



Government of **Western Australia**
Department of **Finance**

DEPARTMENT OF **FINANCE**

ANNUAL REPORT **2013-14**



Statement of compliance

For the year ended 30 June 2014

I hereby submit for your information and presentation to Parliament, the Annual Report for the Department of Finance for the financial year ended 30 June 2014.

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



Anne Nolan
Director General
11 September 2014

About this report

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

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

As part of the Department's focus on continuous improvement, we encourage your feedback about this document. Contact details for the Department are listed on page 97.

Department of Finance Annual Report 2013-14
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Key legislation

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

The Department also has responsibility for the administration of 34 Acts and collected taxes, duties and fees, and paid subsidies, grants and rebates during 2013-14 in accordance with legislation.

These are listed in Appendix 1 on page 96.

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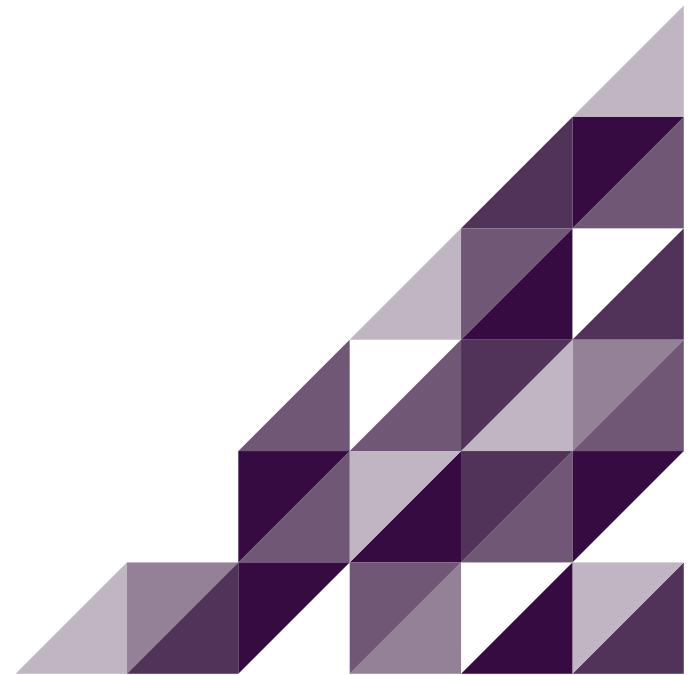
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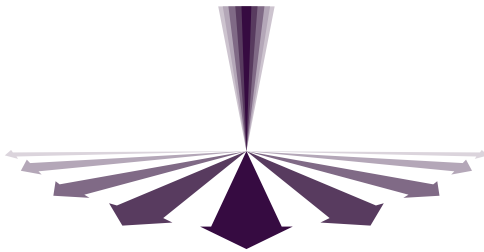
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OVERVIEW

- Executive summary
- Organisational structure
- Performance management framework



Executive summary



Throughout the year, the Department continued to enhance the quality of its service delivery and advice to government.

The Department of Finance, in its third year of operations, consolidated its strategic focus and managed significant changes in its core business. This has been achieved cost effectively and under budget.

As a central agency, Finance has extensive influence across government and the community. The scope of the Department's influence is clearly seen through:

- delivering more than \$1 billion worth of maintenance and construction services for non-residential buildings, including hospitals, schools and police stations
- assisting up to 119 agencies with government office accommodation
- administering State grants and revenue for more than 250,000 customers
- delivering procurement services across government for around 745 suppliers
- working with the Government to deliver on its energy reform agenda.

State Revenue was funded to implement initiatives to improve the timeliness of revenue collections. The efficiencies that were achieved through these improvements in taxation administration exceeded the Government's revenue targets and resulted in the collection of well over \$200 million in additional revenue for the State. In total, State Revenue collected around \$7.3 billion in revenue and paid out more than \$320 million in grants and subsidies.

A major project for the Public Utilities Office was the merger of Verve Energy and Synergy to remove duplication of functions to help reduce the cost of electricity. In a further reforming step, the Public Utilities Office has taken the lead on managing the Government's review of the electricity market in the South West Interconnected System.

This review is looking at rising electricity costs, how to reduce the Government's subsidy to energy retailer Synergy, and the structure of the market. It is due to report to the Minister for Energy in October 2014.

Another success for the Department was the smooth closure of Shared Services. It was a large and complex task to return financial, procurement and, in some cases, payroll activities to 59 agencies. The program also had to support agencies through the transition to providing their own services while minimising the impact of winding down operations.

At the beginning of the year, the Department's focus broadened to include assisting government with reducing barriers to competition, broad micro-economic reform and reducing unnecessary regulatory burdens in Western Australia. This change was brought about by the Government's decision to transfer the Economic Reform business unit from the Department of Treasury. Economic Reform builds upon the Department's existing policy functions by advising government on regulatory reform and competition policy, and delivering the Government's regulatory gatekeeping functions.

In the drive to meet the future needs of the community, Building Management and Works delivered its non-residential program of schools, a court house, a training institution and other government buildings.

The Department delivered value-for-money through a portfolio approach to government office accommodation. A new policy includes increasing density and delivering flexible, fit-for-purpose office accommodation to facilitate cost and operational efficiency.

The Department began laying the foundation to lead the management of public sector information communication and technology (ICT) investment. A Directors General ICT Steering Committee was established to provide high-level leadership and build support for whole-of-government ICT-related initiatives. The Department also used its core strengths in procurement to develop ICT policies and toolkits.

Government Procurement continued to help agencies deliver their business more efficiently by saving money through sector-wide contracts. It negotiated a new Microsoft Enterprise Agreement that delivers savings of \$4.5 million per annum to government. The new agreement has a number of other benefits. These include the ability for agencies to move to cloud computing and gain further savings and efficiencies by making better use of the suite of products available.

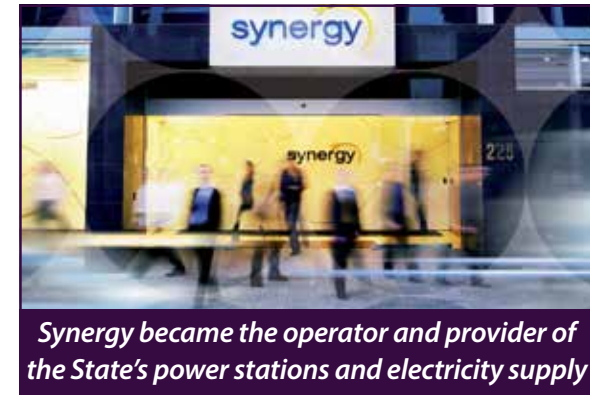
Merger of Verve Energy and Synergy on time and on budget

In April 2013, the Premier announced that the State-owned electricity generator, Verve Energy, and retailer, Synergy, would merge to form a single entity.

The objectives of this reform were realisation of cost savings; avoiding adverse impacts on reliability and security of supply; and sustaining private sector investment.

The successful merger of Verve Energy and Synergy on 1 January 2014 was a major achievement for the Public Utilities Office.

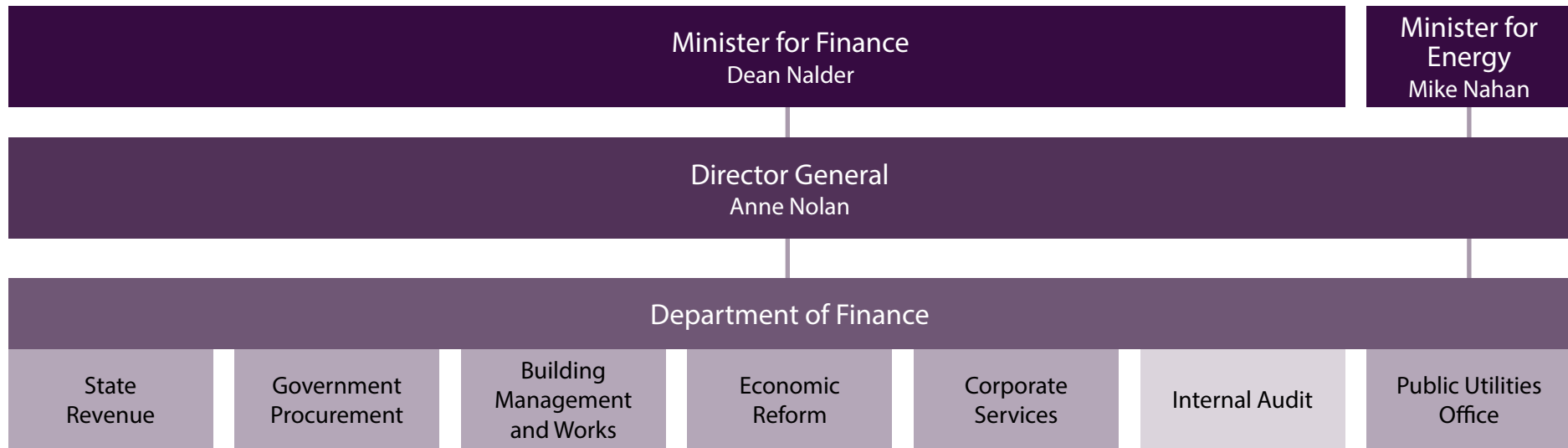
This restructuring included considerable industry engagement and the development of a robust regulatory framework requiring significant legislative changes. These activities were all completed within six months.



Synergy became the operator and provider of the State's power stations and electricity supply

The Public Utilities Office managed the merger on time and on budget with general stakeholder support for the implementation model. Implementation concluded in May 2014 with the start of the Standard Products Regime. This was to address industry concerns about pricing discipline and governance of the merged entity's wholesale business unit.

Organisational structure



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

A new minister, the Honourable Dean Nalder, MLA, was appointed to the Finance portfolio in March 2014. The previous Minister for Finance, the Honourable Mike Nahan, MLA, retained responsibility for the Energy portfolio. The appointment of a new minister re-focused our efforts to provide excellent service to the people of Western Australia.

The Department recognises the pivotal role of teamwork and collaboration that ensures success in meeting its goals and objectives.

Underpinning the Department's unity is a strong culture built on the values of Accountability, Commitment, Leadership, Listening and Caring, and People Matter. These values are recognised and promoted internally through formal programs. They also form the foundation of our strategic goals and directions.

The Department's five strategic goals are:

- Provide quality service for our customers
- Shape and lead the development of influential advice
- Build excellent relationships

- Ensure efficiency and effectiveness in our systems and processes
- Invest in our people and our workplace.

The Department's strategic direction sets out a clear pathway for us to provide better information and timely, reliable and innovative advice.

This direction also enables the Department's six business units to share a common focus of delivering services and advice that meets the needs of government and stakeholders.

The business units achieve this by:

- Administering revenue laws and grant and subsidy schemes, in a fair and efficient manner for the community.
- Leading the planning, delivery and management of a property portfolio that supports the delivery of government services to the community including the delivery of new buildings, maintenance programs for existing buildings and office accommodation.
- Leading a whole-of-government approach to the procurement of goods and services to efficiently meet the business needs of agencies, manage risk and deliver value-for-money from public sector procurement.
- Providing advice and analysis on economic and structural reform, competition policy and regulatory reform.
- Providing corporate services to enable the Department to efficiently and effectively conduct its business.
- Leading the provision of advice to government on the delivery of gas and electricity services to ensure Western Australian businesses and the community have access to affordable, secure, reliable and cleaner energy services.

Commitment paid off for successful closure of Shared Services

The success of the decommissioning of Shared Services was largely driven by strong governance and leadership from the Decommissioning Steering Group.

In an excellent example of cross-agency collaboration, the group was chaired by Department of Finance Director General Anne Nolan, and attended by Directors General from other central agencies and lead client agencies.

The group members worked together to take responsibility for overseeing the progress of the program, making key decisions, addressing risks and ensuring whole-of-government support. Together they agreed the best methods to handover responsibility for services and place staff in a way that best suited the needs of all parties.



When the final meeting was held in February 2014, the members agreed that the group had been well run and also acknowledged the strong governance demonstrated by the Department of Finance as a key to ensuring the program was delivered on time and under budget.

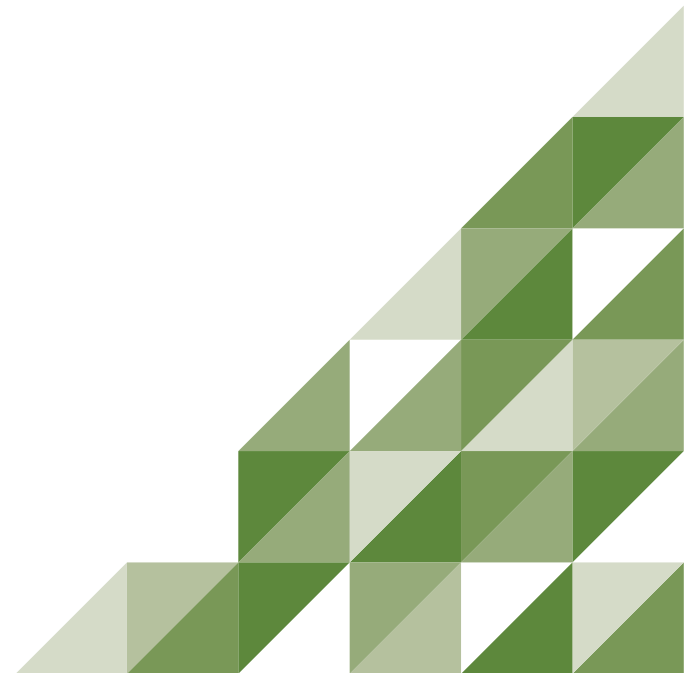
Performance management framework

Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. This table illustrates the relationship between the services and desired outcomes, and the government goal it contributes to. The key effectiveness indicators (pages 77-80) measure the extent of impact of the delivery of services on the achievement of desired outcomes. The key efficiency indicators (pages 81-85) monitor the relationship between the service delivered and the resources used to produce the service.

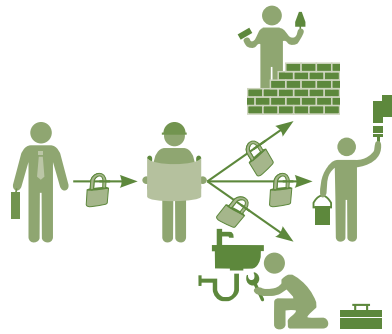
Government goals	Desired outcomes	Services
Financial and economic responsibility		
Responsibly managing the State's finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector.	Due and payable revenue is collected and eligible grants, subsidies and rebates paid.	Revenue assessment and collection, and grants and subsidies administration.
Results-based service delivery		
Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.	Value-for-money from public sector procurement.	Development and management of CUAs, state fleet leasing and disposal, and providing facilitation service for agency specific contracts.
	Decommissioning of Shared Services.	Project management, decommissioning of the whole-of-government shared corporate services reform.
	Provision of corporate services.	Services to government.
State building - major projects		
Building strategic infrastructure that will create jobs and underpin Western Australia's long-term economic development.	Value-for-money from the management of the Government's non-residential buildings and public works.	Leads the planning, delivery, management and maintenance of government buildings, projects and office accommodation.
Social and environmental responsibility		
Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long-term benefit of the State.	A sustainable, efficient, secure and affordable energy sector.	Development and implementation of energy policy and programs.

AGENCY PERFORMANCE

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Achieving excellence



The Department is leading the way nationally with a trial of project bank accounts to help small and medium subcontracting enterprises.

In 2013-14, the Department demonstrated a commitment to high-quality performance across government.

Through excellent project management and a focus on building strong relationships, the Department successfully wound up centralised corporate services for government agencies with the closure of Shared Services on 31 March 2014. Under a decommissioning program, which started in January 2012, the Department returned finance and payroll systems to 59 agencies by December 2013. Significantly, the cost of returning corporate services to agencies was \$45 million less than expected over the life of the project.

Throughout 2013-14, Building Management and Works has been leading the implementation of the Small Business Commissioner's 14 recommendations from the construction subcontractor investigation. Twelve of the recommendations have been implemented with the remaining two well progressed.

A key achievement in this program of work was starting the Government's project bank account trial. Building Management and Works is leading the way nationally on the use of this innovative approach to payment, designed to improve the security of payment for a project's small and medium subcontracting enterprises. In 2013-14, the Department awarded its first contract for the project bank account trial, with another two awarded in July and August 2014. Two more contracts will be advertised as part of the trial in 2014-15.

To provide further support to subcontracting businesses, the Department has maintained a dedicated subcontractor complaints and feedback line, conducted spot checks on contractor payments to subcontractors, and released an industry educational resource in conjunction with the Small Business Development Corporation and the Building Commission.

Through these initiatives, the Department is encouraging small and medium enterprises to participate in its projects and continue to deliver buildings to the benefit of the Western Australian community.

Government Procurement also helped ensure value-for-money in government by building the procurement capacity of government agency staff who buy community services. It conducted the Community Services Procurement Vocational Program, with more than 110 public sector staff participating. In addition, procurement training and awareness sessions were delivered to 2,530 attendees in metropolitan and regional locations. Training included:

- Better Buying
- an introduction to government buying policy and practice
- Community Services Tendering
- contract management awareness sessions.

More than 280 suppliers attended the New to Quotes and Tenders information sessions.

Government Procurement completed Procurement Capability Reviews to further enhance the capacity of agencies that procure community services in Western Australia. The reviews rated agencies' capabilities against best practice and provided a baseline for future assessments. Government Procurement developed a purpose-built self-assessment tool so agencies can now conduct their own review and monitor their processes and practices against the baseline, allowing for continual improvement.

In January 2014, State Fleet implemented a State Government decision that all government light commercial vehicles must have a 5-Star Australasian New Car Assessment Program rating. A new State Fleet eDecision Aid was introduced in October 2013 to help agencies select a vehicle, replacing a labour intensive manual database.

A major initiative of the Government is the review of the electricity market within the South West Interconnected System. The Public Utilities Office is leading this review to address rising electricity costs, reduce the Government's exposure to energy market risks, and attract private-sector participants to the energy market. The Minister for Energy launched the review in March 2014. A steering committee was then formed to govern the review project team and is based in the Public Utilities Office. The steering committee will present options for reform to the Minister for Energy.

New energy concession system delivers for pensioners and seniors

State Revenue, in conjunction with the Public Utilities Office, implemented an extension to the Government's concession scheme to help pensioners and seniors pay their energy bills.

The State Government pays a concession to eligible pensioners and seniors who receive their energy bills from Synergy and Horizon. However, some customers did not receive the concession because they lived in retirement villages or apartments and didn't receive their bill directly from their energy provider.

The Department implemented the Energy Concession Extension Scheme to pay the concession to those pensioners and seniors that did not have a direct billing relationship with Synergy or Horizon.

A cost effective solution was developed to administer the scheme, which included a simple online application form for pensioners and seniors to apply for the concession.



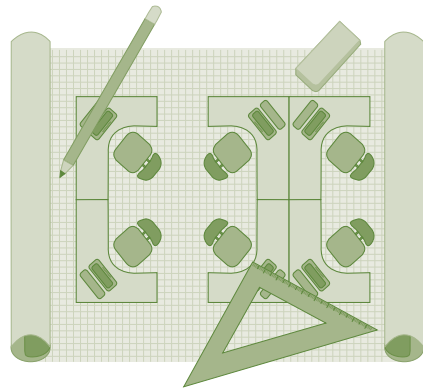
Image by Lee Griffiths © The West Australian

Concession cardholders now receive the payment directly into their bank account

State Revenue communicates with customers about their concession using email and payments go directly into the customer's bank account.

This simplifies and speeds up the process of sending or clarifying information, as well as notifying customers when applications have been received and payments made.

Showing leadership



The Department is leading the planning for whole-of-government office accommodation to help agencies meet their individual needs.

The Department has fulfilled a strong leadership role in the delivery of State Government services.

Building Management and Works strengthened the ability of the Department to lead the planning for whole-of-government office accommodation. By broadening its policy, it obtained the 10-year office accommodation requirements of 113 agencies, providing government with a consolidated view. This has enabled the Department to more efficiently manage office accommodation for all general government agencies while helping meet their individual needs.

State Revenue also led the implementation of the Government's payroll tax rebate scheme, which helped small businesses with a one-off payroll tax rebate. Employers that paid Australia-wide wages of up to \$1.5 million were eligible to apply for a rebate to fully offset their 2012-13 tax liability. Nearly 7,540 rebates totalling more than \$111 million were paid by 30 June 2014.

Another State Revenue initiative showed how the Department is leading in the use of technology and helping the community in a practical way. This was the release of new versions of the online calculators for land tax, payroll tax and duties that are compatible with mobile devices such as smartphones and tablets. This means, for example, that people attending a home open can have immediate access to accurate information about potential tax liabilities.

Government Procurement showed leadership by working with the State Supply Commission (SSC) Board to identify changes to SSC policies that will make procurement activities more efficient, while maintaining sound risk management practices. The new policies took effect on 1 July 2014, providing the public sector with a streamlined approach to procurement.

The Department demonstrated leadership again when Government Procurement identified a need for commercial advisory services for Public Private Partnerships and major State Government projects. Government Procurement collaborated with the Department of Treasury to add a new category to an existing Treasury Common Use Arrangement. This initiative will save time, resources and money across government.

An example of leadership at a local level, with direct benefits to regional communities, came from the Building Management and Works. It had a lead role in implementing air-conditioning, condensation and humidity control measures for a number of building projects. The team developed a technical guide incorporating designs to prevent future mould and moisture issues in new buildings. It has been successfully applied to projects including Royalties for Regions health clinics in the Mulan, Nookanbah and Billiluna communities.

Corporate Services has been leading the public sector to implement the top four Australian Signals Directorate principles to secure information against attacks or unauthorised access.

The Department is one of the first Western Australian Government agencies to implement these principles. This approach protects the information held by the Department from low to moderately sophisticated intrusion attacks by making it difficult for malicious code to infiltrate our environment.

The Department is leading the Directors General ICT Steering Committee to ensure better outcomes from ICT investment for agencies. The Steering Committee is considering options to improve the cost efficiency of service delivery through ICT, as well as improve the quality of service delivery. This will include actions to achieve savings, mechanisms to engage industry, and baseline data for costs and capabilities of agencies.

The Public Utilities Office continued to lead and contribute to the reliability and security of energy supplies. The Office convened the Electricity Supply Emergency Committee to assist the Coordinator of Energy, Deputy Director General Ray Challen, to develop a plan to manage the response to a significant electricity supply disruption event.

The Coordinator of Energy, supported by the Office, worked with industry to manage an acute diesel supply disruption in May and June 2014, and a gas production halt at the Karratha Gas Plant, also in June 2014. With industry support, the Office managed these events to bring the supply chains back into balance with minimal impact on customers.

Creating economic opportunities for people with disabilities

Government Procurement has been working with Western Australian Disability Enterprises (WADEs) to deliver good economic outcomes for the community.

Since 2009, Government Procurement has assisted seven WADEs as suppliers in the government procurement process.

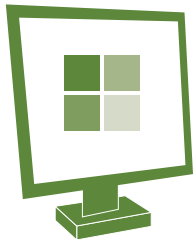
This initiative found new success in 2013-14 when Government Procurement employed a dedicated manager to work directly with these enterprises.

A program of worksite visits has developed a much greater understanding of their capabilities, which better positions Government Procurement staff to recognise opportunities for agencies seeking particular goods or services.



In 2013-14, this initiative resulted in 26 contracts with a total value of \$5.1 million, being awarded to WADEs. This helps boost employment opportunities for more than 2,100 people with disabilities who are employed by these enterprises. This demonstrates an increasing trend from six contracts awarded in 2011-12, and 15 contracts awarded in 2012-13.

Delivering value-for-money



The Microsoft Enterprise Agreement creates annual savings for agencies of up to 15 per cent.

The Department delivered significant and measurable financial benefits for government and the public while maintaining a superior level of service.

Government Procurement helped deliver value-for-money through developing and awarding approximately 2,053 goods and services contracts for agencies. These contracts have a total value of \$1.34 billion. This includes contracts generated within Government Procurement and the Regional Buying Centres of Building Management and Works. The quarterly Customer Satisfaction Survey showed a 92 per cent satisfaction rate with agency contracts.

Government Procurement is responsible for managing a whole-of-government procurement framework of 47 Common Use Arrangements (CUAs) with an estimated turnover of \$1.03 billion involving 745 suppliers. The quarterly Customer Satisfaction Survey showed a 94 per cent satisfaction rate with CUAs. The following examples of new and renewed CUAs in 2013-14 are further proof of the value the Department of Finance provides:

- Microsoft Enterprise Agreement (\$75 million over 3 years), creates annual savings of up to 15 per cent or \$4.5 million annually.
- Printing and Copying Machines and Solutions (\$84 million over 5 years), creates savings by letting agencies address their printing needs without owning the equipment.

- Telecommunications Services (\$450 million over 5 years), delivers savings including reduced data pricing on internet services.
- Motor Vehicle Rental Services (\$35 million over 5 years), provides a premium service at discounted rates and achieved an overall 97 per cent satisfaction rating.
- Audit and Financial Services (\$78 million over 10 years), now incorporates a Risk Facilitation panel and Commercial Advisory services to support government asset management initiatives.
- Master Media Services (\$305 million over 5 years), includes digital media services.

Building Management and Works took advantage of changing market conditions to help deliver on the Government's desire to decentralise government accommodation and better manage its portfolio of building assets. The Government endorsed updates to Building Management and Works' *Government Office Accommodation Policy*, which created opportunities to lower the total cost of government office accommodation. The Policy now applies to all general government agencies and sets a new benchmark of 13 square metres per workpoint. The increased workspace density, coupled with decentralisation efforts, will provide further value-for-money to government as agencies relocate.

The Department improved maintenance services for non-residential government buildings while helping the Government support local and small businesses.

This involved establishing a panel of contractors, the majority of which are local, small to medium-sized businesses. The panel is designed to improve service delivery to client agencies and provide greater opportunities for smaller contractors to deliver immediate and cost-effective maintenance solutions.

State Revenue delivered value-for-money through online promotion and delivery of its customer education programs. An improved ability to create new courses and keep them up-to-date has given customers greater access to education programs and enabled State Revenue to redirect capacity to increase the range and frequency of these courses.

For example, a cost-effective customer education initiative from State Revenue is the 23 training videos on its social media channel. The videos provide information about the Revenue Online application that customers use to self-assess payroll tax, insurance duty and transfer duty.

In February 2014, State Revenue also began weekly payroll tax webinars in conjunction with state and territory revenue offices, and launched a convenient online interactive version of the Duties Information Requirements. Making this information more readily accessible helps employers understand payroll tax and better informs the public about required documents for duties transactions. The customer education programs have recorded attendance growth of 300 per cent during the year.

Government agencies save eight per cent on electricity costs

Government Procurement established the inaugural CUA for Retail Electricity for the South West Interconnected System. The CUA was developed with the contribution of 38 agencies and offers savings through cost and time efficiencies, while reducing risks to government.

Thirty-three agencies encompassing 276 sites established electricity contracts under this CUA for an approximate value of \$411.5 million. Estimated savings so far for the full term of each agency contract, when compared to previously paid prices, are close to \$35.9 million or eight per cent. Agencies have benefited from the simplified process of the CUA and have been able to seek quotes, award contracts and realise savings effectively.

Along with these identified agency savings, Government Procurement has worked with business units within the Department of

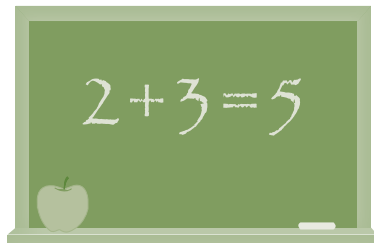


A retail electricity CUA has made it easier for agencies to reduce their electricity costs

Finance to save an average of 13 per cent on electricity costs for government owned buildings, translating into savings of \$1.8 million over three years.

Based on this success, Government Procurement is now investigating buying arrangements for other utilities, including the supply of reticulated natural gases.

Building for the community



The Big Five Program has significantly improved heating, cooling and structural integrity at hundreds of schools.

During the year, the Department once again contributed large-scale value through its successes in the planning, implementation and maintenance of a first-class built environment.

Building Management and Works spent \$1.2 billion on planning and delivery for:

- new government buildings (\$746.870 million)
- government building maintenance (\$210.691 million)
- government office accommodation (\$274.498 million).

As part of the Government's strong investment in education infrastructure, Building Management and Works completed seven primary schools and one high school for the Department of Education. These projects were completed in time for the start of the 2014 school year and helped ease pressure from population growth. One of these, the North Butler Primary School (\$29.5 million), comprises a standard pattern primary school for 430 students, an educational support facility for 70 students, a dental therapy clinic with associated parking, plus sports areas and an oval. Building Management and Works also completed the:

- second stage redevelopment of Bullsbrook District High School (\$24.2 million)
- construction works at Challenger Institute of Technology's Rockingham Campus. The works comprised the first stage of the Building Trades buildings expansion (\$28.6 million)

- third year of the State air cooling program, with 90 per cent of 165 schools completed
- contemporary Kalgoorlie Courthouse (\$41.7 million), which is a transformation of the heritage-listed Kalgoorlie Government Office Building and former Post Office and Warden's Court.

Building Management and Works managed and completed the Big Five Program on behalf of the Department of Education. This was a preventative maintenance initiative with a total budget of \$79.8 million for the fiscal years 2010-2014. It covered:

- wholly or partially replacing roofs at 132 schools
- replacing gas heaters at 390 schools
- replacing air cooling at 46 schools
- replacing Colterra ceilings at eight schools
- remediation of high-risk concrete cancer areas at 26 schools.

The successful implementation of the Big Five Program involved a number of highly complex projects that required strong and effective leadership. A well-coordinated and collaborative effort with the Department of Education, multiple sites across the State, site occupants and trade contractors achieved these outcomes with minimal disruption to the staff and students.

Leading Perth architect Geoff Warn became the new Government Architect in November 2013. Since his appointment, Mr Warn has engaged with a broad range of government stakeholders on the benefits of good design and strategies for improving the quality of our built environment. This process has advanced the objectives of the State Government's *Better Places and Spaces Policy* and confirmed actions for agencies and authorities to implement.

The *Better Places and Spaces Policy* underpinned the State's expectations of design quality in the new Perth Stadium project. Mr Warn and the Office of the Government Architect have been actively involved in the procurement process: contributing to brief development, undertaking design quality benchmarking, and leading the design evaluation process. The community will benefit from a world-class multi-purpose sport and entertainment facility in a high-quality parkland environment.

The community will also gain from the *Sunset Transformation Strategy*, which Building Management and Works successfully prepared during 2013-14. Legislation was passed in April 2014 to transform the old Sunset Hospital site in Dalkeith into a unique government-owned asset for arts, cultural and community use. It will have a high level of heritage conservation, public access, amenity and engagement with the river. The *Sunset Heritage Precinct Management Plan* identifies the range of works that will be implemented across the site to realise the long-term vision for Sunset to become a highly valued public space.

Smartphone app delivers faster service from regional offices

Building Management and Works has developed an app for smartphones and tablets that allows project officers who are working out of the office to respond faster to breakdown approvals without paperwork.

Staff in Bunbury were looking to simplify the breakdown escalation process, while maintaining accurate audit trails. They looked at many ways to improve this process, including new registers, books and forms. Unfortunately, all of these ideas complicated the process.

The Senior Project Manager, who had previously worked as a software developer, developed a basic prototype that he presented to the team. With final input from the team, the app was established.

Now, when a contractor calls with a request, the project officer can enter the details within the app while they are on the phone to the contractor.



Finance staff used the latest technology to simplify a complicated administrative process

They then compile this data into an email that they send back to the office. This generates an approval identification number for the contractor and automatically fills out the required forms for the audit trail.

All regional maintenance staff now use the app which enables them to deliver a quicker service.

Outlook for the future

Achieving excellence

In the coming year, the Department will contribute to the Government's electricity reform agenda with a review of the Western Australian electricity market and implementation of the proposals. The review aims to reduce the cost of electricity supply and production, reduce government exposure to energy market risks and encourage private sector investment in electricity generation. In consultation with industry stakeholders, the Public Utilities Office will develop a report for Government detailing reform options that meet these objectives.

The ability of the Public Utilities Office to deliver higher quality advice more efficiently will be improved by implementation of a range of new systems and processes. These include an improved performance development process, work management system and a foundation training program. The Office will also continue to recruit key specialists for roles that will bolster its economic, commercial and policy expertise.

State Revenue will improve the use of data and information to increase the effectiveness of audit and investigation targeting activities. This aims to increase the efficiency of operations in areas of greatest risk to government revenue.

Showing leadership

To lead the transformation of information communication and technology (ICT) in the Western Australian Government, the Department will continue to support the Directors General ICT Steering Committee, while promoting information sharing and collaboration across the Government ICT sector.

The Department will continue to advance the Government's economic reform agenda by identifying unnecessary regulatory burdens and improving the framework for best-practice regulation development. This will include greater liaison with businesses and the wider community, and leading a cross-agency working group to build regulatory design expertise and support better decision-making. Ultimately, this should lead to lower compliance costs for business and more choice for consumers.

The Department will work with individual agencies to implement the State Supply Commission (SSC) supply policy changes that took effect on 1 July 2014. The changes streamlined and improved the efficiency of procurement activities while maintaining sound risk management practices. The monetary thresholds prescribing procurement methods have been increased providing greater autonomy and encouraging a culture of strategic and informed decision-making on higher value and more risky procurements. Government Procurement will help educate agencies and assist them to update their procurement policies, practices, procedures and templates to reflect the change.

Delivering value-for-money

Along with delivering the core business of revenue and grant administration services, the Department will continue efforts to improve customer service, further reduce red tape and increase operational efficiency over 2014-15. This will include the start of State Revenue's five-year ICT program to ensure the ongoing reliability of the revenue systems and reduce red tape for businesses and taxpayers.

In addition, work will continue to improve the effectiveness of operations through better focused messaging and clearer taxpayer communication.

The Public Utilities Office will also review Synergy's regulated tariffs. This will investigate the costs Synergy incurs in supplying electricity to regulated customers with the aim of reducing government subsidy levels and costs to consumers.

Throughout the year, the Department will assist agencies with ways to meet their fleet vehicle reduction targets. State Fleet is also identifying other potential savings measures to reduce both the cost of the fleet and the borrowing level. This includes working with agencies to promote the no growth fleet strategy and to ensure optimised use of their vehicle fleet.

In what is expected to be a tight budgetary environment during 2014-15, agencies will look to the Department for further procurement efficiencies.

To achieve this, Government Procurement will continue to improve Common Use Arrangements (CUAs) and assist agencies with the planning and identification of savings opportunities through aggregation and demand management.

A number of agencies have requested a CUA for the supply of reticulated gases to eliminate repetitive tendering and negotiation processes. Government Procurement will develop a purchasing mechanism that reduces procurement workloads and costs, and allows agencies to test the natural gas market quickly and efficiently.

In addition, Government Procurement will continue to deliver better value-for-money to government by improving the ICT CUAs. It will also deliver broader initiatives that aim to deliver efficiencies and savings for agency ICT spending.

Implementation of the revised *Government Office Accommodation Policy* will continue during 2014-15. Building Management and Works will provide the Government with options that help meet its objectives of consolidating and decentralising government office accommodation while delivering good outcomes for the local economy.

In the first quarter of 2014-15, Building Management and Works will consolidate a number of its outdated low-value maintenance works contracts and panel arrangements for the Perth metropolitan and Peel region.

This new arrangement will be modelled on a panel established in regional Western Australia in 2013. It will provide a consistent and simplified statewide approach to low-value maintenance.

Corporate Services will focus on improving services to the business units in ICT, human resources, knowledge and information, finance, and corporate communications, while reducing staff. This will require careful management of resources and creating new efficiencies in business practices.

Building for the community

Building Management and Works' priority remains delivering on a program of works for the Departments of Education and Health.

Four new primary schools and one new high school are planned to be completed and ready for the start of the 2015 school year. Schools with major improvements scheduled for completion in 2015 include Applecross Senior High School, Baldivis Secondary College Stage Two and Butler College Stage Two.

A significant program of capital works is required to support the Government's commitment to transition Year 7 students to high schools. The program is on schedule, with 29 facilities being delivered for the start of the 2015 school year. Four schools are now complete and occupied, with high and medium risk projects being carefully managed and monitored.

The Southern Inland Health Initiative, a building program valued at \$300 million, involves upgrades to six major hospitals and 31 smaller health facilities. This will continue in 2014-15 with construction on Stream 4 – Small Hospital and Nursing Post refurbishment. This is expected to start in September 2014. Other projects underway include the Carnarvon Police and Justice Complex, Kununurra Courthouse, Challenger Institute of Technology - Murdoch Campus, and the Kalgoorlie Health Campus Redevelopment.

The construction of the Old Treasury Building office tower and 565 Hay Street office building are on schedule. The design and documentation for their fit-out are planned for completion by mid-2015.

Reducing the administrative burden on community sector organisations remains a priority for Government Procurement. The *Reducing the Administrative Burden Implementation Plan* was endorsed in February 2014. The project team that is managing the implementation of the recommendations will undertake a comprehensive review of the tools available to assist. Additionally, the team will explore options associated with whole-of-government agreements and group buying arrangements for this sector.

Significant issues

Managing resources in a constrained environment

Demand for the Department's expertise is growing across the depth and breadth of our services. State Revenue will continue to draw substantially on its technical expertise to assist the Department of Treasury on taxation policy matters in 2014-15. This follows the assistance provided in 2013-14 to develop policy to accommodate an interim assessment regime in the duties legislation, modernise the land tax treatment of primary production properties and to narrow the exemptions from state taxes for charitable bodies.

Finance will continue to work with the Department of Health on a significant number of procurements under tight deadlines for major projects such as Fiona Stanley Hospital, the Perth Children's Hospital and a number of other hospitals throughout Western Australia. The need for high-level procurement planning and advice on these complex projects will put pressure on Government Procurement resources.

The Department will continue its effort to prevent cyber crime, which will require updating ICT and business policies to address these risks.

Building Management and Works will deliver a significant capital works program in 2014-15 with substantial investment in both education and health infrastructure. However, in coming years, the program should reduce to more historical levels of investment, requiring careful management of resources.

To maintain our service delivery in a constrained environment, the Department will implement a new business plan to retain knowledge among staff and build their capability and capacity. The plan links team development with work requirements.

Containing cost pressures for government

As office accommodation is the second largest expense for most government agencies, controlling the cost of growth remains a high priority. This includes achieving value-for-money outcomes and working closely with agencies to minimise office accommodation costs across government.

Rising electricity prices and an increasing subsidy paid to Synergy are significant issues facing the Western Australian Government. The Electricity Market Review is addressing these issues through a thorough investigation of industry structure, market institutions and regulatory arrangements.

Following the Parkerville bushfires in January 2014, the Department continues to address the regulation and management of privately-owned power poles and lines.

Advice is being provided to Government on scoping the problem and developing strategies for mitigating the risk of bushfire ignition to avoid substantial costs to the community and the State.

Improving collaboration across government

To improve collaboration across government, a central challenge for the Department will be changing the perception and performance of Economic Reform's Regulatory Impact Assessment program and broader regulatory reform. By actively working to build better relationships with agencies, Economic Reform will seek a refreshed, collaborative approach to delivering regulatory reform in Western Australia.

The Department will also lead initiatives to deliver ICT reform. Support of the Directors General ICT Steering Committee and the Chief Information Officer Council are foundations of the Government's ICT reform program. The capacity to achieve depends on the successful adoption of a whole-of-government strategy and active collaboration by agencies.

Report on operations

Financial targets: actual results versus budget targets

	2013-14 original budget ^(a) \$000	2013-14 revised budget ^(b) \$000	2013-14 actual \$000	Variation ^(c) \$000
Total cost of services (expense limit)	1,586,819	1,635,710	1,515,528	71,291
Net cost of services	272,791	276,908	263,505	9,286
Total equity	1,062,662	1,094,207	1,120,582	57,920
Net increase/(decrease) in cash held	(25,198)	(22,198)	82,717	107,915
Approved full-time equivalent staff level – average over the full year	1,493	1,328	1,270	223

^(a) The 2013-14 original budget approved as part of the 2013-14 State Budget process.

^(b) The 2013-14 revised budget as displayed in the 2014-15 State Budget Statements.

^(c) Variation between original budget and actual.

Total cost of services

The Department of Finance commenced 2013-14 with an initial expense limit of \$1,586.8 million. This limit was increased by \$48.9 million to \$1,635.7 million during the year primarily due to:

- an increase in expenditure for Non-residential Building Programs (\$55.3 million)
- the 2013-14 Voluntary Separation Scheme (\$4.9 million)
- the transfer of the corporate services function from Shared Services (\$3.23 million)
- the Merger Implementation Group – Synergy and Verve Energy (\$2.49 million).

This was offset by a reduction in expenditure of:

- Depreciation Review (\$8.00 million)
- the State Fleet Review (\$7.60 million)
- Procurement Savings (\$1.26 million).

The actual result of \$1,515.5 million was \$120.2 million below the revised budget of \$1,635.7 million and is mainly due to revised project scheduling for several major construction works and a reduction in employments costs and supplies and services associated with the decommissioning of Shared Services.

Net cost of services

The actual net cost of services for 2013-14 was lower than both the original and revised budget due largely to a general reduction in expenses.

Cash held

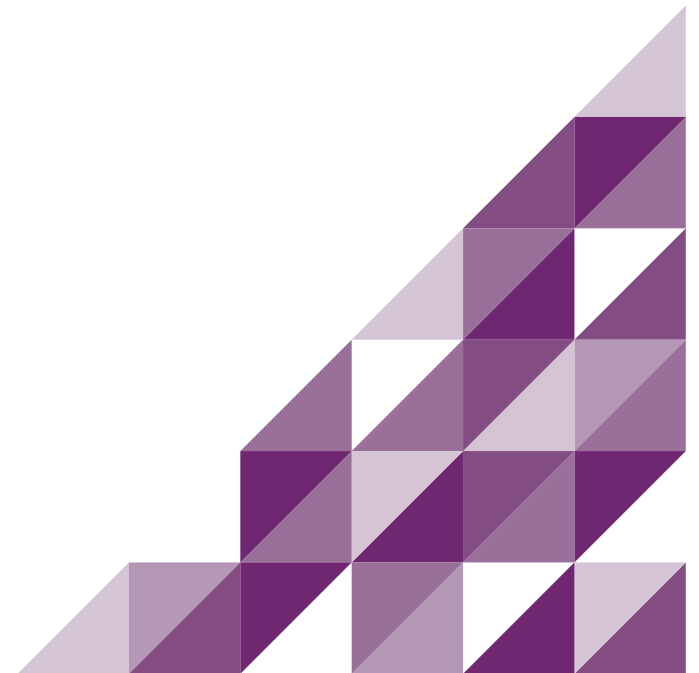
The increase in cash held was largely timing in nature. The Department invoices client agencies in advance for building works and due to the heavy works cash requirements early in 2014-15 was carrying more cash than would normally be expected. Overall, the Department's liquidity remains at a strong and static level.

Full-time equivalent (FTEs)

The decrease in FTEs is mainly due to the decommissioning of Shared Services.

DISCLOSURES

- Financial Statements
- Notes to the Financial Statements
- Key performance indicators
- Other financial disclosures
- Other legal requirements
- Government policy requirements



Disclosures and legal compliance

Financial Statements

Certification of Financial Statements

For the year ended 30 June 2014

The accompanying Financial Statements of the Department of Finance have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2014 and the financial position as at 30 June 2014.

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



Anne Nolan
Director General
9 September 2014



Liam Carren
Chief Finance Officer
9 September 2014

Independent audit opinion



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

DEPARTMENT OF FINANCE

Report on the Financial Statements

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

The financial statements comprise the Statement of Financial Position as at 30 June 2014, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information, including Administered transactions and balances.

Director General's Responsibility for the Financial Statements

The Director General is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Director General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Department of Finance at 30 June 2014 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Page 1 of 3

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500 FAX: 08 6557 7600

Report on Controls

I have audited the controls exercised by the Department of Finance during the year ended 30 June 2014.

Controls exercised by the Department of Finance are those policies and procedures established by the Director General to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Director General's Responsibility for Controls

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the controls exercised by the Department of Finance are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2014.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Department of Finance for the year ended 30 June 2014.

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

Director General's Responsibility for the Key Performance Indicators

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the key performance indicators of the Department of Finance are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2014.

Independence

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

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

This auditor's report relates to the financial statements and key performance indicators of the Department of Finance for the year ended 30 June 2014 included on the Department's website. The Department's management is responsible for the integrity of the Department's website. This audit does not provide assurance on the integrity of the Department's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
11 September 2014

Statement of Comprehensive Income For the year ended 30 June 2014

	Note	2014 \$000	2013 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	7	145,872	146,409
Supplies and services	8	1,167,504	1,215,881
Depreciation and amortisation expense	9	136,341	139,794
Finance costs	10	4,990	6,629
Accommodation expenses	11	45,716	41,689
Grants and subsidies	12	5,396	14,047
Loss on disposal of non-current assets	15	299	-
Other expenses	13	9,410	5,793
Total cost of services		1,515,528	1,570,242
Income			
<i>Revenue</i>			
	14		
User charges and fees		1,233,502	1,274,245
Commonwealth grants and contributions		7,186	13,044
Interest revenue		279	440
Other revenue		7,857	8,608
Total revenue		1,248,824	1,296,337
<i>Gains</i>			
Gain on disposal of non-current assets	15	3,199	10,307
Other gains	16	-	1,757
Total gains		3,199	12,064
Total income other than income from State Government		1,252,023	1,308,401
NET COST OF SERVICES		(263,505)	(261,841)

	Note	2014 \$000	2013 \$000
Income from State Government			
	17		
Service appropriations		275,810	295,546
Services received free of charge		13,348	12,955
Royalties for Regions Fund		149	166
Total income from State Government		289,307	308,667
SURPLUS/(DEFICIT) FOR THE PERIOD			
		25,802	46,826
OTHER COMPREHENSIVE INCOME			
Changes in the revaluation surplus	33	13,581	16,329
Total other comprehensive income		13,581	16,329
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		39,383	63,155

Refer also to the *Schedule of Income and Expenses by Service*.

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

Statement of Financial Position As at 30 June 2014

	Note	2014 \$000	2013 \$000
ASSETS			
Current assets			
Cash and cash equivalents	18	165,048	87,054
Restricted cash and cash equivalents	19	6,625	2,636
Receivables	20	312,054	299,435
Finance lease receivables	21	725	926
Inventories	22	89	82
Amounts receivable for services	23	1,688	1,402
Other current assets	24	23,328	21,018
Total current assets		509,557	412,553
Non-current assets			
Restricted cash and cash equivalents	19	4,547	3,812
Receivables	20	5,048	5,659
Finance lease receivables	21	1,861	2,158
Amounts receivable for services	23	325,475	241,478
Property, plant, equipment and vehicles	25	839,416	843,382
Intangible assets	27	29,872	84,346
Other non-current assets	24	13	12
Total non-current assets		1,206,232	1,180,847
TOTAL ASSETS		1,715,789	1,593,400

	Note	2014 \$000	2013 \$000
LIABILITIES			
Current liabilities			
Payables	29	400,337	325,150
Borrowings	30	42,072	48,355
Lease incentive	32	5,761	4,930
Provisions	31	30,126	32,087
Total current liabilities		478,296	410,522
Non-current liabilities			
Borrowings	30	77,861	89,060
Provisions	31	7,137	7,647
Lease incentive	32	31,913	27,257
Total non-current liabilities		116,911	123,964
Total liabilities		595,207	534,486
NET ASSETS		1,120,582	1,058,914
EQUITY			
	33		
Contributed equity		979,165	956,880
Reserves		32,848	19,267
Accumulated surplus		108,569	82,767
TOTAL EQUITY		1,120,582	1,058,914

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

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

Statement of Changes in Equity For the year ended 30 June 2014

	Note	Contributed equity \$000	Reserves \$000	Accumulated surplus \$000	Total equity \$000
	33				
Balance at 1 July 2012		940,749	2,938	35,541	979,228
Correction of prior period errors ^(*)		-	-	400	400
Restated balance at 1 July 2012		940,749	2,938	35,941	979,628
Surplus		-	-	46,826	46,826
Other comprehensive income		-	16,329	-	16,329
Total comprehensive income for the period		-	16,329	46,826	63,155
Transactions with owners in their capacity as owners:					
Capital appropriations		15,073	-	-	15,073
Other contributions by owners		3,400	-	-	3,400
Distributions to owners		(2,342)	-	-	(2,342)
Total		16,131	-	-	16,131
Balance at 30 June 2013		956,880	19,267	82,767	1,058,914
Balance at 1 July 2013		956,880	19,267	82,767	1,058,914
Surplus		-	-	25,802	25,802
Other comprehensive income		-	13,581	-	13,581
Total comprehensive income for the period		-	13,581	25,802	39,383
Transactions with owners in their capacity as owners:					
Capital appropriations		22,269	-	-	22,269
Other contributions by owners		16	-	-	16
Distributions to owners		-	-	-	-
Total		22,285	-	-	22,285
Balance at 30 June 2014		979,165	32,848	108,569	1,120,582

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

^(*) Refers to excess of accrual estimation for supplies and services.

Statement of Cash Flows

For the year ended 30 June 2014

	Note	2014 \$000	2013 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		190,125	202,176
Capital appropriations		22,285	15,073
Holding account drawdowns		1,402	1,466
Receipts from Treasurer's Advance		60,000	100,000
Payments to Treasurer's Advance		(60,000)	(100,000)
Royalties for Regions Fund		149	166
Net cash provided by State Government		213,961	218,881
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(151,537)	(135,739)
Supplies and services		(1,176,380)	(1,307,914)
Finance costs		(5,052)	(6,704)
Accommodation		(15,401)	(21,182)
Grants and subsidies		(5,396)	(14,047)
GST payments on purchases		(122,389)	(131,463)
GST payments to taxation authority		(13,212)	(2,189)
Other payments		(11,322)	(9,223)
Receipts			
User charges and fees		1,287,823	1,255,473
Commonwealth grants and contributions		7,186	11,035
Interest received		321	476
GST receipts on sales		125,076	120,647
GST receipts from taxation authority		9,635	12,423
Other receipts		16,469	8,367
Net cash used in operating activities	34	(54,181)	(220,040)

	Note	2014 \$000	2013 \$000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(99,301)	(151,853)
Receipts			
Proceeds from sale of non-current physical assets		39,719	51,241
Net cash used in investing activities		(59,582)	(100,612)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Repayment of borrowings		(19,815)	(13,163)
Receipts			
Proceeds from borrowings		2,334	3,001
Net cash used in financing activities		(17,481)	(10,162)
Net increase/(decrease) in cash and cash equivalents		82,717	(111,933)
Cash and cash equivalents at the beginning of period		93,503	205,436
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	34	176,220	93,503

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 2014

	Revenue assessment and collection, and grants and subsidies administration		Development and management of CUAs, state fleet leasing and disposal, and providing facilitation service for agency specific contracts		Project management, decommissioning of the whole-of-government shared corporate services reform	
	Service 1		Service 2		Service 3	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
COST OF SERVICES						
Expenses						
Employee benefits expense	28,703	25,761	36,008	33,130	11,582	28,023
Supplies and services	19,039	17,442	6,818	7,590	20,033	34,495
Depreciation and amortisation expense	2,078	601	54,773	63,073	55,004	55,258
Finance costs	-	-	4,990	6,629	-	-
Accommodation expenses	3,956	3,967	3,518	2,849	1,130	3,025
Grants and subsidies	-	-	227	-	-	-
Loss on disposal of non-current assets	-	-	85	-	214	-
Other expenses	321	303	449	1,204	161	3,051
Total cost of services	54,097	48,074	106,868	114,475	88,124	123,852
Income						
User charges and fees	3,409	3,199	73,439	82,821	2,351	13,828
Commonwealth grants and contributions	206	324	26	24	-	14
Interest revenue	-	-	304	440	(25)	-
Other revenue	286	273	2,883	3,311	802	2,017
Gain on disposal of non-current assets	-	-	3,199	10,307	-	-
Other gains	-	-	-	-	-	-
Total income other than income from State Government	3,901	3,796	79,851	96,903	3,128	15,859
NET COST OF SERVICES	(50,196)	(44,278)	(27,017)	(17,572)	(84,996)	(107,993)
Income from State Government						
Service appropriations ^(a)	50,573	48,074	37,977	40,323	85,632	119,951
Resources received free of charge	12,185	12,053	44	37	-	7
Royalties for Regions Fund	-	-	-	-	-	-
Total income from State Government	62,758	60,127	38,021	40,360	85,632	119,958
Surplus for the period	12,562	15,849	11,004	22,788	636	11,965

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

^(a) 2013 allocation of appropriations has been restated to reflect the allocation methodology used in 2014.

	Services to government		Leads the planning, delivery, management and maintenance of government buildings, projects and office accommodation		Development and implementation of energy policy and programs		Total	
	Service 4		Service 5		Service 6			
	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
COST OF SERVICES								
Expenses								
Employee benefits expense	4,395	3,598	55,210	47,739	9,974	8,158	145,872	146,409
Supplies and services	3,056	2,670	1,113,537	1,152,102	5,021	1,582	1,167,504	1,215,881
Depreciation and amortisation expense	106	311	24,344	20,485	36	66	136,341	139,794
Finance costs	-	-	-	-	-	-	4,990	6,629
Accommodation expenses	3,624	3,585	32,488	27,567	1,000	696	45,716	41,689
Grants and subsidies	-	-	52	77	5,117	13,970	5,396	14,047
Loss on disposal of non-current assets	-	-	-	-	-	-	299	-
Other expenses	176	25	6,428	1,119	1,875	91	9,410	5,793
Total cost of services	11,357	10,189	1,232,059	1,249,089	23,023	24,563	1,515,528	1,570,242
Income								
User charges and fees	-	-	1,154,303	1,174,397	-	-	1,233,502	1,274,245
Commonwealth grants and contributions	25	24	6,922	10,642	7	2,016	7,186	13,044
Interest revenue	-	-	-	-	-	-	279	440
Other revenue	15	10	1,526	2,111	2,345	886	7,857	8,608
Gain on disposal of non-current assets	-	-	-	-	-	-	3,199	10,307
Other gains	-	-	-	1,757	-	-	-	1,757
Total income other than income from State Government	40	34	1,162,751	1,188,907	2,352	2,902	1,252,023	1,308,401
NET COST OF SERVICES	(11,317)	(10,155)	(69,308)	(60,182)	(20,671)	(21,661)	(263,505)	(261,841)
Income from State Government								
Service appropriations ^(a)	11,357	10,189	69,445	52,946	20,825	24,062	275,810	295,546
Resources received free of charge	10	11	920	746	189	101	13,348	12,955
Royalties for Regions Fund	-	-	149	166	-	-	149	166
Total income from State Government	11,367	10,200	70,515	53,858	21,014	24,162	289,307	308,667
Surplus for the period	50	45	1,206	(6,324)	343	2,501	25,802	46,826

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

^(a) 2013 allocation of appropriations has been restated to reflect the allocation methodology used in 2014.

Schedule of Assets and Liabilities by Service As at 30 June 2014

	Revenue assessment and collection, and grants and subsidies administration		Development and management of CUAs, state fleet leasing and disposal, and providing facilitation service for agency specific contracts		Project management, decommissioning of the whole-of-government shared corporate services reform	
	Service 1		Service 2		Service 3	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Assets						
Current assets	51,206	30,336	70,639	47,544	-	26,873
Non-current assets	76,850	54,694	346,675	324,107	-	86,747
Total assets	128,056	85,030	417,316	371,651	-	113,620
Liabilities						
Current liabilities	27,258	8,821	86,326	72,016	-	14,267
Non-current liabilities	1,548	1,335	79,782	90,551	-	1,387
Total liabilities	28,806	10,156	166,107	162,567	-	15,654
NET ASSETS	99,249	74,874	251,208	209,084	-	97,966

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

	Services to government Service 4		Leads the planning, delivery, management and maintenance of government buildings, projects and office accommodation Service 5		Development and implementation of energy policy and programs Service 6		Total	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
	Assets							
Current assets	53,696	33,778	318,371	264,770	15,644	9,252	509,557	412,553
Non-current assets	62,341	39,800	702,539	664,986	17,827	10,513	1,206,232	1,180,847
Total assets	116,038	73,578	1,020,910	929,756	33,471	19,765	1,715,789	1,593,400
Liabilities								
Current liabilities	22,744	5,922	330,806	305,493	11,160	4,003	478,296	410,522
Non-current liabilities	236	141	34,805	29,958	540	592	116,911	123,964
Total liabilities	22,980	6,063	365,611	335,451	11,701	4,595	595,207	534,486
NET ASSETS	93,058	67,515	655,299	594,305	21,769	15,170	1,120,582	1,058,914

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

Summary of Consolidated Account Appropriations and Income Estimates

For the year ended 30 June 2014

	2014 estimate \$000	2014 actual \$000	Variance \$000	2014 actual \$000	2013 actual \$000	Variance \$000
CONTROLLED TRANSACTIONS						
Delivery of services						
Item 98 net amount appropriated to deliver services	274,085	274,185	100	274,085	294,232	(20,047)
Amount authorised by other statutes:						
<i>Salaries and Allowances Act 1975</i>	1,625	1,625	-	1,625	1,314	311
Total appropriations provided to deliver services	275,710	275,810	100	275,810	295,546	(19,736)
Capital						
Item 166 capital appropriations	27,026	22,269	(4,757)	22,269	15,073	7,196
Total capital appropriations provided to deliver services	27,026	22,269	(4,757)	22,269	15,073	7,196
ADMINISTERED TRANSACTIONS						
Community service obligation payments						
Item 99 amount provided for administered grants, subsidies and other transfer payments	304,324	257,352	(46,972)	257,352	249,257	8,095
Amount authorised by other statutes:						
<i>First Home Owner Grant Act 2000</i>	108,842	114,220	5,378	114,220	133,828	(19,608)
Total administered transactions	413,166	371,572	(41,594)	371,572	383,085	(11,513)
GRAND TOTAL	715,902	669,651	(46,251)	669,651	693,704	(24,053)

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

Notes 43 and 45 *Explanatory statement* provide details of any significant variations between estimates and actual results for 2014 and between the actual results for 2014 and 2013.

	2014 estimate \$000	2014 actual \$000	Variance \$000	2014 actual \$000	2013 actual \$000	Variance \$000
Details of expenses by service						
Revenue assessment and collection, and grants and subsidies administration	56,341	54,097	(2,244)	54,097	48,074	6,023
Development and management of CUAs, state fleet leasing and disposal, and providing facilitation service for agency specific contracts	130,416	106,868	(23,548)	106,868	114,475	(7,607)
Project management, decommissioning of the whole-of-government shared corporate services reform	133,367	88,124	(45,243)	88,124	123,852	(35,728)
Services to government	11,591	11,357	(234)	11,357	10,189	1,168
Leads the planning, delivery, management and maintenance of government buildings, projects and office accommodation	1,230,841	1,232,059	1,218	1,232,059	1,249,089	(17,030)
Development and implementation of energy policy and programs	24,263	23,023	(1,240)	23,023	24,563	(1,540)
Total details of expenses by service	1,586,819	1,515,528	(71,291)	1,515,528	1,570,242	(54,714)
Less total income	1,314,028	1,252,023	(62,005)	1,252,023	1,308,401	(56,378)
Net cost of services	272,791	263,505	(9,286)	263,505	261,841	1,664
Adjustments	2,919	12,305	9,386	12,305	33,705	(21,400)
Total appropriations provided to deliver services	275,710	275,810	100	275,810	295,546	(19,736)
Details of capital expenditure						
Purchase of non-current physical assets	157,911	99,301	(58,610)	99,301	151,853	(52,552)
Repayment of borrowings	43,149	19,815	(23,334)	19,815	13,163	6,652
Adjustments for other funding sources	(174,034)	(96,847)	77,187	(96,847)	(149,943)	53,096
Capital appropriations	27,026	22,269	(4,757)	22,269	15,073	7,196

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

Notes 43 and 45 *Explanatory statement* provide details of any significant variations between estimates and actual results for 2014 and between the actual results for 2014 and 2013.

Summary of Consolidated Account Appropriations and Income Estimates (continued)

For the year ended 30 June 2014

	2014 estimate \$000	2014 actual \$000	Variance \$000	2014 actual \$000	2013 actual \$000	Variance \$000
DETAILS OF ADMINISTERED INCOME ESTIMATES						
Taxation						
Insurance Duty	592,900	579,780	(13,120)	579,780	554,564	25,216
Land Tax	655,330	659,163	3,833	659,163	566,812	92,351
Metropolitan Region Improvement Tax	87,200	87,551	351	87,551	85,107	2,444
Payroll Tax	3,715,626	3,558,915	(156,711)	3,558,915	3,464,843	94,072
Racing and Wagering Western Australia Tax	42,339	42,411	72	42,411	41,093	1,318
Transfer Duty	1,865,400	1,776,242	(89,158)	1,776,242	1,653,704	122,538
Landholder Duty	308,600	192,718	(115,882)	192,718	216,471	(23,753)
Vehicle Licence Duty	436,200	384,721	(51,479)	384,721	404,004	(19,283)
Other duties	5	17	12	17	4,731	(4,714)
Commonwealth Mirror Taxes	45,810	43,199	(2,611)	43,199	42,500	699
Total taxation	7,749,410	7,324,717	(424,693)	7,324,717	7,033,829	290,888
Other revenue						
Office lease rental revenue	39,000	39,988	988	39,988	39,613	375
Other income	36,300	54,912	18,612	54,912	44,614	10,298
Total other revenue	75,300	94,900	19,600	94,900	84,227	10,673
Appropriations						
<i>First Home Owner Grant Act 2000</i>	108,842	114,220	5,378	114,220	133,828	(19,608)
Administered grants and transfer payments	304,324	257,352	(46,972)	257,352	249,257	8,095
	413,166	371,572	(41,594)	371,572	383,085	(11,513)
TOTAL INCOME ESTIMATES	8,237,876	7,791,189	(446,687)	7,791,189	7,501,141	290,048

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

Notes 43 and 45 *Explanatory statement* provide details of any significant variations between estimates and actual results for 2014 and between the actual results for 2014 and 2013.

Notes to the Financial Statements For the year ended 30 June 2014

Note 1. Australian Accounting Standards

General

The Department's Financial Statements for the year ended 30 June 2014 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).

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

Early adoption of standards

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Department for the annual reporting period ended 30 June 2014.

Note 2. Summary of significant accounting policies

(a) General statement

The Department is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework,

Statements of Accounting Concepts and other authoritative pronouncements of the 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, except for land and buildings which have been measured at fair value.

The accounting policies adopted in the preparation of the Financial Statements have been consistently applied throughout all periods presented unless otherwise stated.

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

(c) Reporting entity

The reporting entity is the Department of Finance.

Mission

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

The Department is predominantly funded by fees and charges received for the provision of services to other agencies that are charged out on a full cost recovery basis and supplemented by Parliamentary appropriations.

The Financial Statements encompass all funds through which the Department controls resources to carry out its functions.

In the process of reporting on the Department as a single entity, all intra-entity transactions and balances have been eliminated.

The Insurance Commission of Western Australia has been appointed to administer the RiskCover Managed Fund on behalf of government under the supervision of the Department. Details of the transactions of the RiskCover Managed Fund are disclosed in the Financial Statements of the Commission.

Notes to the Financial Statements For the year ended 30 June 2014

Services

The Department provides the following services:

Service 1: Revenue assessment and collection, and grants and subsidies administration

The assessment and collection of a range of statutory based revenue, including duties, land tax and payroll tax, and those that are collected on behalf of other agencies (e.g. Perth Parking Licence fees on behalf of Department of Transport) or other jurisdictions (e.g. collection of a range of taxes for the Commonwealth in the Indian Ocean Territories). State Revenue is also involved in the assessment and payment of a range of grants and subsidies under both statutory and administrative schemes. The major payments relate to the First Home Owner Grant scheme, as well as concessions on water rates, local government rates and the emergency services levy for pensioners and seniors.

Service 2: Development and management of common use arrangements (CUAs), state fleet leasing and disposal, and providing facilitation service for agency specific contracts

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

Service 3: Project management, decommissioning of the whole-of-government shared corporate services reform

Following the Government's decision to decommission Shared Services, a Decommissioning Office was established to undertake the Program and to assist client government agencies to roll-out from the Shared Services environment by December 2013 whilst maintaining the existing level of service until closure.

Service 4: Services to government

These services includes corporate services directly provided by the Department to support the outcomes and activities of the Department of Treasury, advice to government on national and State economic issues and reforms and assessment of the impact and adequacy of proposed regulation.

Service 5: Leads the planning, delivery, management and maintenance of government buildings, projects and office accommodation

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

Service 6: Development and implementation of energy policy and programs

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

The Department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral, to the function of the Department. These administered balances and transactions are not recognised in the principal financial statements of the Department but schedules are prepared using the same basis as the Financial Statements and are presented at *Note 49 Administered income and expenses* and *Note 51 Administered assets and liabilities*.

(d) Contributed equity

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

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

(e) Income

Revenue recognition

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

Sale of goods

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

Provision of services

Revenue is recognised by reference to the stage of completion of the transaction.

Vehicle fleet lease rentals

Rental revenue is recognised in accordance with lease agreements entered into with State Government agencies, statutory authorities and other State Government entities.

Vehicle bailment revenues

Revenue is recognised on receipt of sale proceeds of vehicles held under bailment rights.

Interest

Revenue is recognised as the interest accrues.

Revenue recognition - administered

Revenues resulting from taxation, territorial revenue, regulatory fees and fines, sale of goods and services, rent and interest are, where possible, recognised when the transaction or event giving rise to the revenue occurs. In some instances however, the revenue is not measurable until the cash is received.

Service appropriations

Service appropriations are recognised as revenues at fair value in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited into the Department's bank account or credited to the *Amounts receivable for services (holding account)* held at Treasury.

Net appropriation determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the determination specified in the 2013-2014 Budget Statements, the Department retained \$1,252 million in 2014 (\$1,308 million in 2013) from the following:

- proceeds from fees and charges
- sale of goods
- Commonwealth specific-purpose grants and contributions

- one-off gains with a value of less than \$10,000 derived from the sale of property other than real property
- rental revenue recognised in accordance with lease agreements entered into with State Government agencies, statutory authorities and other State Government entities and vehicle bailment revenue held under bailment rights
- provision of contract services and rental income sufficient to cover outgoings paid for government owned buildings
- interest and other departmental revenue.

Grants, donations, gifts and other non-reciprocal contributions

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

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

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

Notes to the Financial Statements For the year ended 30 June 2014

Gains

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(f) Borrowing costs

Borrowing costs are expensed when incurred.

(g) Property, plant, equipment and vehicles

Capitalisation/expensing of assets

Items of property, plant, equipment and motor vehicles costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant, equipment and motor vehicles costing less than \$5,000 are expensed directly into the *Statement of Comprehensive Income* (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

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

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

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land and buildings and historical cost for all other property, plant, equipment and motor vehicles. Land and buildings are carried at fair value less accumulated depreciation (buildings only) and accumulated impairment losses. All other items of property, plant, equipment and motor vehicles are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

In the absence of market-based evidence, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the gross carrying amount and

the accumulated depreciation are restated proportionately. Fair value for restricted use land is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Valuation Services) and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets as described under *Note 25 Property, plant, equipment and vehicles*.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

State fleet motor vehicles are depreciated on a straight-line basis taking account of residual values and terms of the vehicle leases. Lease terms generally range from six months to five years.

Land is not depreciated.

Depreciation is calculated using the straight-line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	10 to 40 years
Heritage assets	100 years
Plant and equipment	10 to 15 years
Office equipment	5 years
Software ^(a)	3 to 10 years
Office fit-outs	3 to 15 years or remaining lease term, whichever is lower
Motor vehicles	6 months to 5 years

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

(h) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful 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) on the straight-line basis using rates which are reviewed annually. All intangible assets controlled by the Department have a finite useful life and zero residual value.

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

Licences	up to 10 years
Software ^(a)	3 to 13 years

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

Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

Computer software

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

(i) Impairment of assets

Items of property, plant, equipment, motor vehicles and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the Department is a not-for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount is the higher of the asset's fair value less costs to sell and depreciated replacement cost.

Notes to the Financial Statements For the year ended 30 June 2014

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

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

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

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

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

(k) Leases

Finance lease rights and obligations are initially recognised, at the commencement of the lease term, as assets and liabilities equal in amount to the fair value of the leased item or, if lower, the present value of the minimum lease payments, determined at the inception of the lease. The assets are disclosed as plant, equipment and vehicles under lease, and are depreciated over the period during which the Department is expected to benefit from their use. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability, according to the interest rate implicit in the lease.

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

Lease income from operating leases where the Department is a lessor is recognised as income on a straight-line basis over the lease term.

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.

(l) Financial instruments

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

- Receivables
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

Financial assets

- Cash and cash equivalents
- Restricted cash and cash equivalents
- Receivables
- Amounts receivable for services.

Financial liabilities

- Payables
- WATC borrowings
- Finance lease liabilities
- Amounts due to the Treasurer.

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

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(m) Cash and cash equivalents

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

(n) Accrued salaries

Accrued salaries (refer to *Note 29 Payables*) represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to its net fair value.

The accrued salaries suspense account (refer to *Note 19 Restricted cash and cash equivalents*) consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

(o) Amounts receivable for services (holding account)

The Department receives funding on an accrual basis. The appropriations are paid partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(p) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate for each particular class of inventory, with the majority being measured on an average cost method.

Inventories not held for resale are measured at cost unless they are no longer required, in which case they are measured at net realisable value.

(q) 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 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.

(r) Payables

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

(s) 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.

(t) Amounts due to the Treasurer

The amount due to the Treasurer is in respect of a Treasurer's Advance. Initial recognition and measurement, and subsequent measurement are at the amount repayable. Although there is no interest charged, the amount repayable is equivalent to fair value as the period of the borrowing is for less than 12 months with the effect of discounting not being material.

(u) Provisions

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

Provisions - employee benefits

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

Annual leave

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered

Notes to the Financial Statements For the year ended 30 June 2014

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 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 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

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

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

Sick leave

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

Past history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised in the *Statement of Comprehensive Income* for this leave as it is taken.

Deferred leave

The provision for deferred leave relates to Public Service employees who have entered into an agreement to self-fund an additional twelve months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. This liability is measured on the same basis as annual leave. Deferred leave is reported as a current provision as employees can leave the scheme at their discretion at any time.

Purchased leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional 10 weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the undiscounted amounts expected to be paid when the liabilities are settled.

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 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 Department's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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

The Department has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the

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

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

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

Provisions - other

Employment on-costs

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

Remediation costs

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

(v) 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 fund. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

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

Assets or services received free of charge or for nominal cost, that the 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*.

(x) Construction work in progress

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billing exceeds the aggregate costs incurred plus profits less losses, the net amounts are presented under other payables.

Notes to the Financial Statements For the year ended 30 June 2014

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the Department's construction activities in general.

(y) Lease incentives

In instances where the lessor has provided incentives for the Department to enter into an operating lease, the Department has recognised the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis. Examples of lease incentives include up-front cash payments or the reimbursement or assumption by the lessor of costs of the lease such as leasehold improvements.

(z) Residential Net Feed-in Tariff Scheme

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

Note 3. Comparative figures

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

Note 4. Judgements made by management in applying accounting policies

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

Operating lease commitments

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

Note 5. Key sources of estimation uncertainty

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

Waste disposal site

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

for the 2013-2014 financial year. Calculations performed in assessing the restoration costs provision incorporate a number of key estimates. The calculation of the provision will be conducted annually and adjusted using the most up-to-date information available.

Long service leave

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

Note 6. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Department has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2013 that impacted on the Department.

AASB 13 Fair Value Measurement

This Standard defines fair value, sets out a framework for measuring fair value and requires additional disclosures for assets and liabilities measured at fair value. There is no financial impact.

AASB 119 Employee Benefits

This Standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements. The Department assessed employee leave patterns to determine whether annual leave is a short-term or other long-term employee benefit. The resultant discounting of annual leave liabilities that were previously measured at the undiscounted amounts is not material.

AASB 1048 Interpretation of Standards

This Standard supersedes AASB 1048 (June 2012), enabling references to the Interpretations in all other Standards to be updated by reissuing the service Standard. There is no financial impact.

AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132]

This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.

AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)[AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]

This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. The resultant discounting of annual leave liabilities that were previously measured at the undiscounted amounts is not material.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities [AASB 7 & 132]

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There is no financial impact.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle [AASB 1, 101, 116, 132 & 134 and Int 2]

This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There is no financial impact.

AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]

This Standard amends the mandatory effective date of AASB 9 *Financial Instruments* to 1 January 2015 (instead of 1 January 2013). Further amendments are also made to numerous consequential amendments arising from AASB 9 that will now apply from 1 January 2015. There is no financial impact.

AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Int 1039

The withdrawal of Int 1039 *Substantive Enactment of Major Tax Bills* in Australia has no financial impact for the Department during the reporting period and at balance date. Measurement of tax assets and liabilities continues to be measured in accordance with enacted or substantively enacted tax law pursuant to AASB 112.46-47.

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Int 12]

The Standard introduces a number of editorial alterations and amends the mandatory application date of Standards for not-for-profit entities accounting for interests in other entities. There is no financial impact.

Notes to the Financial Statements For the year ended 30 June 2014

AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments.

Part A of this omnibus Standard makes amendments to other Standards arising from revisions to the Australian Accounting Conceptual Framework for periods ending on or after 20 December 2013. Other Parts of this Standard become operative in later periods. There is no financial impact for Part A of the Standard.

Voluntary changes in accounting policy

There are no voluntary changes in accounting policies during the year.

Future impact of Australian Accounting Standards not yet operative

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

Operative for reporting periods beginning on/after 1 January 2014

Int 21 Levies

This Interpretation clarifies the circumstances under which a liability to pay a government levy imposed should be recognised. There is no financial impact for the Department at reporting date.

AASB 10 Consolidated Financial Statements

This Standard, issued in August 2011, supersedes AASB 127 *Consolidated and Separate Financial Statements* and Int 112 *Consolidation - Special Purpose Entities*, introducing a number of changes to accounting treatments.

Mandatory application of this Standard was deferred for not-for-profit entities by AASB 2012-10 *Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments*. The adoption of the new Standard has no financial impact for the Department as it does not impact accounting for related bodies and the Department has no interests in other entities.

AASB 11 Joint Arrangements

This Standard, issued in August 2011, supersedes AASB 131 *Interests in Joint Ventures*, introduces new principles for determining the type of joint arrangement that exists, which are more aligned to the actual rights and obligations of the parties to the arrangement.

Mandatory application of this Standard was deferred for not-for-profit entities by AASB 2012-10. There is no financial impact.

AASB 127 Separate Financial Statements

This Standard, issued in August 2011, supersedes AASB 127 *Consolidated and Separate Financial Statements*, removing the consolidation requirements of the earlier Standard whilst retaining accounting and disclosure requirements for the preparation of separate financial statements. Mandatory application was deferred for not-for-profit entities by AASB 2012-10. There is no financial impact.

AASB 128 Investments in Associates and Joint Ventures

This Standard supersedes AASB 128 *Investments in Associates*, introducing a number of clarifications for the accounting treatments of changed ownership interest.

Mandatory application of this Standard was deferred for not-for-profit entities by AASB 2012-10. The adoption of the new Standard has no financial impact for the Department as it does not hold investments in associates and the accounting treatments for joint operations is consistent with current practice.

AASB 1031 Materiality

This Standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality not available in IFRSs and refers to guidance on materiality in other Australian pronouncements. There is no financial impact.

AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]

This Standard gives effect to consequential changes arising from the issue of AASB 10, AASB 11, AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*. Mandatory application was deferred for not-for-profit entities by AASB 2012-10. For not-for-profit entities it applies to annual reporting periods beginning on or after 1 January 2014. The Department has not yet determined the application or the potential impact of the Standard.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

The Department does not routinely hold financial assets and financial liabilities that it intends to settle on a net basis, therefore there is no financial impact.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

This Standard introduces editorial and disclosure changes. There is no financial impact.

AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]

This Standard permits the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. The Department does not routinely enter into derivatives or hedges, therefore there is no financial impact.

AASB 2013-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities - Control and Structured Entities [AASB 10, 12 & 1049]

The amendments, issued in October 2013, provide significant guidance in determining whether a not-for-profit entity controls another entity when financial returns are not key attribute of the investor’s relationship. The Standard has no financial impact in its own right, rather the impact results from the adoption of the amended AASB 10.

Operative for reporting periods beginning on/after 1 January 2014 and 2017

AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments

This omnibus Standard makes amendments to other Standards arising from the deletion of references to AASB 1031 in other Standards for periods beginning on or after 1 January 2014 (Part B), and, defers the application of AASB 9 to 1 January 2017 (Part C). The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1.

The Department has not yet determined the application or the potential impact of AASB 9, otherwise there is no financial impact for Part B.

Operative for reporting periods beginning on/after 1 July 2014

AASB 1055 Budgetary Reporting

This Standard requires specific budgetary disclosures in the financial statements of not-for-profit entities within the General Government Sector. The Department will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.

Notes to the Financial Statements For the year ended 30 June 2014

Operative for reporting periods beginning on/after 1 July 2014 and 1 January 2015, 2016 and 2018

AASB 2014-1 Amendments to Australian Accounting Standards

The Department has not yet determined the application or the potential impact of the Standard.

Operative for reporting periods beginning on/after 1 January 2015

AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Int 10 & 12]

[modified by AASB 2010-7].

AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]

This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The Department has not yet determined the application or the potential impact of the Standard.

Operative for reporting periods beginning on/after 1 January 2018

AASB 9 Financial Instruments

This Standard supersedes AASB 139 *Financial Instruments: Recognition and Measurement*, introducing a number of changes to accounting treatments.

The mandatory application date of this Standard was amended to 1 January 2018 by AASB 2014-1 *Amendments to Australian Accounting Standard*. The Department has not yet determined the application or the potential impact of the Standard.

Changes in accounting estimates

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

Note 7. Employee benefits expense

	2014 \$000	2013 \$000
Wages and salaries ^(a)	110,070	107,685
Superannuation ^(b)	12,400	12,970
Long service leave ^(c)	2,226	4,947
Annual leave ^(c)	17,744	17,015
Other related expenses ^(d)	3,432	3,792
	145,872	146,409

^(a) Wages and salaries includes \$5.7 million in relation to severance payments for 58 staff. This large number of severances relates predominantly to the closure of the Shared Services business. The total severance cost was \$7.1 million, with \$1.4 million related to leave entitlements (i.e. Note 31).

^(b) Includes West State, Gold State and GESB and other eligible funds.

^(c) Includes a superannuation contribution component.

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

Employment on-costs such as workers' compensation insurance are included at *Note 13 Other expenses*.

The employment on-costs liability is included at *Note 31 Provisions*.

Note 8. Supplies and services

	2014 \$000	2013 \$000
Managed contracts	1,089,082	1,131,210
Communications	2,858	3,942
Consultants and contractors ^(*)	62,028	69,475
Consumables	1,039	1,040
Repairs and maintenance	277	237
Travel	922	539
Legal costs	2,161	725
Other	9,137	8,713
	1,167,504	1,215,881

(*) The 2012-13 value is restated to include resources received free of charge of \$285 thousand from the Department of Premier and Cabinet.

Note 9. Depreciation and amortisation expense

	2014 \$000	2013 \$000
<i>Depreciation</i>		
Office fit-out	14,121	11,781
Computer equipment	1,239	1,282
Vehicles	53,567	61,791
Buildings	5,639	4,861
Leasehold improvements	4,088	3,200
Office equipment	55	56
Total depreciation	78,709	82,971
<i>Amortisation</i>		
Computer software	55,739	54,109
Licence	1,893	2,714
Total amortisation	57,632	56,823
Total depreciation and amortisation	136,341	139,794

Note 10. Finance costs

	2014 \$000	2013 \$000
Western Australian Treasury Corporation - interest on borrowings	4,990	6,629
	4,990	6,629

Note 11. Accommodation expenses

	2014 \$000	2013 \$000
Repairs and maintenance buildings	30,317	25,730
Cleaning and security	149	721
Lease rentals	15,250	15,238
	45,716	41,689

Note 12. Grants and subsidies

	2014 \$000	2013 \$000
Grants - recurrent ^(*)	576	4,227
Grants - capital ^{(a) (*)}	4,820	9,820
	5,396	14,047

^(a) State Underground Power Project.

^(*) The 2012-13 grants value for both capital and recurrent has been restated. In the 2012-13 report, grants were not split between capital and recurrent.

Note 13. Other expenses

	2014 \$000	2013 \$000
Minor equipment	472	519
Employment on-costs ^(a)	(38)	(6)
Cost of goods sold	136	148
Audit fees	560	468
Refund of revenues from prior years ^(b)	6,594	(61)
Other ^(c)	1,686	4,725
	9,410	5,793

^(a) Includes workers' compensation insurance. The on-costs liability associated with the recognition of annual and long service leave liability is included at *Note 31 Provisions*. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs. Refer also to *Note 7 Employee benefits expense*.

^(b) Includes refunds of funding for a variety of State and Commonwealth government projects that were completed at a cost lower than originally anticipated.

^(c) Includes impairment loss related to the Financial Management Information System project that was discontinued.

Notes to the Financial Statements For the year ended 30 June 2014

Note 14. Income

	2014 \$000	2013 \$000
User charges and fees		
Sales	1,052	1,000
Rents for Government office accommodation	236,046	222,110
Managed building works	909,589	944,751
Vehicle fleet lease rental	66,597	77,238
Other	20,218	29,146
	<u>1,233,502</u>	<u>1,274,245</u>
Commonwealth grants and contributions		
Commonwealth grants and contributions	7,186	13,044
	<u>7,186</u>	<u>13,044</u>
Interest revenue		
Interest revenue	279	440
	<u>279</u>	<u>440</u>
Other revenue		
Recoups	4,450	4,462
Government vehicle schemes (GVS-SOVS)	103	111
Other	3,304	4,035
	<u>7,857</u>	<u>8,608</u>
	<u>1,248,824</u>	<u>1,296,337</u>

Note 15. Net gain on disposal of non-current assets

	2014 \$000	2013 \$000
Gain on disposal of non-current assets		
<i>Cost of disposal of non-current assets</i>		
Motor vehicles	<u>37,073</u>	<u>41,996</u>
<i>Proceeds from disposal of non-current assets</i>		
Motor vehicles	<u>40,272</u>	<u>52,303</u>
	<u>3,199</u>	<u>10,307</u>
Loss on disposal of non-current assets		
<i>Cost of disposal of non-current assets</i>		
Office fit-out	214	-
Computer software	85	-
	<u>299</u>	<u>-</u>
Net gain on disposal of non-current assets	<u>2,900</u>	<u>10,307</u>

Note 16. Other gains

	2014 \$000	2013 \$000
Gain on revaluation of buildings	-	1,757
	<u>-</u>	<u>1,757</u>

Note 17. Income from State Government

	2014 \$000	2013 \$000
Appropriation received during the period:		
Service appropriations ^(a)	<u>275,810</u>	<u>295,546</u>
Services received free of charge from other State government agencies during the period: ^(b)		
Department of the Attorney General	1,609	1,335
Landgate	11,100	10,931
Department of Treasury	438	404
Department of the Premier and Cabinet ^(c)	201	285
	<u>13,348</u>	<u>12,955</u>
Royalties for Regions Fund:		
Regional Infrastructure and Headworks Account ^(d)	149	166
	<u>149</u>	<u>166</u>
	<u>289,307</u>	<u>308,667</u>

^(a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the budgeted depreciation expense for the year and any agreed increase in leave liabilities during the year.

(b) Where assets or services have been received free of charge or for nominal cost, the Department recognises revenue equivalent to the fair value of the assets and/or the fair value of those services that can be reliably measured and which would have been purchased if they were not donated, and those fair values shall be recognised as assets or expenses, as applicable. Where the contributions of assets or services are in the nature of contributions by owners, the Department makes an adjustment direct to equity.

(c) The 2012-13 value has been restated to include resources received free of charge of \$285 thousand from the Department of the Premier and Cabinet.

(d) State Government Royalties for Regions funds have been used to fund the increase in district allowance payments for eligible regional public sector employees.

Note 18. Cash and cash equivalents

	2014 \$000	2013 \$000
<i>Current</i>		
Cash at bank	165,038	87,041
Cash on hand	10	13
	<u>165,048</u>	<u>87,054</u>

Note 19. Restricted cash and cash equivalents

	2014 \$000	2013 \$000
<i>Current</i>		
Conservation Fund ^(a)	97	60
Indian Ocean Territories Trust Fund	187	224
Renewable Remote Power Generation Program ^(b)	1,816	2,352
Anzac Interpretive Centre projects ^(c)	4,384	-
Sunset Reserve Account ^(d)	141	-
	<u>6,625</u>	<u>2,636</u>
<i>Non-current</i>		
Accrued salaries suspense account ^(e)	4,547	3,812
	<u>11,172</u>	<u>6,448</u>

(a) Unspent Commonwealth grant funding for various public programs and conservation at Fremantle Prison.

(b) Fund provided by Commonwealth Government for the purpose of providing grant funding for the conduct of energy related initiatives.

(c) Fund provided by Commonwealth Government for the purpose of providing grant funding for the construction of Anzac Interpretive Centre in Albany.

(d) Fund available for Sunset Reserve projects under the *Sunset Reserve Transformation Act 2013*.

(e) Amount held in the suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

Note 20. Receivables

	2014 \$000	2013 \$000
<i>Current</i>		
Receivables	59,091	83,513
Accrued revenue ^(***)	8,234	6,936
GST receivable ^(**)	12,875	9,304
Interest receivable	32	44
Trust account ^(a)	5,709	7,643
	<u>85,941</u>	<u>107,440</u>
Underbillings ^{(b) (*)}	226,113	191,995
Total current	<u>312,054</u>	<u>299,435</u>
<i>Non-current</i>		
Receivables	-	45
Accrued revenue ^(***)	5,048	5,614
Total non-current	<u>5,048</u>	<u>5,659</u>
Total receivables	<u>317,102</u>	<u>305,094</u>

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

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

Refer also to *Note 2(q) Receivables* and *Note 40 Financial instruments*.

(*) The 2012-13 value restated due to review of over/under billing estimation.

(**) The 2012-13 GST Receivable is restated to conform with 2013-14 presentation.

(***) The 2012-13 value has been restated. In the 2012-13 report, the value was not split between current and non-current.

Notes to the Financial Statements For the year ended 30 June 2014

Note 21. Finance lease receivables

The Department leases vehicles to Western Australian State Government agencies and entities. The majority of leases are operating leases, the balance are finance leases.

At balance date, the term of existing finance lease contracts varies between four and five years. A contract is subject to a fixed market rate of interest set at the time the contract is established. All contracts contain a renewal option and are secured by the underlying vehicle. Residual values are guaranteed by the relevant contracting agency or the entity.

	2014 \$000	2013 \$000
Gross investment in finance lease contracts	2,903	3,497
Less: Unearned finance income	(317)	(413)
Net investment in finance lease contracts	<u>2,586</u>	<u>3,084</u>
Less: Unguaranteed residual values of the finance leases at the balance date	-	-
Present value of the future minimum lease payment receivables	<u>2,586</u>	<u>3,084</u>
Accumulated allowances for unallocated minimum lease payment receivables	-	-

As at balance date, the gross investment and present value of receivables relating to the future minimum lease payments under non-cancellable finance lease arrangements were distributed as follows:

Current

Not later than 1 year	725	926
-----------------------	-----	-----

Non-current

Later than 1 year and not later than 5 years	1,775	1,799
Later than 5 years	86	359
	<u>1,861</u>	<u>2,158</u>
	<u>2,586</u>	<u>3,084</u>

Note 22. Inventories

	2014 \$000	2013 \$000
Inventories held for resale	89	82
	<u>89</u>	<u>82</u>

Refer also to Note 2(p) Inventories.

Note 23. Amounts receivable for services (Holding Account)

	2014 \$000	2013 \$000
Current	1,688	1,402
Non-current	325,475	241,478
Total	<u>327,163</u>	<u>242,880</u>

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

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

Note 24. Other assets

	2014 \$000	2013 \$000
<i>Current</i>		
Prepayments	23,328	21,018
	<u>23,328</u>	<u>21,018</u>
<i>Non-current</i>		
Prepayments	13	12
	<u>13</u>	<u>12</u>

Note 25. Property, plant, equipment and vehicles

	2014 \$000	2013 \$000
<i>Land</i>		
At fair value ^(a)	182,088	175,974
	<u>182,088</u>	<u>175,974</u>
<i>Buildings</i>		
At fair value ^(a)	273,748	269,788
Accumulated depreciation	(4,342)	(3,095)
	<u>269,406</u>	<u>266,693</u>
<i>Leasehold improvements</i>		
At cost	31,171	27,300
Accumulated depreciation	(10,020)	(5,932)
	<u>21,151</u>	<u>21,368</u>
<i>Office equipment</i>		
At cost	282	262
Accumulated depreciation	(152)	(97)
	<u>130</u>	<u>165</u>
<i>Computer equipment</i>		
At cost	5,325	4,782
Accumulated depreciation	(3,416)	(2,216)
	<u>1,909</u>	<u>2,566</u>

Office fit-out

At cost	118,378	117,146
Accumulated depreciation	<u>(34,501)</u>	<u>(20,609)</u>
	<u>83,877</u>	<u>96,537</u>

Motor vehicles

At cost	405,582	397,515
Accumulated depreciation	<u>(129,183)</u>	<u>(118,869)</u>
	<u>276,399</u>	<u>278,646</u>

Works in progress

At cost	<u>4,456</u>	<u>1,433</u>
	<u>4,456</u>	<u>1,433</u>

Total

At fair value/cost	1,021,030	994,200
Accumulated depreciation	<u>(181,614)</u>	<u>(150,818)</u>
	<u>839,416</u>	<u>843,382</u>

^(a) Land and buildings were revalued as at 1 July 2013 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2014 and recognised at 30 June 2014. In undertaking the revaluation, fair value was determined by reference to market values for land: \$70.513 million (2013: \$66.675 million) and buildings: \$175.075 million (2013: \$175.500 million). For the remaining balance, fair value of land was determined on the basis of current use and for buildings on the basis of depreciated replacement cost. Refer also to *Note 2(g) Property, plant, equipment and vehicles*.

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

	Land \$000	Buildings \$000	Leasehold improvements \$000	Office equipment \$000	Computer equipment \$000	Office fit-out \$000	Motor vehicles \$000	Work in progress \$000	Total \$000
2014									
Carrying amount at start of period	175,974	266,693	21,368	165	2,566	96,537	278,646	1,433	843,382
Additions	-	-	3,871	20	582	-	88,188	5,583	98,244
Transfers	-	885	-	-	-	1,675	(602)	(2,560)	(602)
Other disposals	-	-	-	-	-	(214)	(36,266)	-	(36,480)
Revaluations	6,114	7,467	-	-	-	-	-	-	13,581
Depreciation	-	(5,639)	(4,088)	(55)	(1,239)	(14,121)	(53,567)	-	(78,710)
Carrying amount at end of period	182,088	269,406	21,151	130	1,909	83,877	276,399	4,456	839,416

2013

Carrying amount at start of period	167,496	201,452	24,310	151	2,228	119,978	268,296	18,909	802,820
Additions	-	19,644	258	70	1,620	29,191	112,840	28,632	192,255
Transfers	-	40,851	-	-	-	(40,851)	266	(46,108)	(45,842)
Other disposals	-	-	-	-	-	-	(40,965)	-	(40,965)
Revaluations	8,478	9,608	-	-	-	-	-	-	18,086
Depreciation	-	(4,862)	(3,200)	(56)	(1,282)	(11,781)	(61,791)	-	(82,972)
Carrying amount at end of period	175,974	266,693	21,368	165	2,566	96,537	278,646	1,433	843,382

Notes to the Financial Statements For the year ended 30 June 2014

Note 26. Fair value measurement

Assets measured at fair value:

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Fair value at end of period \$000
2014				
Land ^(Note 25)	-	70,513	111,575	182,088
Buildings ^(Note 25)	-	175,075	94,331	269,406
	<u>-</u>	<u>245,588</u>	<u>205,906</u>	<u>451,494</u>

There were no transfers between Levels 1, 2 or 3 during the period.

Valuation techniques to derive Level 2 fair values

Level 2 fair values of non-current assets held for sale, land and buildings (office accommodation) are derived using the market approach. Market evidence of sales prices of comparable land and buildings (office accommodation) in close proximity is used to determine price per square metre.

Non-current assets held for sale have been written down to fair value less costs to sell. Fair value has been determined by reference to market evidence of sales prices of comparable assets.

Fair value measurements using significant unobservable inputs (Level 3)

	Land \$000	Buildings \$000
2014		
Fair value at start of period	109,331	91,193
Additions	-	803
Revaluation increments recognised in <i>Other Comprehensive Income</i>	2,244	3,353
Depreciation expense	-	(1,019)
Fair value at end of period	<u>111,575</u>	<u>94,330</u>
Total gains or losses for the period included in profit or loss, under <i>Other Gains</i>	-	-
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	-	-

Valuation processes

There were no changes in valuation techniques during the period.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for sale as Treasurer's Instructions require valuations of land and buildings to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Fair value for existing use specialised buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset. Current replacement cost is generally determined by reference to the market observable replacement cost of a substitute asset of comparable utility and the gross project size specifications.

Fair value for restricted use land is based on market value, by either using market evidence of sales of comparable land that is unrestricted less restoration costs to return the site to a vacant and marketable condition (low restricted use land), or, comparison with market evidence for land with low level utility (high restricted use land).

Significant Level 3 inputs used by the Department are derived and evaluated as follows:

Historical cost per square metre floor area (m²)

The costs of constructing specialised buildings with similar utility are extracted from financial records of the Department, then indexed by movements in CPI.

Consumed economic benefit/obsolescence of asset

These are estimated by the Western Australian Land Information Authority (Valuation Services).

Selection of land with restricted utility

Fair value for restricted use land is determined by comparison with market evidence for land with low-level utility. Relevant comparators of land with low-level utility are selected by the Western Australian Land Information Authority (Valuation Services).

Information about significant unobservable inputs (Level 3) in fair value measurements

Description and fair value as at 30 June 2014 (\$000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Land (\$111,575)	Market approach	Selection of land with similar approximate utility	\$0 - \$1,162 per m ² (\$856.51 per m ²)	Higher value of similar land increases estimated fair value
Buildings (\$94,331)	Depreciated replacement cost	Consumed economic benefit/obsolescence of asset Historical cost per square metre floor area (m ²)	0.63% - 1.53% per year (0.81% per year) \$659 - \$2,175 per m ² (\$1,618 per m ²)	Greater consumption of economic benefit or increased obsolescence lowers fair value

Reconciliations of the opening and closing balances are provided in Note 25.

Basis of Valuation

In the absence of market-based evidence, due to the specialised nature of some non-financial assets, these assets are valued at Level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on their use and disposal when they are not determined to be surplus to requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service.

Note 27. Intangible assets

	2014 \$000	2013 \$000
<i>Licence</i>		
At cost	13,286	12,360
Accumulated amortisation	(7,321)	(5,428)
	<u>5,965</u>	<u>6,932</u>
<i>Computer software</i>		
At cost	171,424	171,320
Accumulated amortisation	(150,354)	(94,876)
	<u>21,070</u>	<u>76,444</u>
<i>Work in progress</i>		
At cost	2,837	970
	<u>2,837</u>	<u>970</u>
Total		
At cost	187,547	184,650
Accumulated amortisation	(157,675)	(100,304)
	<u>29,872</u>	<u>84,346</u>

Notes to the Financial Statements For the year ended 30 June 2014

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

	Licence \$000	Computer software \$000	Work in progress \$000	Total \$000
2014				
Carrying amount at start of period	6,932	76,444	970	84,346
Additions	712	148	3,335	4,195
Impairment losses recognised in <i>Statement of Comprehensive Income</i>	-	-	(952)	(952)
Transfers to computer software and licence	214	302	(516)	-
Other disposals	-	(85)	-	(85)
Amortisation expense	(1,893)	(55,739)	-	(57,632)
Carrying amount at end of period	<u>5,965</u>	<u>21,070</u>	<u>2,837</u>	<u>29,872</u>
2013				
Carrying amount at start of period	9,646	107,842	15,556	133,044
Additions	-	1,077	7,048	8,125
Transfers to computer software	-	21,634	(21,634)	-
Amortisation expense	(2,714)	(54,109)	-	(56,823)
Carrying amount at end of period	<u>6,932</u>	<u>76,444</u>	<u>970</u>	<u>84,346</u>

Note 28. Impairment of assets

There were no indications of impairment to property, plant, equipment, vehicles and intangible assets at 30 June 2014. The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period. All surplus assets at 30 June 2014 have either been classified as assets held for sale or written-off.

Note 29. Payables

	2014 \$000	2013 \$000
<i>Current</i>		
Trade payables	4,551	5,938
GST payable (**)	-	-
Accrued salaries	3,131	2,678
Accrued expenses	88,397	78,740
Unearned revenue	16,070	22,901
Interest - Western Australia Treasury Corporation (WATC)	194	256
Other	161	2,820
	<u>112,504</u>	<u>113,333</u>
Overbillings (a) (*)	287,833	211,817
Total payables	<u>400,337</u>	<u>325,150</u>

(a) Billings to clients less contract costs incurred.

(*) The 2012-13 is value restated due to review of over/under billing estimation.

(**) The 2012-13 GST Payable is restated to conform with 2013-14 presentation.

Refer to *Note 2(r) Payables* and *Note 40 Financial instruments*.

Note 30. Borrowings

	2014 \$000	2013 \$000
<i>Current</i>		
WATC	42,072	48,355
	<u>42,072</u>	<u>48,355</u>
<i>Non-current</i>		
WATC	77,861	89,060
	<u>77,861</u>	<u>89,060</u>
Total borrowings	<u>119,933</u>	<u>137,415</u>

Note 31. Provisions

	2014 \$000	2013 \$000
<i>Current</i>		
Employee benefits provision ^(a)		
Annual leave ^(b)	11,708	11,734
Long service leave ^(c)	18,047	20,147
Deferred salary scheme ^(f)	184	148
Purchased leave	133	-
	<u>30,072</u>	<u>32,029</u>
Other provisions ^(a)		
Employment on-costs ^(d)	54	58
	<u>54</u>	<u>58</u>
Total current	<u>30,126</u>	<u>32,087</u>
<i>Non-current</i>		
Employee benefits provision ^(a)		
Long service leave ^(c)	6,603	7,116
	<u>6,603</u>	<u>7,116</u>
Other provisions ^(a)		
Employment on-costs ^(d)	12	13
Restoration costs ^(e)	522	518
	<u>534</u>	<u>531</u>
Total non-current	<u>7,137</u>	<u>7,647</u>
Total provisions	<u>37,263</u>	<u>39,734</u>

^(a) The 2012-13 superannuation on-costs have been restated from *Employment on-costs* to *Annual leave* and *Long service leave*.

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

	2014 \$000	2013 \$000
Within 12 months of the end of the reporting period	8,312	8,142
More than 12 months after the reporting period	3,396	3,592
	<u>11,708</u>	<u>11,734</u>

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

	2014 \$000	2013 \$000
Within 12 months of the end of the reporting period	6,734	7,659
More than 12 months after the reporting period	17,916	19,604
	<u>24,650</u>	<u>27,263</u>

^(d) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in *Note 13 Other expenses*.

^(e) This provision is for the rehabilitation of the Mt Walton East Intractable Waste Disposal Facility site.

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

	2014 \$000	2013 \$000
Within 12 months of the end of the reporting period	184	148
More than 12 months after the reporting period	-	-
	<u>184</u>	<u>148</u>

Notes to the Financial Statements For the year ended 30 June 2014

Movements in other provisions

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

	2014 \$000	2013 \$000
<i>Restoration costs provisions</i>		
Carrying amount at start of period	518	504
Additional provisions recognised	4	14
Carrying amount at end of period	522	518
<i>Employment on-cost provision</i>		
Carrying amount at start of period	71	78
Additional provisions recognised	157	16
Payments/other sacrifices of economic benefits	(162)	(23)
Carrying amount at end of period	66	71
	588	589

Note 32. Lease incentives

	2014 \$000	2013 \$000
<i>Lease incentives</i>		
Current ^(*)	5,761	4,930
Non-current ^(*)	31,913	27,257
	37,674	32,187

^(*) The 2012-13 value has been restated. In the 2012-13 report, the value was not split between current and non-current.

Note 33. Equity

Equity represents the residual interest in the net assets of the Department. The Government holds the equity interest in the Department on behalf of the community. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

Contributed equity

	2014 \$000	2013 \$000
Balance at start of period	956,880	940,749
<i>Contributions by owners</i>		
Capital appropriation	22,269	15,073
<i>Other contributions by owners</i>		
Transfer of net assets from other agencies:		
Transfer from Department of Education	-	3,400
Transfer of staff from Department of Treasury under Machinery of Government changes	16	-
Total contributions by owners	16	3,400
<i>Distribution to owners</i>		
Transfer of net assets to other agencies:		
Allocation of Public Transport Authority funding for Bus Bridge Project to Department of Treasury	-	(2,342)
Total distributions to owners	-	(2,342)
	979,165	956,880

Reserves

	2014 \$000	2013 \$000
<i>Asset revaluation surplus</i>		
Balance at start of period	19,267	2,938
Net revaluation increments/(decrements):		
Land	6,114	8,478
Buildings	7,467	7,851
Balance at end of period	32,848	19,267
<i>Accumulated surplus</i>		
Balance at start of period	82,767	35,541
Result for the period	25,802	47,226
Balance at end of period	108,569	82,767
Total equity at end of period	1,120,582	1,058,914

Note 34. Notes to the Statement of Cash Flows

Reconciliation of cash

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

	2014 \$000	2013 \$000
Cash and cash equivalents ^(a)	165,048	87,054
Restricted cash and cash equivalents ^(b)	11,172	6,448
	176,220	93,502

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

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

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

	2014 \$000	2013 \$000
Net cost of services	(263,505)	(261,841)
<i>Non-cash items</i>		
Depreciation and amortisation expense ^(Note 9)	136,341	139,794
Doubtful debts expense	-	12
Services received free of charge ^(Note 17)	13,348	12,955
Gain on revaluation increment ^(Note 16)	-	(1,757)
Gain on disposal of property, plant and equipment ^(Note 15)	(2,900)	(10,307)
<i>(Increase)/decrease in assets</i>		
Current receivables ^{(a) (*)}	62,139	(67,642)
Current inventories	(7)	(15)
<i>Increase/(decrease) in liabilities</i>		
Current payables ^{(a) (*)}	13,858	(64,146)
Accrued salaries	212	(229)
Unearned revenues	(6,831)	31,953
Employee benefits	(5,881)	10,899
Other non-current liabilities	(62)	804
Net GST receipts/(payments) ^(b)	(4,464)	(10,816)
Change in GST in receivables/payables ^(c)	3,571	296
Net cash used in operating activities	(54,181)	(220,040)

^(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 2012-13 value is restated due to review of over/under billing estimation.

Note 35. Services provided free of charge

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

	2014 \$000	2013 \$000
Department of Aboriginal Affairs	570	569
Department of Agriculture and Food, Western Australia	319	308
Department of Culture and the Arts	582	459
Mid West Development Commission	8	7
Department of Commerce	659	628
Department of Racing, Gaming and Liquor	8	7
Department of Education Services	16	13
Landgate	366	348
Department of Mines and Petroleum	327	328
Ombudsman Western Australia	341	334
Pilbara Development Commission	31	26
Western Australia Police ^(a)	5,332	6,708
Department of the Premier and Cabinet	4,154	3,307
Office of the Director of Public Prosecutions	8	7
Disability Services Commission	561	505
Department of Education ^(a)	17,788	25,348
Equal Opportunity Commission	8	7
Department of Water	272	256
Office of the Information Commissioner	110	108
Department of Sport and Recreation	70	59
Gascoyne Development Commission	8	7

Notes to the Financial Statements For the year ended 30 June 2014

Goldfields-Esperance Development Commission	16	13	Department of Corrective Services ^(a)	2,917	3,479
Great Southern Development Commission	8	7	Department for Child Protection and Family Support	1,475	1,493
South West Development Commission	23	20	Department for Communities	-	445
Western Australian Tourism Commission	281	272	West Coast Institute of Training	8	13
Western Australian Electoral Commission	23	20	Commissioner for Children and Young People	8	7
Heritage Council of Western Australia	236	217	Public Sector Commission	401	355
Department of Housing	180	138	Department of State Development	8	121
Western Australian Treasury Corporation	8	7	Department of Transport	1,097	1,063
Wheatbelt Development Commission	23	20	Department of Planning	1,585	1,578
Western Australian Industrial Relations Commission	8	7	ChemCentre	8	7
Kimberley Development Commission	16	13	Public Transport Authority of Western Australia	16	13
Legal Aid Commission of Western Australia	8	7	Department of Regional Development and Lands	-	424
Law Reform Commission of Western Australia	8	7	Department of Lands	258	-
Economic Regulation Authority	255	232	Department of Regional Development	279	-
Corruption and Crime Commission	8	7	Swan River Trust	8	7
Department of Environment and Conservation	-	312	Department of Training and Workforce Development	1,235	1,112
Department of Environment Regulation	39	-	Department of Local Government	-	301
Department of Parks and Wildlife	291	-	Department of Treasury	827	1,026
Department of Health ^(a)	4,698	4,881	Department of Local Government and Communities	708	-
Peel Development Commission	8	7	Office of the Inspector of Custodial Services	96	94
Department of Fisheries	235	256	Office of the Auditor General	494	451
Small Business Development Corporation	168	168	Health and Disability Services Complaints Office	76	75
Department of the Attorney General ^(a)	1,032	1,716	Mental Health Commission	-	13
			Parliament of Western Australia	23	20
			School Curriculum and Standards Authority	31	13
				<u>50,668</u>	<u>59,776</u>

^(a) In 2012-13, the Department of Finance provided project management services in the non-residential buildings area free of charge to certain agencies. During 2013-14, all agencies were charged for Department of Finance's project management services in the non-residential buildings area.

Note 36. Commitments

The commitments below are inclusive of GST where relevant.

Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

	2014 \$000	2013 \$000
Within 1 year	13,851	10,203
Later than 1 year and not later than 5 years	37,488	27,911
Later than 5 years	<u>58,281</u>	<u>23,486</u>
	<u>109,620</u>	<u>61,600</u>

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

Capital expenditure commitments ^(*)

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the Financial Statements, are payable as follows:

	2014	2013
	\$000	\$000
Within 1 year ^(**)	18,894	2,986
Later than 1 year and not later than 5 years	1,242	5,949
	<u>20,136</u>	<u>8,935</u>

^(*) The financial year 2012-13 capital expenditure commitments have been restated to reflect the correct commitment amount.

^(**) The current financial year includes for the first time the value of vehicles purchased under the Government vehicles acquisition program. No meaningful comparative figures are available for the previous financial year. Due to the nature of the information the action required to obtain comparative historic data by third party contractors will require an impracticable cost of time and effort.

Other expenditure commitments

Other expenditure commitments contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:

	2014	2013
	\$000	\$000
Within 1 year	7,219	9,982
Later than 1 year and not later than 5 years ^(*)	861	3,965
	<u>8,080</u>	<u>13,947</u>

^(*) The decline from the 2012-13 to 2013-14 financial years is primarily due to the completion of the decommissioning process of Shared Services.

Note 37. Contingent liabilities and contingent assets

Contingent liabilities

In addition to the liabilities included in the Financial Statements, there are the following contingent liabilities:

	2014	2013
	\$000	\$000
Contract claims in dispute	3,388	5,421

The contingent liabilities relate to construction works.

Contaminated Sites Act 2003

Under the *Contaminated Sites Act 2003*, the Department is required to report known and suspected contaminated sites to the Department of Environment Regulation (DER). In accordance with the Act, DER classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated - remediation required or possibly contaminated - investigation required, the Department may have a liability in respect of investigation or remediation expenses.

Pyrton is a former Disability Services Commission facility in Eden Hill that is now a vacant site. The Department manages this site on behalf of Government.

The Pyrton site has been reported to DER and classified as possibly contaminated - investigation required. The site is currently being managed in accordance with a site-specific long-term management plan that aims to manage potential health risk through securing and preventing access to the vacant site. The necessity for remedial actions will be appropriately tailored and informed by future redevelopment plans.

See also *Note 2(u) Provisions* and *Note 31 Provisions*.

Notes to the Financial Statements For the year ended 30 June 2014

Contingent assets

Contingent assets are additional to the assets included in the Financial Statements.

	2014 \$000	2013 \$000
Litigation in progress	19,513	21,425

Contingent assets are mainly attributable to disputes concerning *Construction Contract Act 2004*.

Note 38. Related bodies and affiliated bodies

The Department has no related bodies or affiliated bodies.

Note 39. Events occurring after the end of the reporting period

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

Note 40. Financial instruments

(a) Financial risk management objectives and policies

Financial instruments held by the Department are cash and cash equivalents, restricted cash and cash equivalents, borrowings, finance leases, Treasurer's Advances, loans and receivables and payables. The Department has limited exposure to financial risks. The Department's overall risk management program focuses on managing the following risks.

Credit risk

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

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment as shown in the table at *Note 40(c) Financial instruments disclosures* and *Note 20 Receivables*.

Credit risk associated with the Department's financial assets is minimal because the main receivable is the amount receivable for services (holding account). For receivables other than government, the Department trades only with recognised, creditworthy third parties. The Department has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Department's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

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

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

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

The Department has a facility agreement in place with the Western Australian Treasury Corporation (WATC) to borrow up to \$250 million to meet State Fleet contractual requirements, purchase vehicles and provide working capital. As at 30 June 2014 \$119.94 million was drawn against the facility.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates that will affect the Department's income or the value of its holdings of financial instruments. The Department does not trade in foreign currency and is not materially exposed to other price risks (for example, equity securities or commodity prices changes). The Department's exposure to market risk for changes in interest rates relates primarily to the long-term debt obligations.

The Department's borrowings are all obtained through the WATC and are at fixed rates with varying maturities. The risk is managed by WATC through portfolio diversification and variation in maturity dates. Other than as detailed in the interest rate sensitivity analysis table at *Note 40(c)*, the Department is not exposed to interest rate risk because apart from minor amounts of restricted cash, all other cash and cash equivalents and restricted

cash are non-interest bearing and have no borrowings other than the Treasurer's Advance (non-interest bearing), WATC borrowings and finance leases (fixed interest rate).

(b) Categories of financial instruments

In addition to cash and bank overdraft, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2014 \$000	2013 \$000
<i>Financial assets</i>		
Cash and cash equivalents	165,048	87,054
Restricted cash and cash equivalents	11,172	6,448
Receivables ^{(a) (*)}	304,227	295,791
Finance lease receivables	2,586	3,084
Amounts receivable for services	327,163	242,880
	810,196	635,257
<i>Financial liabilities</i>		
Payables ^(b)	112,504	113,334
WATC borrowings	119,933	137,415
Unearned revenue - construction project in progress ^(*)	287,833	211,817
	520,270	462,566

^(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).

^(*) The 2012-13 value is restated due to review of over/under billing estimation.

(c) Financial instrument disclosures

Credit risk and interest rate exposures

The following table discloses the Department's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Department's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Department. The Department does not hold any collateral as security or other credit enhancement relating to the financial assets it holds.

Ageing analysis of financial assets

	Carrying amount \$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	More than 5 years \$000	
2014								
Cash and cash equivalents	165,048	165,048	-	-	-	-	-	-
Restricted cash and cash equivalents	11,172	11,172	-	-	-	-	-	-
Receivables ^(a)	304,227	257,646	27,193	16,765	2,336	287	-	-
Finance lease receivables	2,586	2,554	32	-	-	-	-	-
Amounts receivable for services	327,163	327,163	-	-	-	-	-	-
	810,196	763,583	27,225	16,765	2,336	287	-	-
2013								
Cash and cash equivalents	87,054	87,054	-	-	-	-	-	-
Restricted cash and cash equivalents	6,448	6,448	-	-	-	-	-	-
Receivables ^(a)	295,791	243,856	35,661	13,092	1,859	1,323	-	-
Finance lease receivables	3,084	3,046	38	-	-	-	-	-
Amounts receivable for services	242,880	242,880	-	-	-	-	-	-
	635,257	583,284	35,699	13,092	1,859	1,323	-	-

^(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 2014

Liquidity risk and interest rate exposure

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

	Weighted average effective interest rate %	Carrying amount \$000	Interest rate exposure			Nominal amount \$000	Maturity dates				
			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	More than 5 years \$000
2014											
<i>Financial assets</i>											
Cash and cash equivalents	2.81	165,048	-	6,097	158,951	165,048	165,048	-	-	-	-
Restricted cash and cash equivalents	-	11,172	-	-	11,172	11,172	-	-	-	11,172	-
Receivables ^(a)	-	304,227	-	-	304,227	304,227	304,227	-	-	-	-
Finance lease receivables	5.34	2,586	2,587	-	(1)	2,586	32	180	513	1,775	86
Amounts receivable for services	-	327,163	-	-	327,163	327,163	1,688	-	-	-	325,475
		810,196	2,587	6,097	801,512	810,196	470,995	180	513	12,947	325,561
<i>Financial liabilities</i>											
Payables	-	112,504	-	-	112,504	112,504	112,498	6	-	-	-
WATC borrowings	3.45	119,933	119,933	-	-	119,933	3,482	4,524	34,066	77,861	-
Unearned revenue - construction projects in progress	-	287,833	-	-	287,833	287,833	287,833	-	-	-	-
		520,270	119,933	-	400,337	520,270	403,813	4,530	34,066	77,861	-

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

	Weighted average effective interest rate %	Carrying amount \$000	Interest rate exposure			Nominal amount \$000	Maturity dates					
			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	More than 5 years \$000	
2013												
<i>Financial assets</i>												
Cash and cash equivalents	3.40	87,054	-	6,300	80,754	87,054	87,054	-	-	-	-	-
Restricted cash and cash equivalents	-	6,448	-	-	6,448	6,448	-	-	-	6,448	-	-
Receivables ^(a)	-	295,791	-	-	295,791	295,791	279,517	13,092	1,859	1,323	-	-
Finance lease receivables	5.72	3,084	3,084	-	-	3,084	38	222	666	1,799	359	-
Amounts receivable for services	-	242,880	-	-	242,880	242,880	1,402	-	-	-	241,478	-
		635,257	3,084	6,300	625,873	635,257	368,011	13,314	2,525	9,570	241,837	
<i>Financial liabilities</i>												
Payables	-	113,334	-	-	113,334	113,334	107,410	5,767	104	50	3	-
WATC borrowings	3.99	137,415	137,415	-	-	137,415	4,434	7,406	36,515	89,060	-	-
Unearned revenue - construction projects in progress	-	211,817	-	-	211,817	211,817	-	211,817	-	-	-	-
		462,566	137,415	-	325,151	462,566	111,844	224,990	36,619	89,110	3	

^(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 2014

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Department's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a one per cent change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying amount \$000	-100 basis points		+100 basis points	
		Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
2014					
<i>Financial assets</i>					
Cash and cash equivalents	6,097	(61)	(61)	61	61
Total increase/(decrease)	<u>6,097</u>	<u>(61)</u>	<u>(61)</u>	<u>61</u>	<u>61</u>
2013					
<i>Financial assets</i>					
Cash and cash equivalents	6,300	(63)	(63)	63	63
Total increase/(decrease)	<u>6,300</u>	<u>(63)</u>	<u>(63)</u>	<u>63</u>	<u>63</u>

Fair values

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

Note 41. Remuneration of auditor

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

	2014 \$000	2013 \$000
Auditing the accounts, financial statements and key performance indicators	<u>363</u>	<u>365</u>
	<u>363</u>	<u>365</u>

Note 42. Remuneration of senior officers

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

	2014	2013
80,001 - 90,000	1	-
90,001 - 100,000	1	-
120,001 - 130,000	1	-
180,001 - 190,000	-	1
250,001 - 260,000	1	2
260,001 - 270,000	-	1
270,001 - 280,000	1	-
310,001 - 320,000	1	-
330,001 - 340,000	-	1
340,001 - 350,000	-	1
370,001 - 380,000	1	-
420,001 - 430,000	-	1
470,001 - 480,000	1	-
	\$000	\$000
Cash remuneration received for the year	1,597	1,669
Adjustment for accruals	7	12
Annual leave and long service leave accruals	68	53
Other benefits	<u>338</u>	<u>329</u>
Total remuneration of senior officers	<u>2,010</u>	<u>2,063</u>

The reason for the increase in the number of senior officers is mainly due to a combination of officers leaving the Department and replacement officers being appointed.

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

Note 43. Explanatory statement - controlled items

Significant variations between estimates and actual results for income and expense as presented in the Financial Statement titled *Summary of Consolidated Account Appropriations and Income Estimates* are shown below. Significant variations are considered to be those greater than 10 per cent of the principal amount or \$5 million. In respect to any item for which there is not a significant variation, no explanation is given.

Total appropriations provided to deliver services

Significant variances between estimates and actual 2014

	2014 estimate \$000	2014 movements \$000	2014 actual \$000
Appropriation provided to deliver services	274,085	-	274,085
<i>Salaries and Allowances Act 1975</i>	1,625	-	1,625
2013-14 procurement savings	-	(1,267)	(1,267)
2013-14 depreciation review	-	(8,000)	(8,000)
2013-14 voluntary separation scheme	-	6,304	6,304
Section 25 - transfer of corporate services expenses (communication, media and ICT) to the Department of Treasury	-	(174)	(174)
Transfer of corporate services function from the Office of Shared Services	-	3,237	3,237
	275,710	100	275,810

Significant variances between actual results for 2013 and 2014

	2014 \$000	2013 \$000	Variance \$000
Total appropriation provided to deliver services for the year ^(a)	275,810	295,546	(19,736)

^(a) The decrease mainly relates to the reduction in appropriation funding due to the decommissioning of Shared Services.

Service expenditure

Significant variances between estimate and actual 2014

	2014 estimate \$000	2014 actual \$000	Variance \$000
Revenue assessment and collection, and grants and subsidies administration	56,341	54,097	(2,244)
Development and management of CUAs, state fleet leasing and disposal, and providing facilitation service for agency specific contracts ^(a)	130,416	106,868	(23,548)
Project management, decommissioning of the whole-of-government shared corporate services reform ^(b)	133,367	88,124	(45,243)
Services to government	11,591	11,357	(234)
Leads the planning, delivery, management and maintenance of government buildings, projects and office accommodation	1,230,841	1,232,059	1,218
Development and implementation of energy policy and programs	24,263	23,023	(1,240)
	1,586,819	1,515,528	(71,291)

^(a) State Fleet Service - actual is lower than the estimate due to a reduction in costs (mainly depreciation and interest charges) from lower vehicle turnover activity. This is the result of State Fleet assisting agencies to restructure existing leases to more cost-effective lease terms.

^(b) The variance from 2013-14 estimate to actual was mainly due to a reduction in salaries and supplies and services expenditure required to deliver the Shared Services business.

Notes to the Financial Statements For the year ended 30 June 2014

Service expenditure

Significant variances between actual results for 2014 and 2013

	2014 \$000	2013 \$000	Variance \$000
Revenue assessment and collection, and grants and subsidies administration ^(a)	54,097	48,074	6,023
Development and management of CUAs, state fleet leasing and disposal, and providing facilitation service for agency specific contracts ^(b)	106,868	114,475	(7,607)
Project management, decommissioning of the whole-of-government shared corporate services reform ^(c)	88,124	123,852	(35,728)
Services to government	11,357	10,189	1,168
Leads the planning, delivery, management and maintenance of government buildings, projects and office accommodation ^(d)	1,232,059	1,249,089	(17,030)
Development and implementation of energy policy and programs	23,023	24,563	(1,540)
	1,515,528	1,570,242	(54,714)

^(a) Actual 2014 is higher than previous year due to an increase in amortisation for core business system, FTEs and associated on-costs due to additional funding for taxation administration, IT initiatives and the Energy Concession Extension Scheme.

^(b) Due mainly to a significant reduction in State Fleet costs as a result of diminished vehicle replacement activity from agencies electing to restructure existing leases for their vehicles.

^(c) The variance is mainly a result of the reduced number of agencies being serviced. At the beginning of 2012-13, 59 agencies were receiving Finance and HR services. By the end of November 2013, all agencies had rolled-out of Shared Services resulting in a reduction in expenditure.

^(d) The planning, delivery, management and maintenance of government buildings, projects and office accommodation is driven by demand from client agencies and as a result expenditure varies year-to-year. The variance is due to capital projects and building maintenance programs being behind budget forecasts and reduction in expenditure by key agencies including Department of Health and Department of Education.

Capital contribution

Significant variances between estimate and actual for 2014

	2014 estimate \$000	2014 movements \$000	2014 actual \$000
Capital contribution ^(a)	27,026	-	27,026
Recashflow - Master Planning Strategy ^(a)	-	(10,000)	(10,000)
Recashflow - ICT replacement program ^(b)	-	(308)	(308)
South West Native Title - Noongar Cultural Centre ^(c)	-	300	300
Relocation of the Department of Commerce ^(d)	-	2,932	2,932
Transfer of Capital Cost from the Decommissioning Office of Shared Services ^(e)	-	2,319	2,319
	27,026	(4,757)	22,269

^(a) The decrease in funding represents the recashflow of the funding for the Master Planning Strategy from 2013-14 to 2014-15 for the works required to the facade of Dumas House.

^(b) The decrease in funding represents the recashflow of funding from 2013-14 to 2014-15 for the ICT replacement program due to a change in the payment schedule for the contract relating to the Microsoft Enterprise Agreement.

^(c) Asset investment funding for the planning and conceptual design for a Noongar Cultural Centre to be located in the Perth metropolitan area as part of the Native Title Settlement process.

^(d) Funding for the relocation of the Department of Commerce to the Mason Bird Building in Cannington and Gordon Stephenson House in the CBD.

^(e) Funding for works undertaken to provide for a replacement Financial Management Information System for the Department of Finance as a result of the decommissioning or roll-out from Shared Services.

Capital contribution

Significant variances between actual results for 2013 and 2014

	2014 \$000	2013 \$000	Variance \$000
Capital contribution ^(a)	22,269	15,073	7,196

^(a) The increase in capital appropriation is mainly due to the new capital works projects commencing in 2013-14: the Relocation of Department of Commerce Project, Financial Management Information System implementation and the South West Native Title Noongar Cultural Centre.

Note 44. Special purpose accounts - controlled

Special purpose account Section 16 of the *Financial Management Act 2006*.

	2014 \$000	2013 \$000
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Sunset Reserve Account ^(a)

The purpose of the account is to record receipts in respect of leasings, proceeds from the disposal of the excised land, amounts appropriated by Parliament, and payments incurred in the conservation and management of Sunset Reserve.

Balance at the start of period	-	-
Receipts	375	-
Payments	(234)	-
Balance at the end of period	<u>141</u>	<u>-</u>

^(a) Sunset Reserve Account is a Special Purpose Account created during the period under subsection 16(1) of the *Sunset Reserve Transformation Act 2013*.

Note 45. Explanatory statement - administered items

The *Summary of Administered Items* discloses appropriations and other statutes expenditure, the actual expenditures made and the revenue estimates and revenue earned. The following table compares budget estimates and actual results for 2014 of items having significant variations, and explanations for the variations are given below. A significant variation is one that is in excess of 10 per cent of the principal figure and \$10 million.

	2014 estimate \$000	2014 actual \$000	Variance \$000	2014 actual \$000	2013 actual \$000	Variance \$000
ADMINISTERED TRANSACTIONS						
RECURRENT ADMINISTERED						
Item 99 amount provided for administered grants, subsidies and other transfer payments	304,324	257,352	(46,972)	257,352	249,257	8,095
<i>Authorised by other statutes</i>						
<i>First Home Owners Grant Act 2000</i>	108,842	114,220	5,378	114,220	133,828	(19,608)
DETAILS OF INCOME ESTIMATES						
<i>Taxation</i>						
Land Tax	655,330	659,163	3,833	659,163	566,812	92,351
Landholder Duty	308,600	192,718	(115,882)	192,718	216,471	(23,753)
Vehicle Licence Duty	436,200	384,721	(51,479)	384,721	404,004	(19,283)
<i>Other Revenue</i>						
Other income	36,300	54,912	18,612	54,912	44,614	10,298
<i>Appropriations</i>						
<i>First Home Owners Grant Act 2000</i>	108,842	114,220	5,378	114,220	133,828	(19,608)
Administered grants and transfer payments	304,324	257,352	(46,972)	257,352	249,257	8,095

Notes to the Financial Statements For the year ended 30 June 2014

Finance administered expenses

Explanations

Item 99 – Amount provided for administered grants, subsidies and other transfer payments

Payments for these grants, subsidies and transfers were \$47 million lower than budget, largely reflecting:

- lower than anticipated payments for the one off Payroll Tax Rebate announced by the Government in the 2012-13 Budget (down \$17.4 million), reflecting that the number of taxpayers receiving a partial rebate (i.e. those with payrolls between \$1.5 million and \$3 million) was lower than expected
- lower refunds of past years' revenue (down \$17.4 million), with the value of refunds lower than expected despite a similar number of claims processed. The number of objections and appeals received and approved during 2013-14 was also lower than expected
- lower Energy Concession Extension Scheme payments (down \$4.1 million), due to lower than anticipated uptake by eligible households, despite active promotion of the scheme by the Department and other third parties
- lower pensioner concession payments for local government and water rates (down \$4.3 million), due to lower than expected demand.

First Home Owner Grant Act 2000

First Home Owner Grant (FHOG) payments were \$19.6 million lower in 2013-14 compared with 2012-13. This mainly reflects changes in FHOG effective from 25 September 2013 (announced as part of the 2013-14 Budget), with newly constructed homes grants increasing from \$7,000 to \$10,000 and established homes grants decreasing from \$7,000 to \$3,000. In 2012-13, 19,277 grants were paid to first home buyers with this number increasing slightly to 19,806 in 2013-14. However, this increase and the additional cost of new home grants (\$7,000 to \$10,000) was more than offset by the decline in the cost of payment for established home grants (\$7,000 to \$3,000). Historically, grants paid for established homes have accounted for the majority of the total grant cost. Over 2013-14, the proportion of established home grants averaged around 65.7 per cent of total grants (compared to around 73.4 per cent in 2012-13).

Finance administered revenue

Explanations

Land Tax

Land tax collections were \$92.3 million higher in 2013-14 than in 2012-13. This was mainly due to a 12.5 per cent increase in land tax rates implemented in the 2013-14 Budget (\$73 million), together with higher land values and increased numbers of tax payers (\$19.3 million). These increases were in line with the Budget expectations.

Landholder Duty

Landholder duty was \$23.8 million lower in 2013-14 compared to 2012-13, primarily due to lower than expected large value transactions, which more than offsets the 'one off' additional landholder duty from interim assessments issued following the Tax Administration Package that was announced as part of the Fiscal Action Plan in the 2013-14 Budget.

Landholder duty was \$115.9 million lower than budgeted in 2013-14 as a result of lower than expected collections from large transactions. Large landholder transactions are usually commercial in nature, few in volume and are often volatile. Following record duty from large transactions in 2012-13, it was expected that this strength in these transactions would continue in 2013-14 and be further supported by additional landholder duty from interim assessments. Despite additional revenue of around \$140 million from interim assessment in 2013-14, large transactions were far lower when compared to the previous year, reflecting the lumpy nature of such transactions.

Vehicle Licence Duty

Vehicle Licence Duty was \$51.5 million (or 11.8 per cent) lower in 2013-14 compared with forecasts in the 2013-14 Budget. This outcome was driven by an 8.7 per cent decline in new car sales in 2013-14. This decline coincided with the then Federal Government's proposal in mid July 2013 to change Fringe Benefits Tax legislation.

Though the proposal was subsequently cancelled following the election of the new Federal Government in November 2013, new car sales continued to decline throughout the remainder of 2013-14, reflecting subdued consumer confidence.

Other income

The \$10.2 million increase in *Other revenue* in 2013-14 compared to 2012-13 mainly reflects an increase in Perth Parking Levy (PPL) collections (up \$9.1 million). The higher parking revenue resulted from an increase in annual licence fees (effective from 1 July 2013 and approved as part of the 2013-14 Budget) of between 5 per cent and 15 per cent for different parking categories subject to the levy.

Other revenue was \$18.6 million higher than forecast in the 2013-14 Budget as the estimate for the PPL increases that commenced on 1 July 2013 were not reflected in the Department of Finance's estimates at the time. The Department of Transport (for which the Department of Finance collects the levy) correctly budgeted for the increases in the levy in its accounts.

Note 46. Supplementary financial information

(a) Write-offs

During the financial year \$12.192 million was written-off by the Department under the authority of:

	2014 \$000	2013 \$000
The accountable Authority	5,222	4,531
The Minister	2,832	550
Executive Council	4,138	2,151
	<u>12,192</u>	<u>7,232</u>

(b) Write-offs by category

	2014 \$000	2013 \$000
Public assets	928	1,849
Debts due to the State	11,264	5,383
	<u>12,192</u>	<u>7,232</u>

(c) Act of grace payments

	2014 \$000	2013 \$000
Act of grace payments	23	275
	<u>23</u>	<u>275</u>

Note 47. Service delivery arrangements Indian Ocean Territories

	2014 \$000	2013 \$000
Revenue	1,126	848
Commonwealth receipts	1,126	848
<i>Expenditure</i>		
Consultants and contractors	900	585
Administration and other costs	209	162
Pay-roll Tax and Business Franchise	32	27
Duties	1	-
Land Tax	2	3
Compliance	19	4
Refurbishments ^(*)	-	109
	<u>1,163</u>	<u>890</u>
Surplus/(deficit) for the period	(37)	(42)
Balance brought forward	224	266
Balance carried forward	<u>187</u>	<u>224</u>

^(*) The 2012-13 value is restated to include Refurbishments expenditure.

Notes to the Financial Statements For the year ended 30 June 2014

Note 48. Special Purpose Accounts - administered

Special purpose account Section 10 of the *Financial Management Act 2006*.

	2014 \$000	2013 \$000
<i>Departmental receipts in suspense - State Revenue</i>		
The purpose of the special purpose account is to hold funds pending identification of the purpose of which those monies were received or identification of where those monies are to be credited or paid.		
Balance at the start of period	101	180
Receipts	3	100
Payments	(103)	(179)
Balance at the end of period	1	101

Indian Ocean Territories

The purpose of the special account is to hold taxation collections pending transfer to the Commonwealth of Australia in accordance with the Service Level Agreement entered into with the Commonwealth.

Balance at the start of period	417	242
Receipts	5,516	4,313
Payments	(5,391)	(4,138)
Balance at the end of period	542	417

Note 49. Administered income and expenses

	2014 \$000	2013 \$000
<i>Expenses</i>		
Grants, subsidies and transfers	371,572	383,085
Other expenses	7,244,446	6,914,004
Collections transferred to other agencies	54,912	44,614
Total administered expenses	7,670,930	7,341,703
<i>Incomes</i>		
Taxation	7,324,717	7,033,829
Other revenue	39,988	39,613
Appropriations	371,572	383,085
Collections raised on behalf of other agencies	54,912	44,614
Total administered revenues	7,791,189	7,501,141

Note 50. Disclosure of administered income and expenses by service

	Revenue assessment and collection, and grants and subsidies administration			
	Service 1		Total	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
COST OF SERVICES				
<i>Expenses</i>				
Grants, subsidies and transfers	371,572	383,085	371,572	383,085
Other expenses	7,244,446	6,914,004	7,244,446	6,914,004
Collections transferred to other agencies	54,912	44,614	54,912	44,614
Total administered expenses	7,670,930	7,341,703	7,670,930	7,341,703
<i>Incomes</i>				
Taxation	7,324,717	7,033,829	7,324,717	7,033,829
Other revenue	39,988	39,613	39,988	39,613
Appropriations	371,572	383,085	371,572	383,085
Collections raised on behalf of other agencies	54,912	44,614	54,912	44,614
Total administered income	7,791,189	7,501,141	7,791,189	7,501,141

Note 51. Administered assets and liabilities

	2014 \$000	2013 \$000
<i>Current assets</i>		
Taxation receivable	597,817	529,236
Total administered current assets	597,817	529,236
<i>Non-current assets</i>		
Other receivables	51,300	51,300
Total administered non-current assets	51,300	51,300
Total administered assets	649,117	580,536

Key performance indicators

Certification of Key Performance Indicators

For the year ended 30 June 2014

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Finance's performance, and fairly represent the performance of the Department for the financial year ended 30 June 2014.



Anne Nolan
Director General
9 September 2014

Performance assessment

Outcomes

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

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

Service 1: Revenue assessment and collection, and grants and subsidies administration.

2. Value-for-money from public sector procurement

Service 2: Development and management of CUAs, state fleet leasing and disposal, and providing facilitation service for agency specific contracts.

3. Decommissioning of Shared Services

Service 3: Project management, decommissioning of the whole-of-government shared corporate services reform.

4. Provision of corporate services

Service 4: Services to government.

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

Service 5: Leads the planning, delivery, management and maintenance of government buildings, projects and office accommodation.

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

Service 6: Development and implementation of energy policy and programs.

Measuring the Performance

The Department of Finance measures its performance through statistical information and survey questionnaires. Statistical indicators are included to help report performance in both outcome and service areas. The use of in-house statistical data complements the survey-based results and adds scope and objectivity to the sources of information used in measuring our performance.

Key effectiveness indicators

State Revenue

Outcome 1: Due and payable revenue is collected and eligible grants, subsidies and rebates paid

The Department, through State Revenue, administers a range of revenue laws on behalf of the Government. This involves the collection of revenue raised and payment of grants and subsidies under relevant legislation, as well as a number of administrative-based schemes.

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

Key indicators of effectiveness	2010-11	2011-12	2012-13	2013-14	2013-14
	actual	actual	actual	target	actual
Extent to which due revenue is collected ^(a)	(%) 90	91	91.6	88 ⁽¹⁾	92 ⁽¹⁾
Extent to which correct grants, subsidies and rebates are paid ^(b)	(%) 99	99	99	99	100

^(a) This key performance indicator (KPI) is calculated as an average for land tax, duties and returns-based assessments. The amounts are calculated by subtracting the number of penalties (or adjustments for return-based taxes) from the total number of assessments (or returns for return-based taxes) and dividing the result by the total number of assessments.

^(b) The measurement of the extent to which grants, subsidies and rebates are paid correctly is calculated by totalling the number of claims paid, and subtracting the total number of claims paid incorrectly. This is expressed as a percentage by dividing this figure with the total number of claims paid. The payments are for First Home Owner Grant, Pensioners and Seniors Rebates, the Life Support Equipment Electricity Subsidy, the Thermoregulatory Dysfunction Energy Subsidy and the Local Government Swimming Pool Subsidy.

1. The main reason for the variance between 2013-14 target and 2013-14 actual is due to a higher rate of timely payment for payroll tax clients than previously forecast in the 2013-14 Budget Papers.

Key performance indicators

Government Procurement

Outcome 2: Value-for-money from public sector procurement

This outcome aims to deliver value-for-money procurement services and frameworks across the Western Australian public sector. Value-for-money is a key policy objective and ensures public authorities achieve the best possible outcome for the amount of money spent when purchasing goods and services.

Value-for-money from public sector procurement is considered effective if:

- client agencies agree that Common Use Arrangements (CUAs) are awarded and managed on a value-for-money basis. This includes the value-for-money results from the state fleet surveys. State fleet is surveyed annually using a similar value-for-money method to other CUAs and agency specific contract surveys
- client agencies agree that their contracts are awarded on a value-for-money basis
- economies of scale are achieved through the aggregation of the acquisition, fleet management and disposal activities related to the government's light vehicle fleet aimed at achieving a value-for-money outcome for the Government's fleet expenditure and revenue.

Key indicators of effectiveness	2010-11 actual	2011-12 actual	2012-13 actual	2013-14 target	2013-14 actual
Profitability of the State's light vehicle fleet ^(a)	(\$000) 23,466	23,441	19,354 ⁽¹⁾	18,645 ⁽¹⁾	11,192 ⁽¹⁾
Extent to which client agencies agree that their agency contracts and CUAs achieved value-for-money ^(b)	(%) 86	94	92	85 ⁽²⁾	93 ⁽²⁾

^(a) This KPI is calculated by subtracting the operating expenses of the fleet from the operating revenue.

^(b) The indicator is calculated by dividing the total number of satisfied responses with the total number of survey respondents for users of CUAs and clients of agency specific contracts.

1. The variance between the 2012-13 actual, 2013-14 target and 2013-14 actual reflects lower than expected revenue. This decrease in revenue is a result of the on-going restructuring of existing vehicle leases to more cost-effective lease terms, which resulted in lowering vehicle turnover, lease overruns and vehicle sales revenue.
2. The result for 2013-14 was better than the target set with agency specific contracts scoring 92 per cent satisfaction (593 respondents) and CUAs scoring 94 per cent (1,112 respondents).

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

CUAs, agency specific contracts and state fleet	
Number of surveys sent	2,252
Number of responses	1,705
Response rate	76%
Confidence level	1.17% at 95% confidence level

Shared Services

Outcome 3: Decommissioning of Shared Services

Following the Government's decision to decommission the Government agencies Shared Services facility, a Decommissioning Office was established to undertake the program and to assist client government agencies to roll-out from the Shared Services environment by December 2013. These indicators were created to monitor the decommissioning process of agencies rolling-out and the staff reductions as a result of the roll-out procedure.

Key indicators of effectiveness	2010-11 actual	2011-12 actual	2012-13 actual	2013-14 target	2013-14 actual
Progress with the decommissioning reform of the Western Australian public sector for shared services by achievement of the following milestones:					
- number of agencies rolling-out by year	N/A ⁽¹⁾	N/A ⁽¹⁾	31	28	28
- change in Shared Services FTEs as a result of decommissioning ^(a)	N/A ⁽¹⁾	N/A ⁽¹⁾	113 ⁽²⁾	194	194 ⁽²⁾

^(a) This indicator shows the number of staff transferred from Shared Services to the receiving agencies, internal transfers within the Department, resignations, retirements and severances. A key goal of the decommissioning program was to ensure all Shared Services staff were transferred out meaning no residual staffing cost remained.

1. These indicators were created in 2012-13 and hence, there were no comparatives available for prior years.
2. 2012-13 actual has been restated from 99.75 to 113 FTEs as the prior year figure had only included transfers to other agencies. 2013-14 actual is higher than 2012-13 actual due to employee severances taking place in 2013-14 as well as a higher number of employees being transferred to other existing funded positions within the Department in 2013-14.

Corporate Services

Outcome 4: Provision of corporate services

An effectiveness indicator is not reported for this outcome as it relates to the corporate services provided directly by the Department to support the outcomes and activities of the Department of Treasury.

Key performance indicators

Building Management and Works

Outcome 5: Value-for-money from the management of the Government's non-residential buildings and public works

The Department, through Building Management and Works, delivers a range of services to lead the planning and delivery of a property portfolio that supports the delivery of government services to the community.

This indicator demonstrates the ability of Building Management and Works to deliver non-residential buildings for its client agencies within 10 per cent of the approved budget and focuses on significant projects within the works program. Achievement of projects on-budget is an important requirement for client agencies and is a key contributor to value-for-money outcomes.

Key indicators of effectiveness		2010-11 actual	2011-12 actual	2012-13 actual	2013-14 target	2013-14 actual
Percentage of significant projects in the New Buildings program delivered within 10% of approved budget ^(a)	(%)	N/A ⁽¹⁾	100	100	100	100

^(a) The calculation compares the anticipated final total cost of all projects with current approved budgets of equal to or greater than \$5 million that have achieved practical completion in the financial year against the current approved budget for the projects. All projects are deemed to meet the effectiveness indicator if the anticipated final total cost does not exceed the approved budget by greater than 10 per cent.

1. This indicator was established in 2011-12 and hence there are no comparatives available for prior years.

Public Utilities Office

Outcome 6: A sustainable, efficient, secure and affordable energy sector

The delivery of impartial, high-quality advice on matters in the energy portfolio assists government to make well-informed decisions that contribute to a sustainable, efficient, secure and affordable energy sector.

Key indicators of effectiveness		2010-11 actual	2011-12 actual	2012-13 actual	2013-14 target	2013-14 actual
The extent to which policy and program development objectives for the year are achieved ^(a)	(%)	81	73.2	89	100 ⁽¹⁾	89 ⁽¹⁾

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

1. The variation between target and actual for 2013-14 is due to the partial completion of some projects with 46 out of 63 projects being fully completed. The partial completion of projects is due to project reprioritisation, resource allocation, scope expansion and the dependency of some projects on external factors beyond the control of the Public Utilities Office.

Key efficiency indicators

State Revenue

Service 1: Revenue assessment and collection, and grants and subsidies administration

This service involves the assessment and collection of a range of statutory based revenue, including duties, land tax and payroll tax, and those that are collected on behalf of other agencies (e.g. Perth Parking Licence fees on behalf of Department of Transport) or other jurisdictions (e.g. collection of a range of taxes for the Commonwealth in the Indian Ocean Territories). State Revenue is also involved in the assessment and payment of a range of grants and subsidies under both statutory and administrative schemes. The major payments relate to the First Home Owner Grant Scheme, as well as concessions on water rates, local government rates and the Emergency Services Levy for pensioners and seniors.

The indicators represent the costs per unit of taxation raised and grant/subsidy processed in a given year. Taken into account with the notes explaining any variances, it provides a measure of efficiency.

Key indicators of efficiency	2010-11 actual	2011-12 actual	2012-13 actual	2013-14 target	2013-14 actual
Cost per \$100 of revenue raised ^(a)	(\$) 0.66	0.62	0.62	0.66	0.66
Average cost per application/ claim processed ^(b)	(\$) 8.76	9.32	9.84 ⁽¹⁾	10.86 ⁽¹⁾	11.86 ⁽¹⁾

^(a) Calculated as the total of State Revenue costs plus Departmental on-costs divided by total revenue raised and multiplied by 100. A cost allocation model is used to apportion the costs of taxation administration based on FTE numbers and resource usage. This is a new KPI in 2013-14. Comparatives have been calculated to reflect the changes.

^(b) Calculated as the total of State Revenue costs plus Departmental on-costs divided by the number of First Home Owner Grant applications and pensioner concession claims. A cost allocation model is used to apportion the costs of processing of applications and claims based on FTE numbers and resource usage.

1. The 2013-14 actual is higher than the 2013-14 target and 2012-13 actual due to the increase in amortisation for core business systems, and increases in FTEs, associated on-costs and corporate costs. However, the volume of applications/claims processed, consistent to prior year, did not increase at a similar rate.

Key performance indicators

Government Procurement

Service 2: Development and management of CUAs, state fleet leasing and disposal, and providing facilitation service for agency specific contracts

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

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

The Department is responsible for managing the State's vehicle fleet to ensure an efficient and effective use of government vehicles with particular focus on the delivery of a sustainable vehicle fleet. The indicator demonstrates the efficiency of managing the financing and administration of the Government's light vehicle fleet.

Key indicators of efficiency		2010-11 actual	2011-12 actual	2012-13 actual	2013-14 target	2013-14 actual
Average administrative cost per vehicle for financing and managing the State Fleet service ^(a)	(\$)	84	83	87 ⁽¹⁾	120 ⁽¹⁾	94 ⁽¹⁾
Cost of developing and managing whole-of-government CUAs as a percentage of the total annual value of purchases through the arrangements ^(b)	(%)	1.1	1.4	1.7	2.0 ⁽²⁾	1.5 ⁽²⁾
Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value ^(c)	(%)	1.9	2.1	2.4	2.0	2.4

^(a) This indicator is calculated by dividing the State Fleet operating costs by the number of vehicles managed by State Fleet.

^(b) This indicator is calculated by dividing the costs of delivering this service by the total CUA turnover.

^(c) This indicator is calculated by dividing the costs of delivering this service by the total contract value for agency contracts awarded in 2013-14.

1. The 2013-14 actual result was better than the expected target due to reduced costs in the delivery of the State Fleet service driven by lower salary expenses. When comparing actuals from 2012-13 to 2013-14, the moderate cost increases have been in the area of salaries.
2. 2013-14 actual is lower than the 2013-14 target due to a combination of:
 - an increase of \$68 million in the CUA throughput
 - a decrease in costs associated with the development and management of delivering this service.

Shared Services

Service 3: Project management, decommissioning of the whole-of-government shared corporate services reform

Following the Government's decision to decommission Shared Services, a Decommissioning Office was established to undertake the Program and to assist client government agencies to roll-out from the Shared Services environment by December 2013 whilst maintaining the existing level of service until closure. All agencies had exited Shared Services by December 2013.

Key indicators of efficiency		2010-11 actual	2011-12 actual	2012-13 actual	2013-14 target	2013-14 actual
Delivery of the Decommissioning Program as per schedule and budget ^(a)		N/A ⁽¹⁾	N/A ⁽¹⁾	31	28	28
Cost of processing financial services per transaction ^{(b) (d)}	(\$)	35.32	33.29	37.92 ⁽²⁾	133.82 ⁽²⁾	60.29 ⁽²⁾
Cost of providing human/payroll services per agency headcount ^{(c) (d)}	(\$)	3,750	4,018	5,350 ⁽³⁾	19,216 ⁽³⁾	4,593 ⁽³⁾

^(a) This indicator reports the number of agencies that were required to roll-out of the shared services environment.

^(b) This indicator reports the full cost of providing financial transactions within the shared services environment based on the number of invoices paid and created.

^(c) This indicator reports the full cost of providing human resources/payroll transactions within shared services environment based on the number of people paid each fortnight.

^(d) The 2013-14 target had taken into account the full year's amortisation of the Oracle software and license of \$54.9 million. However, the services had ended in December 2013 when Shared Services was decommissioned and the 2013-14 actual had excluded the amortisation for the remaining financial year of \$32.0 million.

1. This KPI was created in 2012-13 and hence, there were no comparatives available.
2. The actual result in 2013-14 is lower than 2013-14 target predominantly due to lower amortisation costs. When the amortisation budget provision was calculated it was based on the assumption that services would be provided for the full year, services actually ended in December 2013. In terms of the comparison between 2012-13 and 2013-14 actuals, the result has increased due to lower volume of transactions being processed. In their final year of operation, Shared Services processed far fewer financial services transactions but costs did not reduce as significantly due to the requirement to keep a critical mass of staff and infrastructure.
3. The actual result in 2013-14 is lower than 2013-14 target predominantly due to lower amortisation costs. When the amortisation budget provision was calculated it was based on the assumption that services would be provided for the full year, services actually ended in December 2013. In terms of the comparison between 2012-13 and 2013-14 actuals, the result has decreased due mainly to greater reduction in costs than volume. While volume of transactions decreased significantly from 2012-13 to 2013-14, a number of large agencies still remained with Shared Services throughout 2013-14.

Key performance indicators

Corporate Services

Service 4: Services to government

These services include corporate services directly provided by the Department to support the outcomes and activities of the Department of Treasury, advice to government on national and State economic issues and reforms, and assessment of the impact and adequacy of proposed regulation.

Key indicators of efficiency		2010-11 actual	2011-12 actual	2012-13 actual	2013-14 target	2013-14 actual
Percentage of Regulatory Impact Statements assessed within agreed timeframes ^(a)	(%)	N/A	N/A	N/A	90	93.5

^(a) This is a new indicator in 2013-14 due to the transfer of Regulatory Gatekeeping Unit (RGU) from Treasury to Finance on 1 July 2013 as part of the change in Machinery of Government. Before the transfer, this indicator was reported in Treasury's Annual Report. The RGU has set its KPI as a 10 working day response rate to an agency's Regulatory Impact Statement (RIS) submission. This indicator is calculated by dividing the number of RIS submissions received and responded within 10 working days with the total RIS submissions received and the result presented as a percentage.

Building Management and Works

Service 5: Leads the planning, delivery, management and maintenance of government buildings, projects and office accommodation

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

Key indicators of efficiency		2010-11 actual	2011-12 actual	2012-13 actual	2013-14 target	2013-14 actual
Average office accommodation floor space per work point ^{(a) (1)}	(m ²)	N/A	15.9	15.9	16.0	15.6
Percentage of maintenance services delivered within 10% of approved timeframe ^{(b) (2)}	(%)	N/A	N/A	N/A	75	76.2
Percentage of significant projects in New Buildings Program delivered within three months of approved timeframe ^{(c) (1)}	(%)	N/A	64	78 ⁽³⁾	85 ⁽³⁾	93 ⁽³⁾

^(a) This indicator measures the utilisation of Government office accommodation through determining the average amount of floor area allocated per workspace across the Government office accommodation portfolio.

^(b) The indicator measures the percentage of building maintenance services delivered by Building Management and Works across the State within 10 per cent of the approved timeframe.

^(c) This indicator measures the percentage of projects greater than or equal to \$5 million that are completed within three months of the approved date for practical completion in the current financial year.

1. These indicators were created in 2011-12 and hence, there were no comparatives available for prior years.
2. The indicator was created in 2013-14 and hence, there were no comparatives available for prior years.
3. The increase in 2013-14 actual from the 2013-14 target and 2012-13 actual is a significant improvement and highlights Building Management and Work's continued focus on reviewing and improving processes and policies in relation to managing building construction projects.

Public Utilities Office

Service 6: Development and implementation of energy policy and programs

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

Key indicators of efficiency		2010-11 actual	2011-12 actual	2012-13 actual	2013-14 target	2013-14 actual
Average cost of routine policy and program tasks ^(a)	(\$)	3,830	4,544	5,776 ⁽¹⁾	9,970	10,081 ⁽¹⁾
Average cost of policy projects and programs ^(b)	(\$)	69,809	57,547	47,498 ⁽²⁾	81,350 ⁽²⁾	127,830 ⁽²⁾

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

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

1. The majority of routine policy tasks are undertaken upon direction of the Government. The variance is due to the number of routine tasks being lower than 2012-13 and business unit costs being higher.
2. The total number of projects completed is substantially lower in 2013-14 due to an increase in the complexity of projects undertaken compared with previous years. Allocated costs have also risen explaining the increase in cost per project. The indicator does not contain a weighting to reflect the long-term and complex nature of some projects and a relatively simple project is accorded the same value as a long-term, complex project.

Other financial disclosures

Pricing policies of services provided

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

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

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

Ministerial Directives

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

The Department did not receive any Ministerial directives during 2013-14.

Capital Projects

In 2013-14, \$96.5 million was spent on capital investments. The key capital projects are detailed in the table below:

Project	Expected completion date	Actual expenditure 2013-14 \$000	Actual expenditure 2012-13 \$000	Estimated cost to complete \$000	Estimated total cost \$000
Master Planning Strategy - Government Office Accommodation	2017	4,535	152,817	68,493	225,845
Cabinet Offices	2015	1,091	21,976	2,433	25,500
State Fleet Annual Vehicle Acquisition Program	2014	86,002	-	-	-
Revenue Collection Information System	2015	-	18,847	1,830	20,677

Employment and industrial relations

Comparative full-time equivalent (FTE) allocation by category

The Department managed its resourcing requirements within the constraints of its salary cap.

Adjustments were made to the Department's FTE position during 2013-14 as positions transferred to other agencies through the decommissioning of Shared Services.

Category	2013-14	2012-13
Permanent full-time	1,042	1,145
Contract full-time	132	160
Part-time permanent and contract	96	97
Total	1,270	1,402

Source Data: June 2014 MOIR data.

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

Industrial relations

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

Governance disclosures

Senior Officers

In accordance with Treasurer's Instruction 903 (TI903) (14(ii)), senior officers of the Department are required to disclose the particulars of any shares, held as a nominee or held beneficially, in any subsidiary body of the agency. TI 903 also states that senior officers are required to disclose particulars, other than normal contracts of employment of service, of any interest in any existing or proposed contract.

In 2013-14, no senior officers disclosed that they held any shares as outlined in the above. 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 Department other than normal contracts of employment of service.

Board and Committee remuneration

In 2013-14, the Department of Finance had no board or committee costs and memberships.

Other legal requirements

Advertising under the *Electoral Act 1907*

In accordance with Section 175ZE of the *Electoral Act 1907*, the Department incurred the following expenditure in advertising, market research, polling, direct mail and media advertising.

Total expenditure for 2013-14 was \$435,146.

Agency/organisation	Amount \$
Advertising agencies	
Adcorp	40,896
Lynne McLeod	3,366
Optimum Media Decisions	349,868
State Law Publisher	38,240
The West Australian Newspaper	2,776
Market Research Organisations	Nil
Polling Organisations	Nil
Direct Mail	Nil

Disability Access and Inclusion Plan outcomes

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

The Department implemented the *Disability Access and Inclusion Plan 2012-2017* (DAIP) through a planning committee, which had a representative from each business unit and other representatives who have personal or professional knowledge of disabilities.

This Committee developed the Department's Plan and oversaw the implementation and evaluation of its strategies and objectives.

The Committee also acted as a forum for communication, advice on disability and inclusion issues and made recommendations to the Corporate Executive.

The DAIP Committee continues to oversee the Plan, which supports the principles and objectives of the *Disability Services Act 1993*.

Demonstrating its commitment to create an inclusive work environment free from discrimination and to meet its obligations under the Act, for 2013-14 the Department has:

- upgraded its intranet software to comply with the requirements of the Website Governance Framework
- ensured published information can be requested in alternative formats
- maintained and promoted policies, a code of conduct, and strategies that promoted inclusion for employees with a disability
- continued to promote and monitor equal opportunity employment for participation rates and recruitment for people with disabilities
- assessed the suitability of all office buildings, facilities including reception and client contact areas, and ACROD parking to enable access wherever possible to people with disabilities
- implemented appropriately designed signage for buildings.

Compliance with public sector standards and ethical codes

Quality assurance processes were used to review all recruitment selection reports. The People Strategy and Performance team provided guidance to ensure that recruitment processes and transactions complied with the standards.

In accordance with the *Public Interest Disclosure Act 2003*, the Department appointed a Public Interest Disclosure Officer and published internal policies and procedures related to its obligations. No public interest disclosures were received in 2013-14.

The Department has updated its Code of Conduct to ensure management of conflicts of interest.

In 2014, mandatory fraud and corruption awareness training was delivered to staff as an online module.

Governance

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

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

Corporate Executive

Corporate Executive sponsored a new Ideas Management System and framework, which aims to embed innovation across the Department. Work has begun on enhancing performance management reporting to improve accountability and decision-making. Briefings were provided to the Minister for Finance.

Finance and Procurement Committee

Following the decommissioning of Shared Services, the Finance and Procurement Committee provided direction and effective leadership in the implementation of the payroll and interim finance software solutions; establishing the Department's payroll and finance transactional team.

As part of the 2013-14 Mid-Year Review and the 2014-15 Budget process, procurement savings were implemented across the Department with minimal effect on service delivery. The Committee successfully implemented amendments to the *Corporate Purchasing Card Policy* to enhance accountability but reduce red tape. A new *Hospitality and Entertainment Expenditure Policy* was established to assist with the calculation of Fringe Benefits Tax and in determining reportable fringe benefits.

Technology and Governance Committee

The Technology and Governance Committee spearheaded a review of technology governance practices across the Department. This focused on identifying improvements to manage the technological delivery of business objectives and addressing the complexity of technology co-dependencies between the Department's businesses and the Department of Treasury.

The recommendations include the expansion of the governance framework. This will provide greater focus on operations, strategic leadership and more visibility of the whole-of-government services the Department provides. The next step for the Committee is to lead the implementation plan for these recommendations in 2014-15.

People and Communications Committee

The People and Communications Committee (PCC) provided input into and endorsed the development of a *Social Media Policy*, a *Sponsorship Policy* and the Department's customer service charter.

The PCC shortlisted, for Corporate Executive consideration and endorsement, two rounds of the Living our Values award nominations.

The Committee continued to monitor and comment on dashboard measurements for equity and diversity participation rates for the Department's target areas, Performance Development Plan completions, learning and development enrolments and course completions.

Audit and Risk Management Committee

The Audit and Risk Management Committee endorsed and oversaw the development of fraud and corruption awareness training, with 99 per cent of available staff participating. The Committee also endorsed a data analytics tool developed by Internal Audit. This will improve the Department's ability to identify and investigate any potential misuse of Purchasing Cards.

There were further improvements made to the Department's Risk Management Framework including:

- integration of all audit issues and key project risks into the risk management system
- development of a Corporate Executive risk register
- quarterly revisions of risk profiles relating to audit issues
- regular issue and consideration of risk appetite breach reports by the Corporate Executive.

Other legal requirements

Recordkeeping Plans

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

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

The Department revised its Recordkeeping Plan to reflect:

- the inclusion of Building Management and Works and the Public Utilities Office
- the decommissioning of Shared Services - all relevant business records, documents and data was returned to the originating agencies. This happened through a process of extraction, transfer and data migration
- the development of a repository (preservation) database - to ensure the Department can retain and provide details of records under its custodianship for a period of seven years post-decommissioning of Shared Services
- approval of disposal schedules for the Department and Shared Services
- commencement of a disposal program for the Department and Shared Services records
- migration of Shared Services corporate information from eDocs into the Department's TRIM database

- upgrade of TRIM to version 7.3 across the Department and review security caveats
- development of an information classification framework to identify sensitive and critical information
- development of a Vital Records Program
- revision of recordkeeping policies and procedures, including the management of removable media
- a review of the Public Utilities Office's information management practices
- business continuity tests across the Department
- introduction of a clear desk program
- Corporate Executive presentations - ensuring all departmental documents are secure and captured in the recordkeeping system, and their obligations under the *State Records Act 2000*, the Department's Code of Conduct and recommendations from the Auditor General were met.

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

The Department conducts regular training on good practices for records management including the use of the online Recordkeeping Awareness Training (RAT) program.

Compliance with recordkeeping training is increasing steadily with most areas achieving an average of 68 per cent.

In particular, there was significant uptake in the Public Utilities Office and Economic Reform business units (96 per cent completed).

Following a number of audit reports, Government Procurement and Building Management and Works have increased their recordkeeping commitment and embedded it into project management activities.

Use of virtual files is increasing and the number of documents registered in TRIM has risen significantly. Business units are reviewing work practices to ensure they are effective and able to manage documents electronically throughout their life cycle.

Government Procurement introduced a clear desk program to encourage the capture of information into TRIM. This necessitated the purchase of an extra terabyte of storage space.

The Regional Training program continued and provides an opportunity to conduct file and security audits. Checks were made of the disaster recovery systems and an evaluation of the risks associated with storage.

Target Zero initiative coincided with the planned closure of Shared Services and ensured all employees captured corporate information into e-Docs before they left the Department.

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

The Department responded to concerns raised in audit reports, which resulted in:

- Registration of key project commitments and approvals: the project lead file now lists key documents with file/folio references for physical records and TRIM document numbers for electronic records.
- Summary checklists of key project management activities and deliverables complete with a guideline document on how, when and why the document is to be used. A sign-off process is included as part of the project governance and record keeping.
- Training sessions targeted at project managers to support and improve project management activities.

Plans to refine and enhance documentation and practices include:

- Standardisation of the structure and hierarchy of files including project governance. This is to facilitate a more consistent approach by project managers.
- Consistency of TRIM naming convention for easier retrieval of information.

The Department proposes to share these initiatives with client agencies to ensure a common understanding, appropriate governance and ease of information retrieval.

Reviewed training modules include:

- Let's Get Started - the basics of managing records in TRIM. It is suitable for new staff to TRIM, or for those who wish to refresh their TRIM skills. Once staff have completed this session, they'll receive an invitation to complete RAT online
- Searching in TRIM - covers the quick search tool, advanced searching, saving searches and favourites
- Working with documents in TRIM - skills to save, edit and finalise documents
- Managing emails in TRIM - provides the skills to effectively manage emails in TRIM. How to save emails (with or without an attachment), email a document reference from TRIM (to ensure security of sensitive documents).

All recordkeeping information available on the intranet has been reviewed and updated.

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

The reformatted induction program now has a more streamlined delivery of information.

Information regarding recordkeeping, and both the employees' and Corporate Information's roles in complying with the recordkeeping plan, is presented by the facilitator as part of the program. Participants are advised that they are required to complete RAT online.

At the end of the session, the Corporate Information Training Officer is available to answer any specific records management questions arising from the presentation.

The Accountable and Ethical Decision Making session, which follows the induction course, provides further details on the correct management and use of corporate records.

On completion of the session, a list of attendees is sent to the Corporate Information Training Officer, to ensure all attendees are enrolled in RAT.

Other legal requirements

Freedom of Information (FOI)

The *Freedom of Information Act 1992* (FOI Act) enables the public to apply for access to documents held by the Department of Finance. An information statement is published on the Department's website to guide the public on lodging FOI requests. The statement also provides guidance on obtaining information outside the FOI process.

In 2013-14, the Department of Finance continued to reaffirm its policy of allowing applicants to obtain access to documents with no additional charges other than a mandatory application fee. The policy is aligned with the principles of the FOI Act thus allowing access to documents held by the Department more promptly and at the lowest reasonable cost.

FOI applicants were given electronic access where possible, compared to previous years where a majority of documents were provided in paper format.

The table below is a summary representation of FOI applications finalised during 2013-14 and includes applications carried over from the previous period. More detailed statistics is provided in the Office of the Information Commissioner Annual Report.

Applications	2013-14	2012-13
New applications received during the year	34	23
Decisions made during the year	31	23
Average time to process (days)	43	45

Outcomes	2013-14	2012-13
Full access	10	3
Edited access	13	13
Deferred access	0	1
Section 26 access	1	1
Section 28 access	0	0
Access refused	2	2
Total decisions	26	20
Transferred to other agencies	1	2
Withdrawn	5	3
Total applications finalised	32	25

Reviews	2013-14	2012-13
Internal reviews	2	0
External reviews - complaints	0	0

In 2013-14, the following FOI initiatives were undertaken:

- Freedom of Information: Roles Responsibilities and Process Guidelines were developed following an internal survey asking how FOI services could be improved. The guidelines will streamline the internal FOI process and assist staff when dealing with FOI applications.
- The State Solicitor's Office facilitated an FOI training session for senior officers to refresh their knowledge and understanding of their obligations under the FOI Act.
- The Department's FOI Policy and Information Statement were updated to reflect changes in the organisational structure and FOI process.

Government policy requirements

Substantive equality

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

Occupational safety, health and injury management

The Department reported on occupational safety and health (OSH) in accordance with the requirements of the Public Sector Commissioner's Circular 2012-05. This supports the Western Australian Government's commitment to the goals of the National Occupational Health and Safety Strategy 2012-22.

Commitment to occupational safety, health and injury management

The Department is committed to creating a workplace where health and safety is paramount and supports and encourages the wellbeing of employees. This commitment is extended to contractors, trainees, volunteers and visitors and is reflected in the *Strategic Directions 2012-2015* goal to invest in our people and our workplace. Focus areas for 2013-14 included:

- ongoing development of our Occupational Health and Safety Management System
- active engagement and consultation with Safety Health Representatives and Safety Committees
- provision of an effective and responsive Workers Compensation and Early Intervention Injury Management System

- provision of a proactive Employee Wellness Program
- provision of a responsive Office Ergonomics Program
- development of our Hazard Management and Issue Resolution Process
- provision of a program to provide occupational safety and health training and information for managers and employees.

Consultation, communication and engagement

OSH consultation continued through quarterly OSH Committee meetings.

In consultation with management and staff, OSH representatives have continued to undertake quarterly workplace safety inspections to ensure and maintain safe workplaces.

A procedure was developed for workplace safety inspections to be undertaken regularly. OSH representatives conduct these inspections in consultation with management and employees. Issues arising from these inspections are presented to the OSH Committee for consideration and review.

Half-day OSH training sessions for managers and supervisors continued through the year to reiterate their responsibilities and duty of care. OSH representatives attend relevant training and are encouraged to keep abreast of health and safety trends. External consultants were engaged to provide OSH related services and training where required.

The OSH team facilitated an increase in the numbers of first aid trained staff and elected safety and health representatives.

These representatives were involved in hazard management through workplace safety inspections and identifying safety solutions in consultation with management and staff.

Injury management

The Department works closely with RiskCover to manage workers compensation cases in accordance with the *Workers' Compensation and Injury Management Act 1981*.

Through our proactive and Early Intervention Injury Management System, ongoing assistance and support is provided to injured workers in the process of returning to work after an illness or injury. The OSH team consults with employees, their line manager and treating medical practitioners regarding fitness for work and realistic injury management goals. This provides staff with greater personal control to return to meaningful work in a safe and sustained manner with their own injury management plans and return to work programs.

Injury management assistance is offered to employees with work related/non-work related medical conditions.

Self-evaluation

A self-assessment based on the WorkSafe Plan commenced in May 2014. As a result, focus areas for 2014-15 include:

- continual improvement of our Occupational Health and Safety Management System
- further development of the Department's OSH key performance indicators
- ongoing occupational safety and health training and information for managers and employees

Government policy requirements

- continuation of an Office Ergonomics Program to ensure the physical wellbeing of employees in the office environment
- ongoing provision of a proactive Employee Wellness Program.

Achievements

- An OSH induction package was developed for labour hire contractors that are engaged within the Department. Consultation is encouraged between the contractor, manager, labour hire agency as well as the OSH team.
- The OSH Committee endorsed improvements to the hazard identification, awareness and management procedure. A risk management approach was adopted in assessing the risks associated with identified hazards/incidents and implementing relevant controls to improve safety in the workplace.

- Increased consultation has occurred with the regional offices to offer relevant health and safety programs and advice, such as sun smart initiatives; working in hot weather conditions and emergency procedures.
- The OSH team incorporated an e-learning module into the new employee induction process. The team also offered an e-learning option to employees who had not previously completed the module. This module is reviewed every year to ensure currency and relevance.
- Recruitment of first aid and OSH representatives from each business unit. These staff received the relevant first aid certification training and all first aid amenities where situated at the Department's workplaces.
- Ergonomic self-help kits were distributed to 435 new starters.

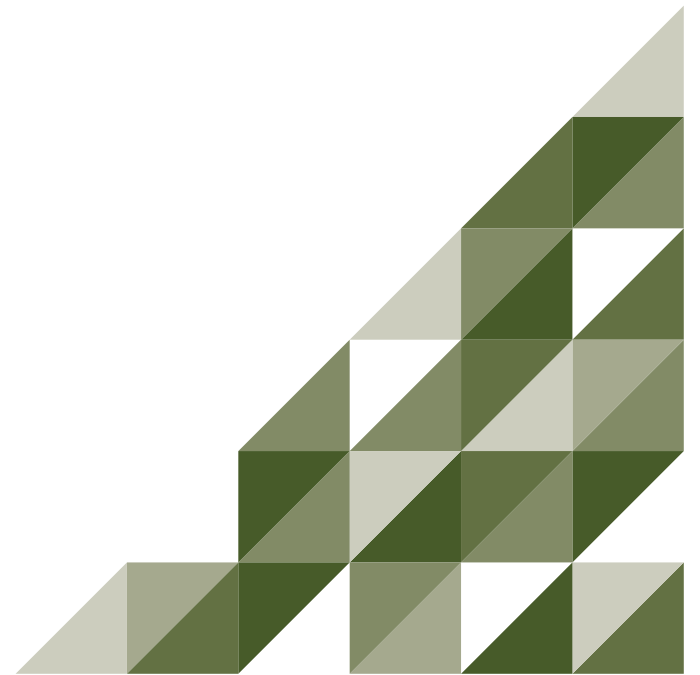
- OSH assessments for 16 employees with working from home arrangements.
- An ergonomic assessment was undertaken for 31 employees at their worksites.
- Injury management assistance provided to employees with non-work related medical conditions.
- OSH induction training for 17 managers and 100 employees (including graduates, labour hire and temporary staff).
- Eight OSH representatives attended the five-day Safety Representative training.
- Eight first aid officers received First Aid Certification training.
- 54 safety inspections were undertaken by OSH representatives.

Public Sector Commissioner's OSH performance requirements 2013-14

Indicator	2011-12	2012-13	2013-14	Target	Comment on result
Number of fatalities	0	0	0	0	Achieved
Lost time injury and/or disease incidence rate	0.49	0.20	0.17	At least 0 or 10% improvement on the previous two years.	Achieved
Lost time injury and/or disease severity rate	28.6	0	0	0	Achieved
Percentage of injured workers returned to work:					
• within 13 weeks	86%	100%	100%	Greater than or equal to 80%	Achieved
• within 26 weeks		N/A	N/A	Greater than or equal to 80%	All injured workers returned to work within 13 weeks
Percentage of managers trained in occupational safety, health and injury management responsibilities	8.32%	18%	29%	Greater than or equal to 80%	Ongoing program in place to continue training Managers, including enhancement of manager induction to incorporate occupational safety, health and injury management responsibilities

APPENDIX

- Legislation administered



Legislation administered

Minister for Finance

State Revenue

Commonwealth Places (Mirror Taxes Administration) Act 1999

Duties Act 2008

First Home Owner Grant Act 2000

First Home Owner Grant Amendment Act 2003

Land Tax Act 2002

Land Tax Assessment Act 2002

Pay-roll Tax Act 2002

Pay-roll Tax Assessment Act 2002

Pay-roll Tax (Indigenous Wages) Rebate Act 2012

Pay-roll Tax Rebate Act 2010

Pay-roll Tax Rebate Act 2012

Rates and Charges (Rebates and Deferments) Act 1992

Stamp Act 1921

Stamp Amendment (Assessment) Act 2005

Stamp Amendment (Budget) Act 2002

Taxation Administration Act 2003

Taxation Administration (Consequential Provisions) Act 2002

Government Procurement

State Supply Commission Act 1991

Building Management and Works

Public Works Act 1902

Sunset Reserve Transformation Act 2014

Minister for Energy

Public Utilities Office

Dampier to Bunbury Pipeline Act 1997

Electricity Corporations Act 2005

Electricity Industry Act 2004 (all parts other than Part 9A)

Energy Arbitration and Review Act 1998

Energy Coordination Act 1994 (Act other than Parts 2 and 3)

Energy Corporations (Transitional and Consequential Provisions) Act 1994

Energy Operators (Powers) Act 1979

Electricity Transmission and Distribution Systems (Access) Act 1994

Fuel, Energy and Power Resources Act 1972

Gas Corporation (Business Disposal) Act 1999

Gas Services Information Act 2012

Gas Supply (Gas Quality Specifications) Act 2009 (Act other than Part 5, Division 2)

National Gas Access (WA) Act 2009

State Energy Commission (Validation) Act 1978

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