,030,000) was relevant to grants and subsidies income received from Department of Treasury and \$300,000 (2017: nil) was relevant to grants and subsidies income received from Department of Jobs, Tourism, Science and Innovation.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

Note 14. Income from State Government

	2018 \$000	2017 \$000
Appropriation received during the period:		
Service appropriation ^(a)	3,403	7,413
	<u>3,403</u>	<u>7,413</u>
Services received free of charge from other State government agencies during the period:		
Department of Finance	78	51
State Solicitor's Office	6	60
Department of Training and Workforce Development	9	–
	<u>93</u>	<u>111</u>
	<u>3,496</u>	<u>7,524</u>

(a) Service appropriations fund the net cost of services delivered. Appropriation revenue only comprises a cash component.

Note 15. Receivables

	2018 \$000	2017 \$000
<u>Current</u>		
Receivables	99	–
GST receivable	77	206
	<u>176</u>	<u>206</u>
Total current	<u>176</u>	<u>206</u>

The sub-department does not hold any collateral or other credit enhancements as security for receivables.

Note 16. Intangible assets

	2018 \$000	2017 \$000
<u>Website costs ^(a)</u>		
At cost	1,009	–
Accumulated amortisation	(82)	–
	<u>927</u>	<u>–</u>
<u>Work in Progress ^(a)</u>		
At cost	572	–
	<u>572</u>	<u>–</u>
Total		
At cost	1,581	–
Accumulated amortisation	(82)	–
	<u>1,449</u>	<u>–</u>

(a) Both the Website costs and the Work in Progress are related to the MyWA website.

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

	Website costs \$000	Work in Progress costs \$000	Total \$000
2018			
Carrying amount at start of period	–	–	–
Additions	1,009	572	1,581
Amortisation expense	(82)	–	(82)
Carrying amount at end of period	<u>927</u>	<u>572</u>	<u>1,499</u>
2017			
Carrying amount at start of period	–	–	–
Additions	–	–	–
Amortisation expense	–	–	–
Carrying amount at end of period	<u>–</u>	<u>–</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

Note 17. Impairment of assets

There were no indications of impairment to intangible assets at 30 June 2018.

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

Note 18. Payables

	2018 \$000	2017 \$000
<u>Current</u>		
Trade payables	11	787
Accrued salaries	15	13
Accrued expenses	100	409
Total current	126	1,209

Note 19. Other current liabilities

	2018 \$000	2017 \$000
<u>Current</u>		
Other liabilities ^(a)	-	1,746
Total current	-	1,746

(a) In 2016-17, there was a reflow of Innovation Fund appropriation received from Treasury that was to be repaid in 2017-18 and reallocated to the Department of Jobs, Tourism, Science and Innovation.

Note 20. Provisions

	2018 \$000	2017 \$000
<u>Current</u>		
<i>Employee benefits provision</i>		
Annual leave ^(a)	319	282
Long service leave ^(b)	457	560
	<u>776</u>	<u>842</u>
<u>Other provisions</u>		
Employment on-costs ^(c)	1	2
	<u>1</u>	<u>2</u>
	777	844
<u>Non-current</u>		
<i>Employee benefits provision</i>		
Long service leave ^(b)	215	144
	<u>215</u>	<u>144</u>
<u>Other provisions</u>		
Employment on-costs ^(c)	-	-
	<u>-</u>	<u>-</u>
	215	144

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

	2018 \$000	2017 \$000
Within 12 months of the end of the reporting period	235	203
More than 12 months after the end of the reporting period	84	79
	<u>319</u>	<u>282</u>

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

	2018 \$000	2017 \$000
Within 12 months of the end of the reporting period	198	251
More than 12 months after the end of the reporting period	474	453
	<u>672</u>	<u>704</u>

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in Note 12 'Other expenses'.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

Movements in other provisions

	2018 \$000	2017 \$000
Movements in each class of provisions during the period, other than employee benefits, are set out below.		
<u>Employment on-cost provision</u>		
Carrying amount at start of period	2	1
Additional/(reversals of) provisions recognised	–	1
Payments/other sacrifices of economic benefits	(1)	–
Unwinding of the discount	–	–
Carrying amount at end of period	1	2

Note 21. Equity

The Western Australian Government holds the equity interest in the sub-department on behalf of the community. Equity represents the residual interest in the net assets of the sub-department.

Accumulated surplus

	2018 \$000	2017 \$000
Balance at start of period	1,440	(699)
Result for the period	2,179	2,139
Balance at end of period	3,619	1,440
Total equity at end of period	3,619	1,440

Note 22. Notes to the Statement of Cash Flows

Reconciliation of cash

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

	2018 \$000	2017 \$000
Cash and cash equivalents	3,062	5,177
	3,062	5,177

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

	2018 \$000	2017 \$000
Net cost of services	(1,317)	(5,385)
<u>Non-cash items</u>		
Amortisation expense (Note 9 'Amortisation expense')	82	–
Services received free of charge (Note 14 'Income from State Government')	93	111
<u>(Increase)/decrease in assets</u>		
Current receivables ^(a)	(1)	54
<u>Increase/(decrease) in liabilities</u>		
Current payables ^(a)	(750)	224
Accrued salaries	2	13
Accrued employee benefits	(364)	536
Net GST receipts/payments ^(b)	362	330
Change in GST in receivables/payables ^(c)	(299)	(446)
Net cash provided by/ (used in) operating activities	(2,191)	(4,563)

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

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

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

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

The mandatory application of AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* imposed disclosure impacts only. The sub-department is not exposed to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Note 23. Commitments

Non-cancellable operating lease commitments

	2018 \$000	2017 \$000
Commitments for minimum lease payments are payable as follows:		
Within 1 year	–	569
	<u>–</u>	<u>569</u>

The sub-department has entered into a property lease which is a non-cancellable lease with a 3 year term, with rent payable monthly in advance. The lease term ends on 30/06/2018. No options exist.

Other expenditure commitments

	2018 \$000	2017 \$000
Other expenditure commitments for supplies and services contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:	–	1,251
Within 1 year	<u>–</u>	<u>1,251</u>

Note 24. Related and affiliated bodies

The sub-department has no related or affiliated bodies.

Note 25. Events occurring after the end of the reporting period

From 1 July 2018, the sub-department will be abolished and transferred to the Department of the Premier and Cabinet as a business unit.

Note 26. Remuneration of auditor

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

	2018 \$000	2017 \$000
Auditing the accounts, financial statements, controls, and, key performance indicators	19	17

Note 27. Compensation of Key Management Personnel

The sub-department has determined that Key management personnel include the responsible Minister and senior officers of the sub-department. However, the sub-department is not obligated to compensate the responsible Minister and therefore disclosures in relation to Minister's compensation may be found in the *Annual Report on State Finances*.

Total compensation for senior officers of the sub-department for the reporting period are presented within the following bands:

	2018 \$000	2017 \$000
Compensation Band (\$)		
\$60,001 - 70,000 ^(a)	1	–
\$180,001 - 190,000	1	–
\$190,001 - 200,000	1	1
\$220,001 - 230,000	1	1
\$230,001 - 240,000	–	2
\$240,001 - 250,000	1	–
\$280,001 - 290,000	1	–
\$430,001 - 440,000 ^(b)	–	1

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

	\$000	\$000
Short-term employee benefits	993	1,060
Post-employment benefits	100	106
Other long-term benefits	117	154
Termination benefits	–	–
Total compensation of senior officers	1,210	1,320

(a) An officer was acting in a senior executive position from 12/03/18 to 30/06/18.

(b) This relates to a senior officer leaving during 2017/18 and the compensation is reflected in a lower band.

Note 28. Related Party Transactions

The sub-department is a wholly owned and controlled entity of the State of Western Australia. In conducting its activities, the sub-department is required to pay various taxes and levies based on the standard terms and conditions that apply to all tax and levy payers to the State and entities related to the State.

Related parties of the sub-department include:

- all 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 public sector entities,

including related bodies included in the whole of government consolidated financial statements;

- associates and joint ventures, that are included in the whole of government consolidated financial statements; and
- the Government Employees Superannuation Board (GESB).

Significant transactions with government related entities

Significant transactions include:

- service appropriation (Note 14);
- services received free of charge from the Department of Finance, Department of Training and Workforce Development and the State Solicitor's Office (Note 14);
- lease rentals payments to the consolidated account (Note 10);
- remuneration for services provided by the Auditor General (Note 26);
- payments for legal advice to State Solicitor's Office (Note 8);
- payments for corporate services provided by the Department of Finance (Note 8);
- payments for vehicle operating costs provided by the Department of Finance (Note 8);
- grants and subsidies income received from Department of Treasury and Department of Jobs, Tourism, Science and Innovation. (Note 13)

Material transactions with other related parties

During the year, the sub-department paid \$312,172 (2017: \$184,869) in employee

superannuation contributions to GESB.

Outside of normal citizen type transactions with the sub-department, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

Note 29. Explanatory statement

All variance between estimates (original budget) and actual results for 2018, and between the actual results for 2018 and 2017 are shown below. Narratives are provided for selected major variances, which are generally greater than:

- 5% and \$189k for the Statement of Comprehensive Income and Cash Flows; and
- 5% and \$108k for the Statement of Financial Position

	Variance Note	Estimate 2018 \$000	Actual 2018 \$000	Actual 2017 \$000	Variance between estimate and actual \$000	Variance between actual results for 2018 and 2017 \$000
Statement of Comprehensive Income (Controlled Operations)						
Expenses						
Employee benefits expense	1	7,403	4,519	4,408	(2,884)	111
Supplies and services	2	3,012	1,372	4,246	(1,640)	(2,874)
Amortisation expenses		-	82	-	82	82
Accommodation expenses	3	579	535	313	(44)	222
Grants and subsidies	4	-	180	369	180	(189)
Other expenses	5	2,321	54	94	(2,267)	(40)
Total cost of services		13,315	6,742	9,430	(6,573)	(2,688)
Income						
<i>Revenue</i>						
Grants and subsidies	6	7,053	5,415	4,030	(1,638)	1,385
Other revenue		-	10	15	10	(5)
Total Revenue		7,053	5,425	4,045	(1,628)	1,380
Total income other than income from State Government		7,053	5,425	4,045	(1,628)	1,380
NET COST OF SERVICES		(6,262)	(1,317)	(5,385)	4,945	4,068
Income from State Government						
Service appropriation	7	3,404	3,403	7,413	(1)	(4,010)
Services received free of charge		40	93	111	53	(18)
Total income from State Government		3,444	3,496	7,524	52	(4,028)
SURPLUS/(DEFICIT) FOR THE PERIOD		(2,818)	2,179	2,139	4,997	40
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(2,818)	2,179	2,139	4,997	40

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

Major Estimate and Actual (2018) Variance Narratives

1. The reduction in the 2018 actual is mainly due to the capitalisation of salary costs for the MyWA website and employee positions not filled as a result of the extension of the Office function in the 2018/19 financial year.
2. The lower 2018 actual expenditure is predominantly due to the transfer of budgeted supplies and services into 2018/19 as a result of the extension of the Office function in the 2018/19 financial year.
5. The variance between estimate and actual relates to unexpended Innovation funding estimated to be transferred to the Department of Jobs, Tourism, Science and Innovation.
6. The lower 2018 actual is mainly due to the transfer of budgeted expenditure into 2018/19 as a result of the extension of the Office function in the 2018/19 financial year.

Major Actual (2018) and Comparative (2017) Variance Narratives

2. The higher 2017 actual is mainly due to Innovation expenditure. This function was subsequently transferred to the Department of Jobs, Tourism, Science and Innovation on 1 July 2017.
3. The variance between actual and comparative is due to additional rental costs associated with higher staffing levels at the OGCIO in 2018.
4. The higher 2017 actual reflects innovation grants expenditure including Innovator of the Year awards.
6. The 2018 actuals reflect increased funding mainly due to the MyWA project.
7. The reduced 2018 actual represents the transfer of the Innovation program to the Department of Jobs, Tourism, Science and Innovation.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

Note 29. Explanatory statement

	Variance Note ^(a)	Estimate 2018 \$000	Actual 2017 \$000	Variance between actual results for 2018 and 2017 \$000
Statement of Financial Position (Controlled Operations)				
ASSETS				
Current Assets				
Cash and cash equivalents		3,062	5,177	(2,115)
Receivables		176	206	(30)
Total Current Assets		3,238	5,383	(2,145)
Non-Current Assets				
Intangible assets	1	1,499	-	1,499
Amounts receivable for services		-	-	-
Total Non-Current Assets		1,499	-	1,499
TOTAL ASSETS		4,737	5,383	(646)
LIABILITIES				
Current Liabilities				
Payables		126	1,209	(1,083)
Other current liabilities	2	-	1,746	(1,746)
Provisions		777	844	(67)
Total Current Liabilities		903	3,799	(2,896)

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

Non-Current Liabilities

Provisions

215 144 71

Total Non-Current Liabilities

215 144 71

TOTAL LIABILITIES

1,118 3,943 (2,825)

NET ASSETS

3,619 1,440 2,179

EQUITY

Contributed equity

- - -

Accumulated surplus

3,619 1,440 2,179

TOTAL EQUITY

3,619 1,440 2,179

Major Actual (2018) and Comparative (2017) Variance Narratives

1. Variance relates to capitalisation of MyWA intangible asset in 2018.
2. The 2017 amount reflects the unspent Innovation funds returned to the Department of Treasury.

(a) For the 2017-18 financial year, no balance sheet items were budgeted for the sub-department.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

Note 29. Explanatory statement

	Variance Note	Estimate 2018 \$000	Actual 2018 \$000	Actual 2017 \$000	Variance between estimate and actual \$000	Variance between actual results for 2018 and 2017 \$000
Statement of Cash Flows (Controlled Operations)						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	1	3,404	1,657	9,159	(1,747)	(7,502)
Net cash provided by State Government		3,404	1,657	9,159	(1,747)	(7,502)
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	2	(7,944)	(4,881)	(3,862)	3,063	(1,019)
Supplies and services	3	(3,146)	(1,983)	(3,945)	1,163	1,962
Accommodation	4	(579)	(535)	(313)	44	(222)
Grants and subsidies	5	-	(195)	(369)	(195)	174
GST payments on purchases	6	-	(331)	(453)	(331)	122
Other payments	7	(2,385)	(85)	(58)	2,300	(27)
Receipts						
Grants and contributions	8	7,053	5,415	4,030	(1,638)	1,385
GST receipts on sales		-	33	7	33	26
GST receipts from taxation authority	9	137	362	330	225	32
Other receipts		61	10	70	(51)	(60)
Net cash provided by/(used in) operating activities		(6,803)	(2,191)	(4,563)	4,612	2,372
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of non-current assets	10	-	(1,581)	-	(1,581)	1,581
Net cash provided by/(used in) investing activities		-	(1,581)	-	(1,581)	1,581
Net increase/(decrease) in cash and cash equivalents		(3,399)	(2,115)	4,596	1,284	(6,711)
Cash and cash equivalents at the beginning of the period		-	5,177	581	5,177	4,596
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		(3,399)	3,062	5,177	6,461	(2,115)

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

Major Estimate and Actual (2018) Variance Narratives

1. The variance between estimate and actual reflects the amount of unspent Innovation funding returned to the Department of Treasury.
2. The reduction in the 2018 actual is mainly due to the capitalisation of salary costs for the MyWA website and employee positions not filled as a result of the extension of the Office function in the 2018/19 financial year.
3. The lower 2018 actual expenditure is predominantly due to the transfer of budgeted supplies and services into 2018/19 as a result of the extension of the Office function in the 2018/19 financial year.
5. The variance between estimate and actual reflects expenditure on Cyber Security CRC partnership agreement which commenced in 2018.
6. No budget was initially identified for the GST impacts of OGCIO activities.
7. The variance between estimate and actual relates to unexpended Innovation funds estimated to be transferred to the Department of Jobs, Tourism, Science and Innovation.
8. The lower 2018 actual is due to the transfer of budgeted receipts into 2018/19 as a result of the extension of the Office function in the 2018/19 financial year.
9. The GST impacts of OGCIO activities increased as project activity increased in 2018 compared to estimate.
10. Variance relates to capitalisation of MyWA intangible asset in 2018.

Major Actual (2018) and Comparative (2017) Variance Narratives

1. The reduced 2018 actual highlights the transfer of the Innovation program to the Department of Jobs, Tourism, Science and Innovation at the end of the 2016/17 financial year.
2. The higher expenditure is associated with higher staffing levels as a result of the expansion of the Office in 2018.
3. The higher 2017 actual is mainly due to Innovation expenditure. This function was subsequently transferred to the Department of Jobs, Tourism, Science and Innovation on 1 July 2017.
4. The variance between actual and comparative is due to additional rental costs associated with higher staffing levels at the OGCIO in 2018.
8. The 2018 actuals reflect increased funding mainly due to the MyWA project.
10. Variance relates to capitalisation of MyWA intangible asset in 2018.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

Note 30. Financial instruments

(a) Financial risk management objectives and policies

Financial instruments held by the sub-department are cash and cash equivalents, receivables and payables. The sub-department has limited exposure to financial risks. The sub-department's overall risk management program focuses on managing the risks identified below.

Credit risk

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

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at Note 30(c) 'Financial instruments disclosures' and Note 15 'Receivables'.

Credit risk associated with the sub-department's financial assets is minimal. For receivables other than government, the sub-department trades only with recognised, creditworthy third parties. The sub-department utilises Department of Finance policies to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the sub-department's exposure to

bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the sub-department is unable to meet its financial obligations as they fall due.

The sub-department is exposed to liquidity risk through its trading in the normal course of business.

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

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the sub-department's income or the value of its holdings of financial instruments. The sub-department does not trade in foreign currency and is not materially exposed to other price risks.

Other than as detailed in the interest rate sensitivity analysis table at Note 30(c), the sub-department is not exposed to interest rate risk because the majority of cash and cash equivalents are non-interest bearing.

(b) Categories of 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:

	2018	2017
	\$000	\$000
<u>Financial Assets</u>		
Cash and cash equivalents	3,062	5,177
Receivables ^(a)	99	-
	3,161	5,177
<u>Financial Liabilities</u>		
Payables ^(b)	126	1,209
Other current liabilities	-	1,746
	126	2,955

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

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

(c) Financial instrument disclosures

Credit risk

The following table details the sub-department's maximum exposure to credit risk and the ageing analysis of financial assets. The sub-department's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the sub-department.

The sub-department does not hold any collateral as security or other credit enhancement relating to the financial assets it holds.

Ageing analysis of financial assets

	Carrying Amount \$000	Not past due and not impaired \$000	Past due but not impaired				Impaired financial assets \$000
			Up to 1 month \$000	1 - 3 months \$000	3 months to 1 year \$000	1 - 5 years \$000	
2018							
Cash and cash equivalents	3,062	3,062	–	–	–	–	–
Receivables ^(a)	99	–	98	–	1	–	–
	3,161	3,062	98	–	1	–	–
2017							
Cash and cash equivalents	5,177	5,177	–	–	–	–	–
Receivables ^(a)	–	–	–	–	–	–	–
	5,177	5,177	–	–	–	–	–

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

Liquidity risk and interest rate exposure

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

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

	Interest Rate Exposure				Nominal Amount \$000	Maturity Dates			
	Carrying Amount \$000	Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000		Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1 - 5 years \$000
2018									
<u>Financial Assets</u>									
Cash and cash equivalents	3,062	–	–	3,062	3,062	3,062	–	–	–
Receivables ^(a)	99	–	–	99	99	99	–	–	–
	3,161	–	–	3,161	3,161	3,161	–	–	–
<u>Financial Liabilities</u>									
Payables ^(b)	126	–	–	126	126	126	–	–	–
Other current liabilities	–	–	–	–	–	–	–	–	–
	126	–	–	126	126	126	–	–	–
2017									
<u>Financial Assets</u>									
Cash and cash equivalents	5,177	–	–	5,177	5,177	5,177	–	–	–
Receivables ^(a)	–	–	–	–	–	–	–	–	–
	5,177	–	–	5,177	5,177	5,177	–	–	–
<u>Financial Liabilities</u>									
Payables ^(b)	1,209	–	–	1,209	1,209	1,209	–	–	–
Other current liabilities	1,746	–	–	1,746	1,746	1,746	–	–	–
	2,955	–	–	2,955	2,955	2,955	–	–	–

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

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

Fair values

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

Note 31. Special purpose accounts - administered

ICT Renewal and Reform Fund ^(a)

The purpose of the account is to expedite the delivery of Information and Communication Technology (ICT) reform across the Western Australia Public Sector in an efficient and cost-effective manner as approved by the Economic and Expenditure Reform Committee and/or Cabinet.

	2018	2017
	\$000	\$000
Balance at start of period	6,826	5,224
Receipts	-	5,632
Payments	(5,463)	(4,030)
Balance at end of period	1,363	6,826

(a) Established under section 16(1)(d) of Financial Management Act 2006.

Note 32. Supplementary financial information

(a) Write-offs

No public property was written-off by the sub-department during the reporting period.

(b) Losses through theft, defaults and other causes

	2018	2017
	\$000	\$000
Losses of public money and public and other property through theft or default	-	-
Amounts recovered	-	-
	<u>-</u>	<u>-</u>

(c) Gifts of public property

	2018	2017
	\$000	\$000
Gifts of public property provided by the sub-department	-	-
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

Note 33. Explanatory Statement for Administered Items - Income and Expenses

All variance between estimates (original budget) and actual results for 2018, and between the actual results for 2018 and 2017 are shown below. Narratives are provided for key major variances, which are generally greater than 5% and \$113k.

	Variance Note	Estimate 2018 \$000	Actual 2018 \$000	Actual 2017 \$000	Variance between estimate and actual \$000	Variance between actual results for 2018 and 2017 \$000
INCOME FROM ADMINISTERED ITEMS						
<u>Income</u>						
Administered grants and transfer payments	1	5,839	–	5,632	(5,839)	(5,632)
Total administered income		5,839	–	5,632	(5,839)	(5,632)
<u>Expenses</u>						
ICT renewal and reform fund	2	12,005	5,365	4,128	(6,640)	1,237
Total administered expenses		12,005	5,365	4,128	(6,640)	1,237

Major Estimate and Actual (2018) Variance Narratives

1. The Estimated Administered Income amount was deferred to 2018/19.
2. The variance between estimate and actual relates to the ICT Renewal and Reform Fund (IRRF) which was expected to be fully expended by the end of 2017/18 however the IRRF was extended to 2018/19 and expenditure carried over.

Major Actual (2018) and Comparative (2017) Variance Narratives

1. The Estimated Administered Income amount was deferred to 2018/19.
2. The variance between actual and comparative is primarily due to additional funding being approved in 2017/18 for the MyWA project.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

Note 34. Administered assets and liabilities

	2018	2017
	\$000	\$000
<u>Current Assets</u>		
Cash and cash equivalents	1,363	6,826
Total Administered Current Assets	1,363	6,826
TOTAL ADMINISTERED ASSETS	1,363	6,826
<u>Current Liabilities</u>		
Payables	–	98
Total Administered Current Liability	–	98
TOTAL ADMINISTERED LIABILITIES	–	98

CERTIFICATION OF KEY PERFORMANCE INDICATORS

Certification of key performance indicators

For the year ended 30 June 2018

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Office of the Government Chief Information Officer's performance, and fairly represent the performance of the sub-Department for the financial year ended 30 June 2018.



Dominick Geraghty
Reporting Officer
29 August 2018

PERFORMANCE ASSESSMENT

Outcomes

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

Government goals	Desired outcomes	Services
Sustainable Finances: Responsible financial management and better service delivery.	Enabling effective utilisation of best practice technology in the public sector.	Establishment of a Platform for the Delivery of Better Government Services through Efficient Development of Information and Communications Technology (ICT) Strategy, Policies and Solutions.

Measuring the Performance

The Office of the Government Chief Information Officer (OGCIO) measures its performance through a comparison of policy and costs against overall government direction and ICT spend.

KEY EFFECTIVENESS INDICATORS

Outcome 1: Enabling effective utilisation of best practice technology in the public sector

This outcome supports the Government's goals for an efficient and cost effective public service and reflects the OGCIO role in establishing the framework and policy to assist agencies in achieving more efficient services.

The Western Australian Government ICT Strategy will help transform the way public services are designed, supported and delivered for a community living and working in a digital world.

The OGCIO continues to develop the ICT platform, through policy and contract development, for whole-of-government efficiency for ICT services.

Key indicators of effectiveness		2016-17	2017-18	2017-18
		actual	target	actual
Percentage of ICT policies endorsed by Governance groups for development by OGCIO that have been developed and approved by Government. ^(a)	(%)	75	75	75 ⁽¹⁾

(a) The percentage of policies endorsed by the governance groups for development by OGCIO that have been implemented and approved by Government, reflect the effectiveness of OGCIO in delivering these policy directions.

1) The OGCIO continued to develop and implement the policies outlined by governance committees with 9 of the 12 requested developed by OGCIO and approved by Governance Council to date. Work also continued on the 3 other policies under development with Data Classification well advanced, an Interim Privacy Position approved pending legislative change and the ICT Procurement policy awaiting a decision by Government.

	Policy	Progress
1	Open Data	Developed and approved. Established Data Charging Guideline in 2017-18 to help provide clarity for charging in relation to data sharing.
2	GovNext-ICT	Developed and approved. Established the GovNext-ICT Program Board and progressed implementation of the actions resulting from 12 recommendations from the Gateway Review in 2017-18.
3	Digital WA	Developed and approved. Published the Western Australia Enterprise Architecture Framework in 2017-18 that supports the delivery of this policy.
4	Business Continuity for Disaster Recovery	Developed and approved.
5	Cloud	Developed and approved. Published support materials, including 15 Factsheets and three case studies in 2017-18.

KEY EFFECTIVENESS INDICATORS

	Policy	Progress
6	Digital Security	Developed and approved. Negotiated the State's involvement in the Cyber Security Cooperative Research Centre Agreement which is a partnership of several stakeholders including the State Government to promote collaborative cyber security research projects. Established a cross-agency cyber security working group in 2017-18.
7	Digital Services	Developed and approved. Reviewed and updated the Digital Services Policy and published five new standards during 2017-18.
8	Interoperability	Developed and approved.
9	Data Classification	Under development. Draft policy updated and established a cross sector working group to progress a sector wide discussion paper in 2017-18.
10	ICT Procurement	Pending decision of government as recommended in the Service Priority Review Final Report published October 2017 – Assign responsibility for leadership of ICT procurement to the Department of Finance.
11	Privacy	Interim Privacy Position approved by Council in December 2017 pending establishment of a legislative framework.

	Policy	Progress
12	myWA	Developed and approved. During 2017-18 the OGCIO relaunched the WA.gov.au website. Development of the following also progressed: an identity management platform that validates and stores digital identities; an integration platform prototype to enable information to safely flow between multiple agencies; and the change of address service prototypes to enable change of address advices to flow across multiple agencies systems.

KEY EFFICIENCY INDICATORS

Service 1: Establishment of a Platform for the Delivery of Better Government Services through Efficient Development of Information and Communications Technology (ICT) Strategy, Policies and Solutions.

The OGCIO continues to develop the ICT platform, through policy development and project implementation, for the delivery of better government services.

The indicators represent the costs per unit of policy development and the cost of project implementations as a percentage of overall government spend on related ICT services. Taken into account with the notes explaining any variances, it provides a measure of efficiency.

To ensure the cost of policy change for government is efficient, the overall cost of implementing the change needs to be cost effective when compared to the total government spend on the related activities. In this case the costs impacted relate to server, internet and related services.

Key indicators of efficiency		2016-17 actual	2017-18 target	2017-18 actual
Average cost of Policy Development ^(a)	(\$'000)	192	203	225 ⁽¹⁾
Cost of GovNext and MyWA project implementation as a percentage cost of the overall government spend on related services ^(b)	(%)	3.1	5.2	4.9 ⁽²⁾

a) Cost of policy and strategic services divided by the number of policy initiatives endorsed for development by the governance groups. This calculation includes an overhead for the administrative costs of the OGCIO, including executive and office management costs.

b) Total cost of projects as a percentage of the overall ICT Services spend by government. This calculation includes the full cost of the Projects, including administration, project spend and overheads.

1) The higher average cost reflects the fewer policies in total worked on (10) during the year when compared to target (12) and prior year actual (12). Two policies developed and approved required no further work during 2017-18.

2) The increased result compared to the prior year reflects a reduction in reported government spend on related ICT services due in part to the cessation of several ICT common use arrangements.

DISCLOSURES

Ministerial Directives

Treasurer's Instruction 903 (12) requires agencies to disclose information on any Ministerial Directives relevant to the setting or achievement of desired outcomes or operational objectives, investment activities, and financing activities.

The Office of the GCIO did not receive any Ministerial Directives during 2017-18.

Other Financial Disclosures

Pricing policies of services provided

Not applicable

Capital Projects

Nil

Unauthorised use of credit cards

Officers of the Department of Finance hold corporate credit cards where their functions warrant usage of this facility. The Office of the GCIO did not have any unauthorised use of credit cards during the 2017-18 reporting period.

	2017-18 \$
Aggregate amount of personal use expenditure for the reporting period	Nil
Aggregate amount of personal use expenditure settled by the due date (within 5 working days)	Nil
Aggregate amount of personal use expenditure settled after the period (after 5 working days)	Nil
Aggregate amount of personal use expenditure outstanding at balance date	Nil

DISCLOSURES

Employment and Industrial Relations

Comparative full time equivalent (FTE) allocation by category

The Office of the GCIO was established on 1 July 2015 for a period of three years. As the Office of the GCIO has no permanent employees, for reporting purposes, the number of full-time and part-time contracted employees is noted below, as well as the number of employees seconded from State Government agencies whose substantive position remains with that agency.

Category	2017-18	2016-17
Full-time	28	19
Part-time	2	1
Seconded in	16	16
Total	46	36

Source Data: 2017-2018 MOIR Data

Notes:

Part-time = hours less than normal hours of 37.5 per week.

Workers Compensation

In accordance with Treasurer's Instruction 903 (13iic), the Office of the GCIO had the following workers' compensation disclosures.

	2017-18	2016-17
Workers' compensation claims	1	0
Lost time injuries	1	0

Industrial Relations

Staff at the Office of the GCIO are employed under the conditions of the Public Service Award 1992 and Public Service and Government Officers CSA General Agreement 2017. As a sub-department of the Department of Finance, the Office of the GCIO is also covered by an Agency Specific Agreement with provisions for a wellness program, motor vehicle allowance for business use and flexible working arrangements.

Staff Development

The Office of the GCIO works closely with the Department of Finance in the area of professional development. Since its commencement the priority has been to recruit and maintain a high performing workforce. Continuing development is supported through the Performance and Development Program.

Governance disclosures

The Office of the GCIO is part of the Department of Finance's Governance environment in terms of both the delegation framework and many of the internal committees. Rather than create duplicate committees, the Office of the GCIO has minimised cost through utilising as much of the Department's framework as possible.

The Office of the GCIO has its own Corporate Executive and also operates a sub-committee focused on Financial Management.

The Office of the GCIO Corporate Executive meets weekly and includes the Government Chief Information Officer and Executive Directors.

The Financial Management sub-committee meets monthly and membership includes the Government Chief Information officer, Executive Director Policy and Governance and the Chief Finance Officer of the Department of Finance.

Senior officers

As at the date of reporting, no senior officers, firms of which senior officers are members, or entities in which senior officers have substantial interests, had any interests in existing or proposed contracts with the sub-department or the Office of the GCIO other than normal contracts of employment of service.

Board and committee remuneration

Nil

DISCLOSURES

Other legal requirements

Expenditure on advertising, market research, polling and direct mail

In accordance with section 175ZE of the Electoral Act 1907, the Office of the GCIO incurred \$374 expenditure during the year.

Organisation	2017-18 Expenditure (inc. GST)
Advertising agencies	
• Adcorp	\$374
Market research organisations	Nil
Polling organisations	Nil
Direct mail organisations	Nil
Media advertising organisations	Nil
Total	\$374

Access and Inclusion - sub-department's Disability Access and Inclusion Plan

The Office of the GCIO has adopted the Disability Access and Inclusion Plan developed by the Department of Finance.

Compliance with public sector standards and ethical codes

Over the year, the Office of the GCIO has provided proactive guidance to managers and staff to ensure recruitment processes complied with public sector standards.

No breach of standard claims were lodged in 2017-18. No disclosures were received in 2017-18 under the *Public Interest Disclosure Act 2003*.

Recordkeeping plans

The Office of the GCIO continues to follow recordkeeping compliant protocols developed by the Department of Finance and all staff have access to instructions and guides for the use of the recordkeeping system via the agency's intranet.

The release of a new customised online learning module for recordkeeping supports the Department of Finance's commitment to maintaining good recordkeeping practices and is an extension to the recordkeeping obligations and compliance training provided during induction training.

Freedom of information

In compliance with the Freedom of Information Act 1992, the Office of the GCIO has published an Information Statement describing the types of documents in its possession that could be accessed under Freedom of Information.

In 2017-18, the Office of the GCIO did not receive any Freedom of Information applications.

Government Policy Requirements

Government Building Contracts
Nil

Substantive equality

The Office of the GCIO supports the provision of services that address the different needs of Western Australia's diverse community and supports the Equal Opportunity Commission to eliminate systemic bias and discrimination.

Occupational safety, health and injury management

The Office of the GCIO is committed to the ongoing health and safety of staff.

The Office of the GCIO through the Department of Finance has applied the Worksafe Plan audit tool. As a result, during 2017/18, the focus was on training Managers and Supervisors in the provision of a safe and healthy workplace, as well as developing the Hazard/Incident Reporting and Issue Resolution process in accordance with the requirements of the Occupational Safety and Health Act 1984.

DISCLOSURES

Injury management

Injury/illness management assistance is offered to all staff for work as well as non-work related injury/illness. The Office of the GCIO has continued to work consultatively with ill or injured employees, their treating medical practitioner and managers to ensure that they can either return to work as soon as practicable and/or remain at work in a safe and sustained manner.

Public Sector Commissioner's Occupational Safety and Health performance requirements 2017-18

Indicator	2017-18	2016-17	Target	Comment on result
Number of fatalities	Nil	Nil	Nil	Achieved
Lost time injury and/or disease incidence rate	3.22%	Nil	At least nil or 10% improvement	Only one claim lodged since 1 July 2015
Lost time injury and/or disease severity rate	Nil	Nil	Nil	Employee returned to work within 13 weeks
Percentage of injured workers returned to work:		Nil	Nil	
• Within 13 weeks	100%	N/A		
• Within 26 weeks	N/A	N/A		
Percentage of managers trained in occupational safety, health and injury management responsibilities	93%	0%	Greater than or equal to 80%	Achieved

Legislation administered

The Office of the GCIO does not administer any legislation.

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