



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

Department of Finance

ANNUAL REPORT 2015-16

Statement of compliance

For the year ended 30 June 2016

HON BILL MARMION MLA

**MINISTER FOR STATE DEVELOPMENT;
FINANCE; INNOVATION**

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Department of Finance for the financial year ended 30 June 2016.

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



Anne Nolan
Director General
24 August 2016

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 on the Department's website. 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. Email feedback to Corporate.Communications@finance.wa.gov.au. Contact details for the Department are listed on [page 109](#).

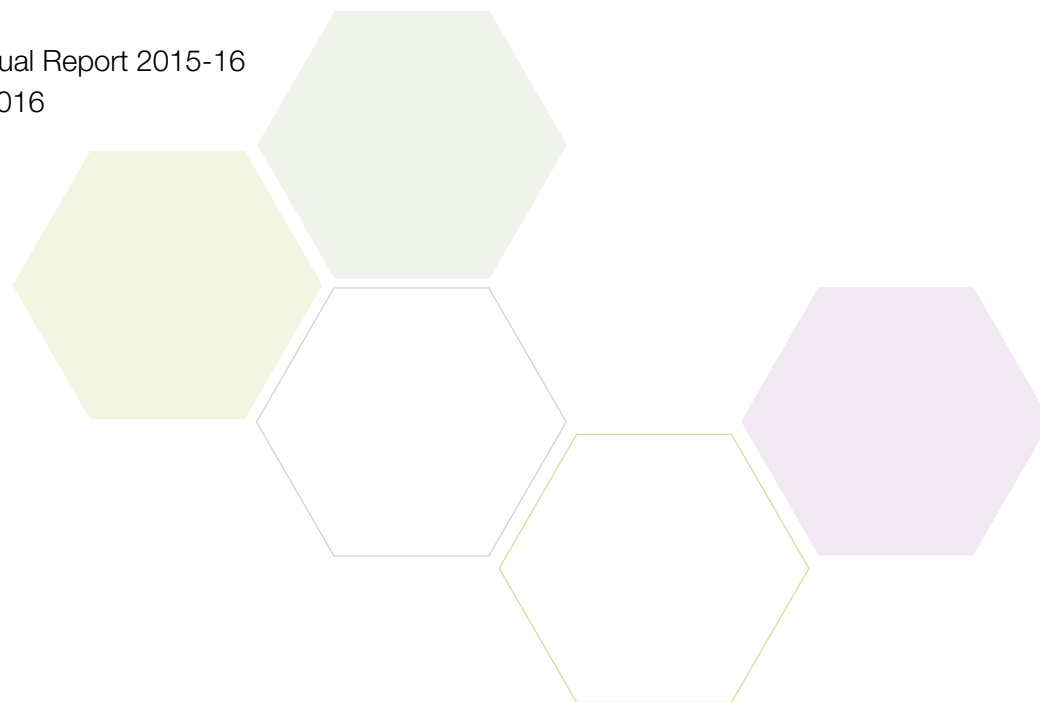
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Key legislation

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 2015-16 in accordance with legislation.

These are listed in the Appendix on [page 108](#).



CONTENTS

OVERVIEW

Director General's foreword	2
Annual Highlights	3
Executive summary	4
Organisational structure	7
Performance management framework	9

AGENCY PERFORMANCE

Delivering value	10
Leading cross-government initiatives	13
Quality services	16
Building for the community	18
Significant issues and future outlook	21
Summary of financial performance for 2015-16	24
Summary of non-financial performance for 2015-16	25

FINANCIAL STATEMENTS

Certification of financial statements	26
Independent audit opinion	26
Statement of Comprehensive Income	28
Statement of Financial Position	29
Statement of Changes in Equity	30
Statement of Cash Flows	31
Summary of Consolidated Account Appropriations and Income Estimates	32
Schedule of Income and Expenses by Service	35
Schedule of Assets and Liabilities by Service	37
Notes to the financial statements	38

KEY PERFORMANCE INDICATORS

Certification of key performance indicators	88
Performance assessment	89
State Revenue	90
Government Procurement	92
Corporate Services	94
Building Management and Works	94
Public Utilities Office and Economic Reform	96

DISCLOSURES

Ministerial directives	98
Other financial disclosures	98
Governance disclosures	100
Other legal requirements	102
Government policy requirements	105

APPENDIX

Legislation administered	108
Contacts	109

Director General's foreword

On behalf of the Department of Finance, I am pleased to present the 2015-16 Annual Report, which outlines the organisation's activities over the last 12 months.

Our staff can reflect on their work over the last financial year with a strong sense of satisfaction. The Department has helped the Government deliver a number of important initiatives, and laid the groundwork to implement its broader agenda over the coming years.

Many of the Department's initiatives reflect the Government's commitment to create a more efficient public sector, one that is performance-driven and able to provide faster services to support the future prosperity of the State. The Department of Finance is central to the achievement of this goal and I am excited to be leading the Department through this period of change.

The breadth of projects achieved over the last 12 months is wide, and this report provides the opportunity for the Department to highlight just how important its advice is in facilitating the efficient operation of government, the delivery of its services, and providing important community building projects.

It has also been a year of dual priorities as we continued to deliver infrastructure programs, quality advice and services whilst embarking on an ambitious internal transformation program. As a result of this program, the Department enters the new financial year a more agile and connected organisation that is better able to perform its key role in enabling a high performing public sector.

All of this work is only possible because of the professional and hard-working individuals who comprise the staff of Finance. The exceptional services they provide, the thoughtful and strategic advice they give, and the highly specialised work they do enable the Department to excel.

I thank my staff for this and for their support for me throughout the year, as well as their dedication and hard work delivering on the Government's priorities. It is through a culture of hard work, collaboration and ingenuity that Finance has been able to deliver such a vast breadth of projects and services in 2015-16.

I also thank the Minister for Finance, the Hon Bill Marmion MLA, and the Minister for Energy, the Hon Dr Mike Nahan MLA, for their support of the Department over the last year.



Anne Nolan
Director General
Department of Finance

Annual highlights

The **Department of Finance** is committed to providing exceptional services, strategic advice and quality infrastructure programs, facilitating whole-of-government performance.



Progressed
Phase Two of the
Electricity Market
Review.



Saved taxpayers and grant
recipients time and money by
implementing innovative
online solutions.



The on-time
on-budget delivery of our
Statewide infrastructure
program.



Advanced microeconomic
and regulatory reform
across government
agencies.



Transformed the delivery of
procurement services
across government.

Executive summary

The Department of Finance shapes and leads the development of whole-of-government advice to facilitate the efficient operation of government, enable informed decision-making, and realise value-for-money outcomes for the Western Australian community.

Over the last year, the Department has successfully:

- Progressed Phase Two of the Electricity Market Review, including the detailed design of proposed reforms and implemented changes to the Wholesale Electricity Market operating in the South West of the State.
- Transformed the delivery of procurement services across government, delivering significant savings and driving enhanced value for government.
- Advanced microeconomic and regulatory reform across government agencies, via implementation of the Government's [Reinvigorated Regulatory Reform Plan](#). The policy seeks to cut red tape, reduce barriers to investment, improve productivity and modernise the economy.
- Delivered State grants and subsidies worth over \$210 million and collected State taxes and duties of over \$7.3 billion.

- Delivered the Government's non-residential capital works program on time and on budget, including four new primary schools, completed in time for the commencement of the 2016 school year.
- Assisted around 120 State Government entities in the planning, procurement and management of approximately 580,000 square metres of office accommodation.
- Managed and provided strategic oversight of the Government's Common Use Arrangement framework, with an estimated annual procurement turnover of approximately \$1.2 billion across government.
- Led the identification of \$85 million in savings across the agency over four years.
- Created the Office of the Government Chief Information Officer (OGCIO) as a sub-department of Finance on 1 July 2015.

The **Public Utilities Office** continues to lead the review of the electricity market in the South West Interconnected System. Substantial progress was made in implementing the agenda of Phase Two of the Electricity Market Review, with the [Minister for Energy announcing reforms](#) in April 2016 to address the oversupply of power and demand side management services in the Wholesale Electricity Market. It is expected these reforms will reduce the cost of supplying electricity by up to \$130 million each year. Meanwhile, work continues to progress on other work stream initiatives including the regulation of electricity networks, development of competition in the electricity market and changes to institutional arrangements governing the electricity sector. Decisions with respect to what reforms will progress from detailed design to implementation are expected to occur progressively into 2016-17.

Government Procurement has implemented significant public sector reform allowing for greater agency autonomy when using the whole-of-government procurement framework. The change will deliver greater value across government and offer improved services to agencies. From an internal perspective, the reforms will enhance system and data analysis capabilities and allow Government Procurement to be more focused on high value, complex and high risk procurement.

An example of the Department's commitment to enhancing the efficient operation of government this year is **Economic Reform's** successful advancement of a whole-of-government regulatory reform agenda, gaining cross-government agreement to a new Plan to Reinvigorate Regulatory Reform.

The Plan's purpose is to cut red tape, reduce barriers to investment and make working with government easier. This Plan, backed by the

[Regulatory Reform Policy Statement](#) announced in September 2015, has continued to gain momentum following the successful release of the Government's first Red Tape Reduction Report Card during Repeal Week.

Government agencies can lose sight of their responsibility to provide and constantly review customer service standards, whilst minimising the regulatory burden placed on the community.

State Revenue places considerable emphasis on streamlining the customer experience to assist customers pay tax and apply for grants. Over the last year, customer education initiatives have been identified and implemented both in the classroom and virtually via [Finance's YouTube channel](#), to enhance the reach of State Revenue's programs. Analysis is then undertaken to determine the effectiveness of programs, creating a positive virtuous cycle to continuously improve training packages.

In 2015-16, **Building Management and Works** has overseen a works program worth more than \$1 billion, comprising new building design and construction, building repairs, maintenance and refurbishment and the leasing of government office accommodation. Construction projects are delivered in partnership with State Government agencies, and include works for the Departments of Education, Training and Workforce Development, Corrective Services, Health and WA Police.

Significant projects this year have included oversight and project management of the construction and fitout of government office accommodation at Cathedral Square; the continued oversight of the former Sunset Hospital site in Dalkeith into a heritage precinct for the arts and community; and the commencement of works to restore the façade and podium of heritage listed Dumas House.

A key focus in strategically planning for the delivery of value-for-money government office accommodation has involved avoiding increased lease costs through better cost control. This included consolidating leased accommodation through a reduction in the number of buildings, increasing workspace density (targeting 13 square metres per workpoint for new fitouts and major refurbishment works), and where cost-effective, progressing the decentralisation of government offices from the Perth central business district.

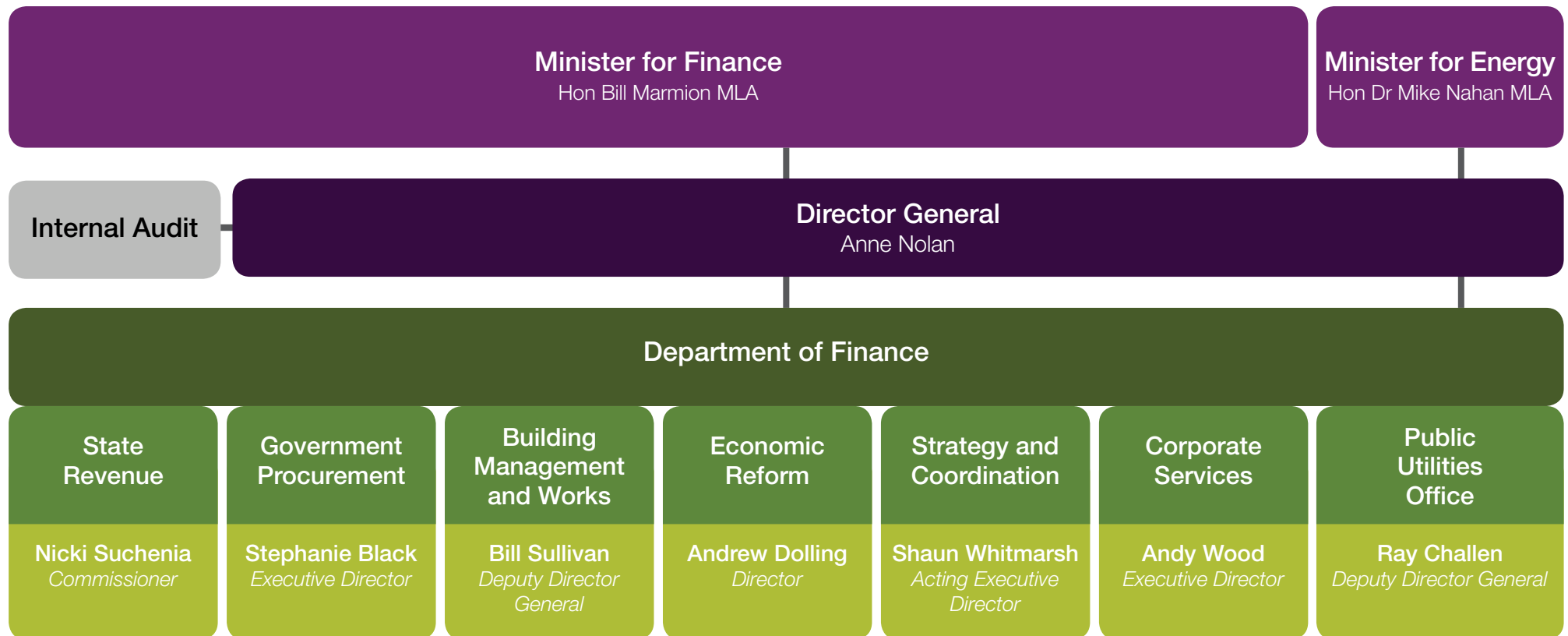
Over the year, Building Management and Works has continued to reform its delivery of maintenance services State-wide, with the appointment of a single service provider to deliver maintenance services for seven government agencies within the Perth metropolitan area and Peel region, effective 1 July 2016. The new framework will deliver improved outcomes for government by placing an increased focus on quality and contractor performance, along with collecting information on building assets to enable improved decision-making.

Fremantle Prison was successfully transferred to the Minister for Heritage on 1 July 2015. This move to the State Heritage Office now sees all the World Heritage-listed sites in Western Australia in a single ministerial portfolio.

On 1 July 2015, the **Office of the Government Chief Information Officer** (OGCIO) was created as a sub-department of Finance. This was a result of the Department's insight in highlighting the opportunity to realise savings and enhance service delivery through taking a coordinated and collaborative approach to the use of information and communication technology (ICT) across the public sector.

Finance's **Government Procurement and Corporate Services** business units continue to offer advice and support to the OGCIO as the significant [GovNext-ICT program](#) progresses through the tendering process, from both a procurement and a technical specification perspective. This is reflected in the strong representation of Finance on the GovNext-ICT Program Board, and the role Corporate Services will play overseeing the financial modeling and technical appraisal of consortium submissions tendered for the program.

Organisational structure



The Department of Finance seeks to empower the public sector with its trusted advice and services, facilitating whole-of-government performance.

The Department of Finance reports to the Minister for Finance and the Minister for Energy. Throughout the last year, the Hon Bill Marmion MLA and the Hon Dr Mike Nahan MLA have been the respective Ministers for the Finance and Energy portfolios.

The Department of Finance was established as a department on 1 July 2011, under section 35 of the *Public Sector Management Act 1994*. Its role is to:

- Lead the provision of strategic advice and policy development for government on economic reform and the energy sector.
- Provide leadership and strategic advice to the Government on initiatives to improve the operations and management of services in the public sector.
- Continuously improve the provision of efficient and effective corporate, procurement and non-residential building services to government agencies.
- Manage the fair and efficient administration of revenue laws and the payment of grants and subsidies to the community.

The Department's *Strategic Directions 2015-18* guides employees in striving to achieve Finance's vision. This provides a framework that challenges staff to continue to innovate to do things better, delivering more efficient outcomes for our stakeholders and the community. The vision also enables the Department's business units to share a common focus to provide insightful, quality information and timely, reliable and innovative advice.

Our strategic priorities are:

- Providing quality services for our customers
- Shaping and leading the development of influential advice
- Building excellent relationships
- Ensuring the efficiency and effectiveness in our systems and processes
- Investing in our people and our workplace.

The values guiding Finance employees in achieving our strategic priorities are Commitment, Listening and Caring, Leadership, Accountability and People Matter.



The Department's *Strategic Directions 2015-18* challenges staff to examine what the Department does, why it is done and where new value can be added by building and consolidating on its core strengths, its people, businesses, relationships, systems and processes.

Performance management framework

Relationship to government goals

Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the agency's services and desired outcomes, and the Government goal it contributes to.

Shared responsibilities with other agencies

Integral to the success of both the Department and the Government is the ability to partner with others. As a central agency, the Department works closely across the sector to facilitate the efficient operation of government, informed decision-making and value-for-money outcomes for Western Australians. This is achieved through providing leadership and strategic advice to the Government on initiatives to improve the operations and management of services across the public sector.

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. A sustainable, efficient, secure and affordable energy sector.	Revenue assessment and collection, and grants and subsidies administration. Development and implementation of energy policy and economic reform; assessment of proposed policy changes and the impact on regulatory functions.
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. Efficient and effective Corporate Services to the Department of Treasury.	Development and management of common use contract arrangements, State Fleet leasing and disposal, and providing facilitation service for agency specific contracts. Corporate Services to the Department of Treasury.
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.

Delivering value

The Department of Finance seeks to provide leadership and strategic advice to government on initiatives to improve the operations and management of services across the public sector.

This year, the Department of Finance was selected as one of eight agencies to undertake a review of agency expenditure in order to deliver savings to government and address a funding shortfall.

Strategy and Coordination led efforts across the Department to identify \$85 million in savings over four years, including \$26 million in savings to government. In addition, the Agency Expenditure Review Board supported a robust business case put forward by the Department to generate \$100 million in revenue towards reducing government's current fiscal challenge.

The outcomes of the review were achieved through a detailed analysis of the Department's functions to identify opportunities for savings and formulate plans for delivery. As one of the first agencies to go through this process, the Department pioneered an approach to consider how to maximise the value it creates by examining its services and the way they are delivered. The Department's proactive approach to the review was labelled best practice by the Department of Treasury. The Department has subsequently shared its lessons with other agencies embarking on their own expenditure

reviews. The Department also commenced the implementation of organisational change initiatives to realise efficiencies, whilst aiming to minimise the impact on the delivery of services.

In an economic environment of fiscal restraint, the Department is always looking to realise procurement efficiencies, and investigate ways of delivering services in a more effective manner, whilst maintaining service quality. With oversight of the Government's fleet of vehicles, the challenge has been to realise savings for government, whilst minimising the impact of policy changes on day-to-day agency operations.

Government Procurement has successfully achieved this by engaging with agencies to better understand fleet requirements, enabling the Department to offer tailored solutions that have not only seen a reduction in vehicle numbers, but reduced related debt.

The level of expertise within Government Procurement sees the contract management team regularly engaged by client agencies to ensure value is maximised in the procurement of major contracts. Over the last year, the team has

supported the Rottnest Island Authority tender for island facilities, utilities and support services, valued at \$136 million. The team has also provided advice and guidance in the provision of a helicopter and crew for State Emergency Services, valued at \$37.6 million, whilst aiding PathWest navigate a significant Laboratory Information System procurement process, with an estimated contract value of \$50.7 million. Further advice continues to PathWest regarding the development of a management plan for this 11-year contract. Government Procurement is also working with WA Police to facilitate an important tender underpinning its Automated Traffic Camera Enforcement Program, valued at over \$100 million.

State Revenue has this year progressed several digital initiatives in partnership with Property Exchange Australia (PEXA), removing the need to physically attend settlement by allowing land registries, financial institutions and conveyancing practitioners to transact together online. State Revenue has been working collaboratively with Landgate, and other stakeholders involved in the settlement of property transactions to ensure the

introduction of e-conveyancing is as seamless as possible, providing a convenient and more efficient way to lodge documents relating to land transfers. PEXA online conveyancing is expected to save the property industry and homebuyers approximately \$1.6 million a year through improved productivity and reduced delays¹. State Revenue has this year continued to deliver progressive system enhancements via the ongoing Revenue Systems Consolidation and Enhancement Program. This investment will realise timely process improvements and enhanced analytics to State Revenue's systems, and is anticipated to realise efficiencies in taxation administration, red tape reduction, and improvements in customer service. The enhancements are expected to cost \$32 million over five years to 2018-19.

As a result of these and other initiatives, around \$5 billion in taxes are collected by State Revenue online, via a fully integrated secure online system, allowing taxpayers and agents to exchange information and make payments electronically. State Revenue will continue to identify opportunities to streamline processes, and save time for taxpayers and agents.

The delivery of maintenance services is an important component of the work undertaken by **Building Management and Works** on behalf of client agencies. The Department is part way through a five-year reform strategy to improve its delivery of maintenance services to client agencies occupying non-residential buildings, such as schools, police stations and prisons.

Since the State-wide low value maintenance contracting framework came into effect on 1 July 2014, the average cost of breakdown repairs has reduced by approximately 10 per cent State-wide, while the on-time attendance of contractors for breakdown repairs has improved by 16 per cent. As at June 2016, the overall cost savings for breakdown repairs since the introduction of the new arrangements is estimated to be in the order of \$7.9 million. Now in its second phase, the reform program has progressed to establishing a new innovative maintenance contract framework.

¹ <https://www.mediastatements.wa.gov.au/Pages/Barnett/2015/09/ShredTheRed-to-grow-WA-businesses-and-jobs-.aspx>

The new framework for arranging maintenance services is expected to deliver significantly improved value-for-money outcomes for participating agencies by taking a whole-of-life view of asset costs and placing an increased focus on both service quality and contractor performance. This framework will be implemented as of 1 July 2016, for the provision of maintenance services to seven agencies in the Perth metropolitan and Peel regions.

The coordinated procurement of commonly purchased goods and services via Common Use Arrangements reduces the amount of money spent by agencies. This is achieved by aggregating the volumes purchased across the whole-of-government, to attract better prices from suppliers. **Government Procurement** continues to review, rationalise and manage Common Use Arrangements, with an estimated annual turnover of approximately \$1.2 billion across government.

Government departments spend some \$175 million per annum on electricity and gas supplies to support the delivery of services. The Common Use Arrangements that support agencies for the supply of electricity and gas have delivered cumulative savings since 2012 in the order of \$29.9 million as at 30 June 2016.

The Public Utilities Office launches consumer awareness campaign, More Power To You



The Government of Western Australia has embarked upon an ambitious program of transformation of the State's electricity sector. Through the Electricity Market Review, the Government is implementing practical and effective initiatives to reduce the cost of electricity supply and empower consumers to make informed decisions about their electricity supply services.

This year the Electricity Market Review, run by the **Public Utilities Office** has entered its second phase, developing and implementing

a selected set of reforms identified in Phase One of the Review. The reform package aims to reduce cost pressures on the electricity sector by addressing inefficiencies in the price signals for investment into the electricity market, establishing more efficient governance arrangements, and facilitating increased opportunities for private sector investment. On 7 April 2016, the [Energy Minister announced](#) important industry reforms expected to reduce the cost of supplying electricity by up to \$130 million every year.

In support of these reforms, the Public Utilities Office launched a consumer website to educate the general public on the challenges being faced by the electricity market, how those challenges are being addressed through reform initiatives, and the effect that any market reforms may have on consumers. In turn this will enable consumers to make informed decisions about their electricity supply services.

www.morepowertoyou.wa.gov.au was launched in April 2016.

Leading cross-government initiatives

The Department of Finance has led the planning and execution of major cross-government initiatives, engaging with industry stakeholders to deliver enhanced benefits to taxpayers, industry and the community.

In its drive to achieve cost efficiencies within the Government's office accommodation portfolio, **Building Management and Works** has realised significant savings by taking a whole-of-government approach to property issues to maximise value-for-money through relocations and better use of existing space. Value has been derived through the co-location of agencies to reduce the Government's overall requirement for office space, and achieving key location imperatives. The consolidation and aggregation of offices into larger, unified requirements also enables government to reduce the duplication of facilities, delivering efficient shared spaces that support service delivery to the community. The effective negotiation of government office accommodation lease terms presents another opportunity for Building Management and Works to realise savings across government, which is also being pursued.

Other government office accommodation initiatives completed or currently underway include:

- One of the largest ever government fitout projects featuring the David Malcolm Justice Centre and the State Administrative Tribunal building within the Cathedral Square Precinct – [read more about this project on page 20](#).
- The Karratha Quarter project, which will see the co-location of 10 agencies, expected to be completed in late 2016.
- Consolidation of elements of WA Police corporate services into Westralia Square (expected to be completed next financial year).
- Examining the feasibility of decentralising and consolidating government office accommodation in Fremantle.
- Fulfilling the Government's election commitment to move 500 government workers into new office accommodation in Joondalup (expected to carry into the next financial year and beyond).
- The relocation of the Department of Commerce into existing tenancies at the Mason Bird Building in Cannington, and Gordon Stephenson House in Perth (expected to be completed in the next financial year).
- Space rationalisation modeling and new lease negotiations at QBE House (200 St Georges Terrace). This work is expected to result in close to a 20 per cent reduction in the leased area to be occupied by State Revenue and over \$19 million in avoided costs to the Government over the term of the lease.

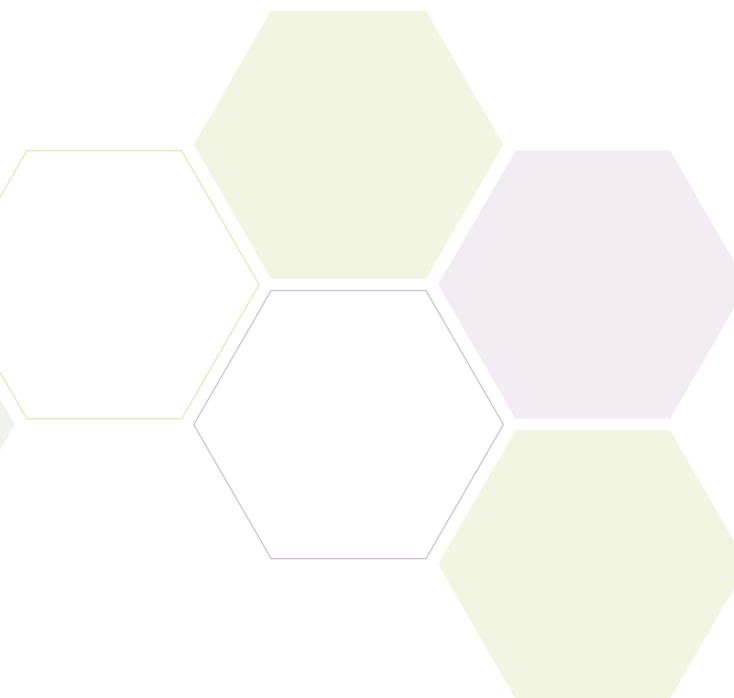
Through the Australian Disability Enterprise initiative, **Government Procurement** supports people with a disability to find fulfilling and secure work, generated by government contracts for goods and services. This is enabled through the State Supply Commission's Open and Effective Competition Policy. This policy allows agencies to engage Australian Disability Enterprises directly, without undertaking a competitive quote or tender process, provided the purchase represents value-for-money.

As a result, government agencies have access to quality goods and services, and the opportunity to positively influence the Western Australian community. Examples of contracts that have been awarded to WA Disability Enterprises include the provision of ground maintenance services for the Department of Parks and Wildlife, the warehousing and marketing distribution of services for the WA Cervical Cancer Prevention Program, the construction of firearm cabinets for WA Police, and the testing of extinguishers for the Department of Fire and Emergency Services.

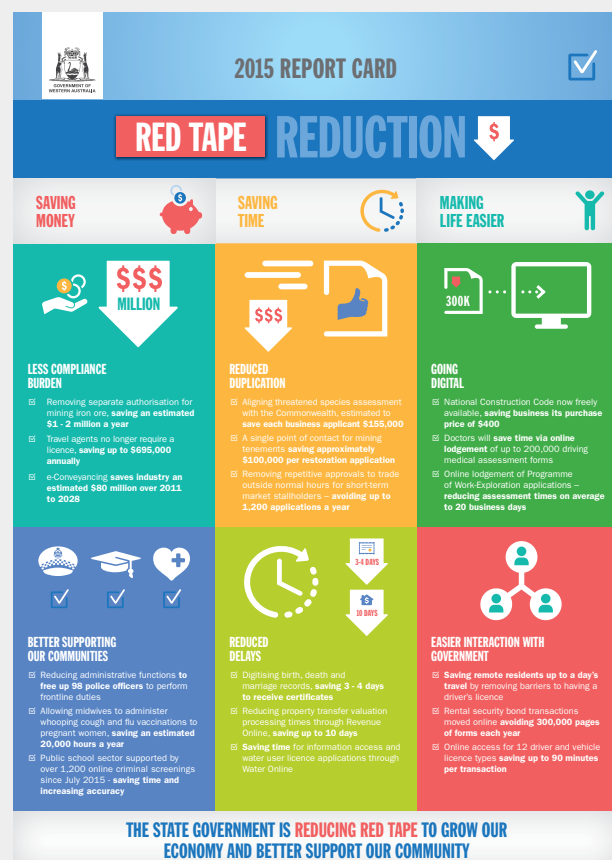
As of June 2016, through its innovative approach and dedication to social procurement, Government Procurement had facilitated 79 Australian Disability Enterprise contracts to a value in excess of \$30 million over the last four years.

Government Procurement's Funding and Contracting Services team provides leadership, guidance and support to both the public and not-for-profit sectors regarding the principles and application of policies, and best practice community services procurement. This year, a major initiative overseen by the team has been the implementation of Aboriginal Youth Services Investment Reforms, in collaboration with government agencies. In taking the joint lead on this initiative with the Department of the Premier and Cabinet, the team has sought to be the interface between government and the not-for-profit sector, creating opportunities for open dialogue, to realise mutually beneficial outcomes.

With these reforms having far-reaching implications on the community services purchased by government departments, a series of round-table discussions was initiated with key stakeholders, in order to ensure policy settings enabled the best chance of success. Support materials were then created, complementing information sessions to educate agencies on the reform initiatives. These materials and sessions have guided the application of the policy reforms in the procurement process for community services, demonstrating best practice across the sector.



Economic Reform driving the Government's regulatory reform agenda



In 2015, the Minister for Finance launched the Government's [Reinvigorated Regulatory Reform Plan](#), articulating the Government's commitment to cutting red tape, improving productivity and innovation, and supporting jobs growth and investment. The Department of Finance's **Economic Reform** unit took carriage of driving the Government's regulatory reform agenda. In November 2015, during Repeal Week, the Government released its inaugural [Red Tape Reduction Report Card](#), and introduced six red tape reduction and repeal Bills into Parliament, repositioning Repeal Week as a whole-of-government platform for delivering a strong and cohesive message on reform.

To prepare the Report Card, the Economic Reform team worked collaboratively across government to encourage and collect red tape reduction achievements, and help accurately describe, quantify and report red tape reduction outcomes consistently across all agencies.

This work resulted in the inaugural Red Tape Reduction Report Card containing 36 examples collected from across agencies, delivering an estimated \$150 million in savings over five years.

The Economic Reform team also worked with the Parliamentary Counsel's Office and several departments to develop whole-of-government omnibus Bills to introduce legislative amendments to cut red tape. This approach enabled government to prioritise minor amendments across the public sector and to repeal obsolete provisions. It resulted in a Licensing Provisions Amendment Bill 2015 that includes amendments to occupational licensing regulations from three different portfolios, and an Obsolete Legislation Repeal Bill 2015 to repeal legislation that is obsolete or no longer in step with community needs.

36 of the Government's red tape reduction initiatives featured on the Red Tape Report Card.

Quality services

The Department of Finance is dedicated to providing high quality services and advice to deliver enhanced stakeholder value.

Through appreciating and enabling our staff, employees are empowered to constantly seek to improve the way we operate, realising tangible efficiencies in the operation of government.

Economic Reform's regulatory reform team seeks to improve regulatory outcomes and reduce regulatory barriers to entrepreneurial activity and enhanced productivity, supporting employment and encouraging investment. This work includes removing unnecessary regulation and red tape, and ensuring both existing and new regulation delivers the best possible outcome for the community at the lowest possible cost.

Improving existing regulation is an integral part of the Government's [Plan to Reinvigorate Regulatory Reform](#), and reflects the need for a robust, yet flexible regulatory framework to respond to the rapidly changing dynamics within and across industries. Economic Reform helps drive best regulatory practice across the public sector and is a valuable source of economic advice to government on complex reforms.

This year, Economic Reform's expertise has been called upon by the Department of Transport to

provide advice regarding reform to the on-demand transport sector. This advice supported a more outcomes-focused regulatory environment to encourage competition and innovation, facilitating consumer choice. Support has also been provided to the Department of Agriculture and Food in relation to potato industry reforms, with an aim to modernise the market and provide growers with greater flexibility in what, when and how much they grow.

Assistance is also being provided to agencies on issues such as competition policy, heavy vehicle road pricing, port pricing and 'new economy' business models. This assistance complements the activities of the Regulatory Gatekeeping Unit within Economic Reform, which works with agencies to develop new regulations that reflect best practice and provide a net benefit to the community.

State Revenue is committed to administering the State's revenue laws and grant and subsidy schemes in the most fair and efficient manner for the community. This year, State Revenue took the opportunity to implement a comprehensive

stakeholder engagement strategy to communicate changes to the first home owner grant.

Proactively, State Revenue engaged all stakeholder groups in the lead up to the change taking effect on 2 October 2015. This included liaising with financial institutions, settlement agents and finance brokers to ensure they were aware of the change, and communicating the correct advice regarding accessing the duties concession to first home owners seeking finance prior to buying their first home. The Department of Finance website maintained up-to-date commentary on the expected commencement dates on its homepage, with a link to [more detailed information](#), ensuring all customer touchpoints for first home owners reflected the legislative changes, including guides, application forms and fact sheets.

These strategies enabled the legislative change to be implemented smoothly for all parties, including purchasers of established properties who remained eligible for the first home owner duty concession.

Improving the way Government purchases goods and services and maximising value



Over the year, **Government Procurement** has created a reform agenda to deliver significant savings and drive better value for government.

Government Procurement's Transformation Program has delivered cultural change in public sector procurement and promotes the benefits of a whole-of-government approach.

By establishing a flexible structure within Government Procurement, resources can be allocated to priority areas for government, focussing particularly on high-risk and high-value procurement. In addition, the changes have clarified the responsibilities of agencies and empowered them to manage low-value, transactional and low-risk procurement, delivering better outcomes at an agency level.

This has been achieved through the successful implementation of changes to procurement policy thresholds, which increase agency autonomy in the procurement of goods up to the value of \$250,000. Government Procurement has also simplified and integrated procurement processes, removed duplication, and enabled the greater use of technology and data, resulting in further savings.

To support agencies through the transition to this new approach, Government Procurement developed a suite of [tools and resources](#) to help departments build their procurement capability in the quickest, most efficient manner. Agencies now have access to an education and training framework along with a single point of contact to improve their ability to procure services for the community.

The achievement of this significant reform repositions Government Procurement to deliver greater value to the Government, offer improved services and provide better support to agencies. The reform also provides a sound platform to enhance system and data analysis capabilities as Government Procurement progresses towards digital transformation, in line with the [DigitalWA strategy](#).

Building for the community

The Department continues to deliver facilities and services across Western Australia through the provision of physical, social and economic infrastructure.

This year, **Building Management and Works** has overseen the on-time, on-budget delivery of four new schools prior to the commencement of the 2016 school year, whose construction provided employment to approximately 1,700 people over the four projects.

- Alkimos Primary School (\$14 million)
- Anne Hamersley Primary School (\$15.8 million)
- Harrisdale Primary School (\$15.2 million)
- Rivergums Primary School (\$19.7 million)

Each of these new schools can accommodate up to 430 students from kindergarten to year six, with both Anne Hamersley and Harrisdale Primary Schools also including dental therapy centres. These four schools represent approximately 20 per cent of the projects delivered by Building Management and Works this financial year.

In collaboration with the Western Australia Country Health Service, Building Management and Works continues to deliver a \$300 million capital works program. This will improve hospital infrastructure in 37 towns across the Wheatbelt, Great Southern, Mid West and South West. Funded by the Royalties for Regions program, Finance's involvement in the Southern Inland Health Initiative will see upgrades to 26 small hospitals and nursing posts across inland towns, as well as the development of a brand new hospital in Manjimup.

Redevelopment of five district hospitals in Collie, Katanning, Merredin, Narrogin and Northam has seen improvements including new integrated primary health centres, expanded and refurbished emergency departments and upgraded treatment, surgical, waiting and administrative areas. Work on this project will continue into next year.

Building Management and Works continues to chair the inter-agency Sunset Transformation Committee, charged with overseeing the transformation of the former Sunset Hospital site in Dalkeith, into the Sunset Heritage Precinct for arts, cultural, community and ancillary commercial purposes.

This year, funds from the sale of land in Iris Avenue Dalkeith, enabled the initiation of the Phase One Works Program, to enhance and renew the site. Services infrastructure (water, sewerage and power) is being replaced within the site, and landscaping to the Padbury View and eastern parkland has commenced. Opportunities to undertake some building preservation work continue to be explored. Phase One work is expected to be completed in late 2016 when part of the site and grounds will be opened to the public.

While it will take a number of years to fully transform the site into the Sunset Heritage Precinct, these initial works demonstrate the Government's commitment towards the conservation of this unique asset for the future use and benefit of the wider community.

The Government is committed to reducing unnecessary regulatory burdens and red tape for business. In May 2016, it was announced that **Economic Reform** will be initiating [90-day regulatory mapping projects](#) in collaboration with the Small Business Development Corporation. These projects will seek to identify unnecessarily complex and burdensome regulatory requirements, and following a 90-day review, offer practical and implementable recommendations for improvement. The aim of these mapping projects is to simplify regulatory arrangements, save time, reduce complexity and make life easier for Western Australian businesses.

This initiative is a result of successfully mapping the regulatory process to start up a restaurant, where practical, tangible recommendations are now being implemented. Another project, mapping how to build a single dwelling home in Western Australia is also underway. Projects in the next financial year include mapping processes for investing in an aquaculture business, and starting an eco-tourism business.

During the financial year, the State Underground Power Program, one of the State's most successful energy policy initiatives, continued to deliver projects to place overhead power lines underground. Since its commencement in 2008, the Program has delivered underground power to over 86,000 properties, increasing reliability of the supply of electricity services to Western Australians. In response to recommendations from the **Public Utilities Office**, in November 2015 the

[Minister for Energy announced](#) changes to the process for the selection and funding of projects under the Program. The new arrangements will enable communities to have a greater say in the selection of underground projects. They will also enable a greater number of underground projects to be delivered within the existing State Government budget. In December 2015, the [Minister for Energy launched](#) a new funding round (Round Six) of the Program and local governments were invited to submit project proposals under the revised arrangements. Successful projects are expected to be announced at the end of 2016.

Cathedral Square's Tower named the David Malcolm Justice Centre



Perth's civic heart is beating again with the revitalisation of the historic [Cathedral Square](#) Precinct. The heritage listed site, on which the Swan River Colony was founded in 1829, comprises the former government buildings known locally as the Old Treasury Buildings, and has been revitalised as a result of the partnership and vision of the State Government, the City of Perth, FJM Property, Mirvac, the Public Trustee and the Perth Anglican Diocese.

The [David Malcolm Justice Centre](#) is the centrepiece of the Cathedral Square redevelopment, and was aptly named in honour of the late former Chief Justice on 11 March 2016. In collaboration with the Department of Treasury's Strategic Projects and Asset Sales, Building Management and Works has delivered the building's biggest fitout within a single State Government project, incorporating the latest communications and security technology.

The 33-storey tower will house 30,000 square metres of office space including new judicial chambers and facilities for the civil arm of the WA Supreme Court, as well as offices for the Departments of the Attorney General and Treasury. It is expected staff will move into the state-of-the-art building by July 2016.

The [State Administrative Tribunal building](#) is another important part of the Cathedral Square fitout project that was completed in July 2015. Facilities including new hearing and mediation rooms feature the latest audio-visual technology, allowing for matters from regional areas to be heard without the people involved having to travel long distances to Perth.

Significant issues and future outlook

Taking an innovative approach across government

As technology rapidly advances and customer expectations evolve, the Department of Finance has the opportunity to drive innovative ideas on the way government provides public services, in a cost constrained environment. This initiative aligns with the Government's challenge in reducing expenditure and containing State debt during a period of economic transition.

The Department is strongly positioned as a central agency to help the Government address these challenges and assist other agencies to deliver even greater value to the public by enhancing the efficiency and effectiveness of government operations. Having this year successfully transformed **Government Procurement's** operations, and delivered considerable savings as one of the first departments to review its agency expenditure, the Department is well placed to lead the provision of such advice across government.

The Department's culture of challenging the status quo in the delivery of its services can be demonstrated in the way **Building Management and Works** continues to refine its business processes to improve security of payment, including further trial and evaluation of Project Bank Accounts. Project Bank Accounts are designed to ensure money flows through to subcontractors working on medium-sized government construction projects.

This approach in thinking differently to achieve innovative outcomes is also reflected in the government office accommodation portfolio. Office fitout projects seek to leverage modern office designs to maximise collaboration, productivity and innovation in a team environment. Property performance benchmarking underway across government office buildings is an example of another way the Department is thinking differently about how government approaches asset management, with an eye to extracting the maximum value whilst preparing the way for a modern public service.

State Revenue has set the benchmark in its governance and administration of revenue and grant subsidy schemes, whilst continuing to deliver innovative online services and payment options for stakeholders and taxpayers across the State. Progressive enhancements to [Revenue Online](#) are set to continue, expanding the existing offering of taxation matters available to be completed online, as well as seeking to improve existing systems that deliver online services.

Western Australia is transitioning from a resources based economy and **Economic Reform** is well placed to support the development of economic growth policies. This includes policies that stimulate investment, encourage competition and productivity improvement, and especially enable resources to be harnessed and allocated across the economy with greater speed and purpose. Such initiatives need to be developed in a collaborative partnership with relevant agencies and industry stakeholders, forming part of a whole-of-government initiative aimed at improving productivity and stimulating growth in the Western Australian economy.

Leading reform

On the utilities front, the **Public Utilities Office** will continue to lead Phase Two of the Electricity Market Review. The purpose of this reform package is to reduce cost pressures in the supply of electricity services, and facilitate increased opportunities for private sector investment.

Next year, the Electricity Market Review will focus on:

- Transferring responsibility for the regulation of Western Power's electricity network to the Australian Energy Regulator.
- The implementation of reforms to improve the efficiency of the Wholesale Electricity Market operating in the South West of the State.
- The implementation of enhanced governance and institutional arrangements to apply to Western Australia's electricity sector.
- The development of a model for retail market reform that aims to provide consumers with greater choice in their electricity supply services.

These and other major steps in the process to full retail contestability are complex and difficult for the public to understand. The [More Power To You](#) website will continue to play an important role in explaining why reform in Western Australia's electricity sector is important, and the benefits these policy changes will bring to consumers.

Economic Reform will continue to work with agencies to champion the identification and development of opportunities to simplify regulations and reduce red tape across government. The success of the 2015 Repeal Week, from both a legislative and public sector operational perspective, has kick-started a positive virtuous cycle of engagement across government. As a result, Economic Reform along with the Small Business Development Corporation, has been awarded funding to undertake 90-Day Regulatory mapping projects over the next three years. These projects will target red tape reduction opportunities across various industries and make it easier for small business to flourish in Western Australia.

Commencing on 1 July 2016, the initial project will map regulatory arrangements in the aquaculture industry. The second project, planned to start in August 2016, will review the regulatory arrangements impacting eco-tourism businesses. With each project investigation lasting 90 days, a strong focus on identifying priority red tape burdens and implementable recommendations will ensure tangible benefits for industry participants.

These projects involve significant engagement with key industry and government stakeholders to adequately understand the regulatory requirements and pain points involved in each industry project. Each 90-day project will provide a set of recommendations for government to implement which will make it easier to do business in Western Australia.



Recognising and presenting opportunities

With a significant portion of the State's expenditure on non-residential building assets occurring after project delivery, **Building Management and Works** is examining ways in which greater value can be extracted from recurrent operating costs, such as building maintenance. Work is underway to design an integrated approach to asset management for buildings under the remit of the Department of Finance, as well as a selected list of client agencies. This approach aims to support better evidence-based decision-making across the Government's building portfolio, a more consistent approach to maintenance planning using richer data around asset condition, and assist government agencies to identify and prioritise required maintenance.

Government Procurement's recent reforms to enable greater agency procurement autonomy is in part a response to the changing way in which government buys goods and services.

The changes aim to improve agency procurement outcomes and reduce costs across government. Streamlined processes and enhanced flexibility based on risk profile will see Government Procurement now focus on high-value, complex and high-risk purchases. This will enable further savings to be realised from a resourcing, contract maintenance and redevelopment perspective.

Last year's Agency Expenditure Review provided the opportunity for all business units to undertake a detailed analysis of the way functions are performed and programs are executed, to identify opportunities for savings. **State Revenue's** analysis provided a unique insight, highlighting the opportunity to address existing staff workloads and improve the timelines of duties assessments, with the ultimate benefit of enhancing taxation collection on behalf of the State. As a result, a case for a small increase in resources to realise these benefits was endorsed by the Government, with State Revenue now expecting to collect an extra \$100 million over the current forward estimates period, calculated from 1 January 2016 to 30 June 2019.



Summary of financial performance for 2015-16

The Department of Finance 2015-16 gross expense allocation was approximately \$1.25 billion, funded largely through the charging of other government departments for building works, maintenance and leasing (\$0.86 billion). The other key funding sources are appropriations of \$0.18 billion and other revenue sources of \$0.21 billion.

The \$1.20 billion in expenses primarily relates to building works across the whole of government (\$0.86 billion), employee expenses (\$0.13 billion) and depreciation (\$0.08 billion).

Actual results versus estimate	Estimate ^(a) \$000	Actual \$000	Variance \$000	Reason for significant variation between actual and estimate
Total cost of services (expense limit)	1,212,719	1,196,998	(15,721)	Actual expense was below estimate largely due to movements in the whole-of-government capital works program delivered by Building Management and Works on behalf of government agencies.
Net cost of services	220,420	224,068	3,648	Net cost of services exceeded initial estimates due to the additional implementation costs associated with achieving Agency Expenditure Review initiatives ahead of schedule (for example, severance).
Total equity	1,207,617	1,075,236	(132,381)	Total equity has been impacted by downward revaluations of government accommodation assets and the transfer of completed fitout assets to the Department of the Attorney General and Western Australia Police.
Net increase/(decrease) in cash held	3,595	24,439	20,844	Cash balances increased due to delays in capital works programs.
Approved salary expense level	132,152	116,856	(15,296)	The actual salary expense was below the estimate largely as a result of savings flowing from the Agency Expenditure Review.
Agreed borrowing limit	100,653	128,316	27,663	Borrowings increased due to higher State Fleet vehicle acquisitions on behalf of other agencies.
Working cash limit	55,329	57,747	2,418	The actual working cash was \$85,247,000 of which \$14,100,000 was capital funding - subject to project requirements and carryover approval by government - and \$13,400,000 was lease incentive funding.

^(a) Approved as part of the 2015-16 State Budget process.

Further explanations are contained in [Note 43](#) of the financial statements.

Summary of non-financial performance for 2015-16

		Unit	Target	Actual	Status	Page
Outcome	Key effectiveness indicator					
One	Extent to which due revenue is collected	%	91	90	✗	90
	Extent to which correct grants, subsidies and rebates are paid	%	100	100	✓	90
Two	Profitability of the State's light vehicle fleet	\$000	10,176	16,871	✓	92
	Extent to which client agencies agree that their agency contracts and common use contract arrangements achieved value-for-money	%	90	93	✓	92
Three	An effectiveness indicator is not reported for this outcome		N/A	N/A	N/A	-
Four	Percentage of significant projects in the New Buildings Program delivered within 10% of approved budget	%	100	100	✓	94
Five	The extent to which policy and program development objectives for the year are achieved	%	100	92	✗	96
Service	Key efficiency indicator					
One	Cost per \$100 of revenue raised	\$	0.68	0.70	✗	91
	Average cost per application/claim processed	\$	12.17	11.58	✓	91
Two	Average administrative cost per vehicle for financing and managing the State Fleet service	\$	100	94	✓	93
	Cost of developing and managing whole-of-government common use contract arrangements as a percentage of the total annual value of purchases through the arrangements	%	2.2	1.4	✓	93
	Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value	%	2.2	1.9	✓	93
Three	An efficiency indicator is not reported for this service		N/A	N/A	N/A	-
Four	Average office accommodation floor space per work point	m ²	15.0	15.2	✗	95
	Percentage of maintenance services delivered within 10% of approved timeframe	%	80	75.4	✗	95
	Percentage of significant projects in New Buildings Program delivered within three months of approved timeframe	%	90	100	✓	95
Five	Average cost of routine energy policy and program tasks	\$	12,593	11,936	✓	97
	Average cost of energy policy projects and programs	\$	123,278	87,294	✓	97
	Percentage of Regulatory Impact Statements assessed within agreed timeframes	%	90	100	✓	97

For further explanations see the 'Key Performance Indicators' section of this report on [page 88 to 97](#).

Certification of financial statements Independent audit opinion

Certification of financial statements

For the year ended 30 June 2016

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 2016 and the financial position as at 30 June 2016.

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
24 August 2016



Liam Carren
Chief Finance Officer
24 August 2016



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 2016, 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.

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 2016 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.

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 for the Audit of the Financial Statements

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements 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.

Page 1 of 3

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Report on Controls

I have audited the controls exercised by the Department of Finance during the year ended 30 June 2016.

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.

Opinion

In my opinion, in all material respects, 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 2016.

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 for the Audit of Controls

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.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Department of Finance for the year ended 30 June 2016.

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

Opinion

In my opinion, in all material respects, 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 2016.

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 for the Audit of Key Performance Indicators

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.

Independence

In conducting the above audits, 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 2016 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
26 August 2016

Statement of Comprehensive Income

For the year ended 30 June 2016

	Note	2016 \$000	2015 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	7	129,453	136,610
Supplies and services	8	885,072	1,060,765
Depreciation and amortisation expense	9	79,031	83,187
Finance costs	10	9,003	4,824
Accommodation expenses	11	38,894	35,481
Grants and subsidies	12	3,761	64,228
Loss on disposal of non-current assets	15	1	2
Other expenses	13	51,783	1,538
Total cost of services		1,196,998	1,386,636
Income			
<i>Revenue</i>	14		
User charges and fees		961,918	1,149,378
Commonwealth grants and contributions		1,684	1,376
Interest revenue		219	262
Other revenue		8,443	8,018
Total revenue		972,264	1,159,034
<i>Gains</i>			
Gain on disposal of non-current assets	15	666	1,422
Total gains		666	1,422
Total income other than income from State Government		972,930	1,160,456
NET COST OF SERVICES		(224,068)	(226,180)

	Note	2016 \$000	2015 \$000
Income from State Government	17		
Service appropriations		188,932	178,026
Services received free of charge		14,518	14,065
Royalties for Regions Fund		127	189
Total income from State Government		203,577	192,280
SURPLUS/(DEFICIT) FOR THE PERIOD		(20,491)	(33,900)
OTHER COMPREHENSIVE INCOME			
<i>Items not reclassified subsequently to profit or loss</i>			
Changes in the revaluation surplus	33	(18,665)	(14,182)
Total other comprehensive income		(18,665)	(14,182)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(39,156)	(48,082)

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

For the year ended 30 June 2016

	Note	2016 \$000	2015 \$000
ASSETS			
Current assets			
Cash and cash equivalents	18	85,247	58,905
Restricted cash and cash equivalents	19	12,983	14,887
Receivables	20	309,036	305,511
Finance lease receivables	21	583	560
Inventories	22	-	88
Amounts receivable for services	23	1,531	1,469
Other current assets	24	28,852	25,565
Total current assets		438,232	406,985
Non-current assets			
Finance lease receivables	21	1,214	1,588
Amounts receivable for services	23	410,183	380,682
Property, plant, equipment and vehicles	25	753,834	804,702
Intangible assets	27	29,516	30,385
Other non-current assets	24	2,129	1,170
Total non-current assets		1,196,876	1,218,527
TOTAL ASSETS		1,635,108	1,625,512
LIABILITIES			
Current liabilities			
Payables	29	301,837	316,057
Borrowings	30	30,302	39,413
Provisions	31	27,889	30,200
Lease incentive	32	9,612	5,747
Total current liabilities		369,640	391,418

	Note	2016 \$000	2015 \$000
Non-current liabilities			
Borrowings	30	98,014	103,681
Provisions	31	6,869	7,250
Lease incentive	32	85,349	39,120
Total non-current liabilities		190,232	150,052
TOTAL LIABILITIES		559,872	541,470
NET ASSETS		1,075,236	1,084,042
EQUITY	33		
Contributed equity		1,026,944	996,594
Reserves		-	18,665
Accumulated surplus		48,292	68,783
TOTAL EQUITY		1,075,236	1,084,042

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 2016

	Note	Contributed equity \$000	Reserves \$000	Accumulated surplus/ (deficit) \$000	Total equity \$000
Balance at 1 July 2014	33	979,165	32,848	102,682	1,114,695
Deficit		-	-	(33,900)	(33,900)
Other comprehensive income		-	(14,182)	-	(14,182)
Total comprehensive income for the period		-	(14,182)	(33,900)	(48,082)
Transactions with owners in their capacity as owners:					
Capital appropriations		15,353	-	-	15,353
Contributions by owners		2,077	-	-	2,077
Total		17,430	-	-	17,430
Balance at 30 June 2015		996,594	18,665	68,783	1,084,042
Balance at 1 July 2015		996,594	18,665	68,783	1,084,042
Deficit		-	-	(20,491)	(20,491)
Other comprehensive income		-	(18,665)	-	(18,665)
Total comprehensive income for the period		-	(18,665)	(20,491)	(39,156)
Transactions with owners in their capacity as owners:					
Capital appropriations		84,268	-	-	84,268
Contributions by owners		5,250	-	-	5,250
Distributions to owners		(59,169)	-	-	(59,169)
Total		30,349	-	-	30,349
Balance at 30 June 2016		1,026,943	-	48,292	1,075,236

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

Statement of Cash Flows

For the year ended 30 June 2016

	Note	2016 \$000	2015 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		151,719	121,485
Capital appropriations		84,268	15,353
Holding account drawdowns		1,469	1,553
Receipts from Treasurer's Advance		-	100,000
Payments to Treasurer's Advance		-	(100,000)
Royalties for Regions Fund		127	189
Regional Infrastructure and Headworks Fund		5,250	500
Non-retained revenue distributed to owner		(96)	-
Net cash provided by State Government		242,738	139,080
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(135,221)	(137,905)
Supplies and services		(873,672)	(1,018,899)
Finance costs		(7,743)	(4,884)
Accommodation		(21,959)	(26,793)
Grants and subsidies		(3,763)	(5,172)
GST payments on purchases		(107,281)	(120,741)
GST payments to taxation authority		(3,972)	(4,044)
Other payments		(3,730)	(4,036)
Receipts			
User charges and fees		938,279	995,128
Commonwealth grants and contributions		1,665	1,376
Interest received		214	269

	Note	2016 \$000	2015 \$000
GST receipts on sales		103,120	125,241
GST receipts from taxation authority		8,688	23,182
Other receipts		48,314	19,292
Net cash used in operating activities	34	(57,062)	(157,987)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(185,967)	(103,042)
Receipts			
Proceeds from sale of non-current physical assets		40,212	47,619
Net cash used in investing activities		(145,755)	(55,424)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Repayment of borrowings		(20,487)	(28,857)
Receipts			
Proceeds from borrowings		4,408	17
Finance leases receipts		598	742
Net cash used in financing activities		(15,481)	(28,098)
Net increase/(decrease) in cash and cash equivalents		24,439	(102,429)
Cash and cash equivalents at the beginning of the period		73,792	176,220
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	34	98,230	73,792

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

Summary of Consolidated Account Appropriations and Income Estimates

For the year ended 30 June 2016

	2016 Estimate \$000	2016 Actual \$000	Variance \$000	2016 Actual \$000	2015 Actual \$000	Variance \$000
<u>Delivery of services</u>						
Item 58 net amount appropriated to deliver services	209,994	187,307	(22,687)	187,307	176,401	10,906
Amount authorised by other statutes:						
- <i>Salaries and Allowances Act 1975</i>	1,625	1,625	-	1,625	1,625	-
Total appropriations provided to deliver services	211,619	188,932	(22,687)	188,932	178,026	10,906
<u>Capital</u>						
Item 133 capital appropriations	86,365	84,268	(2,097)	84,268	15,353	68,915
Total capital appropriations provided to deliver services	86,365	84,268	(2,097)	84,268	15,353	68,915
<u>Administered Transactions</u>						
<i>Community service obligation payments</i>						
Item 59 Amount provided for Administered Grants, Subsidies and Other Transfer Payments	203,208	148,881	(54,327)	148,881	148,030	851
Amount authorised by other statutes						
<i>First Home Owner Grant 2000</i>	88,117	98,582	10,465	98,582	115,904	(17,322)
Total Administered Transactions	291,325	247,463	(43,862)	247,463	263,934	(16,471)
GRAND TOTAL	589,309	520,663	(68,646)	520,663	457,313	63,350
<u>Details of expenses by service</u>						
Revenue assessment and collection, and grants and subsidies administration	58,380	56,528	(1,852)	56,528	56,418	110
Development and management of common use contract arrangements, state fleet leasing and disposal, and providing facilitation service for agency specific contracts	135,174	95,849	(39,325)	95,849	107,150	(11,301)
Corporate Services to the Department of Treasury	7,315	7,019	(296)	7,019	7,265	(246)
Leads the planning, delivery, management and maintenance of government buildings, projects and office accommodation	973,503	1,013,206	39,703	1,013,206	1,194,643	(181,437)
Development and implementation of energy policy and economic reform; assessment of proposed policy changes and the impact on regulatory functions	38,347	24,396	(13,951)	24,396	21,159	3,237
Total details of expenses by service	1,212,719	1,196,998	(15,721)	1,196,998	1,386,636	(189,638)
Less total income	(992,299)	(972,930)	19,369	(972,930)	(1,160,456)	187,526

Summary of Consolidated Account Appropriations and Income Estimates

For the year ended 30 June 2016

	2016 Estimate \$000	2016 Actual \$000	Variance \$000	2016 Actual \$000	2015 Actual \$000	Variance \$000
Net cost of services	220,420	224,068	3,648	224,068	226,180	(2,112)
Adjustments	(8,801)	(35,136)	(26,335)	(35,136)	(48,154)	13,018
Total appropriations provided to deliver services	211,619	188,932	(22,687)	188,932	178,026	10,906
<u>Details of capital expenditure</u>						
Purchase of non-current physical assets	208,202	185,967	(22,235)	185,967	103,042	82,925
Repayment of borrowings	23,511	20,487	(3,024)	20,487	28,857	(8,370)
Adjustments for other funding sources	(145,348)	(122,187)	23,161	(122,187)	(116,546)	(5,641)
Capital appropriations	86,365	84,268	(2,097)	84,268	15,353	68,915
DETAILS OF ADMINISTERED INCOME ESTIMATES						
<u>Taxation</u>						
Insurance Duty	660,319	591,502	(68,817)	591,502	603,788	(12,286)
Land Tax	936,416	945,532	9,116	945,532	741,642	203,890
Metropolitan Region Improvement Tax	98,112	97,870	(242)	97,870	92,811	5,059
Payroll Tax	3,980,754	3,492,369	(488,385)	3,492,369	3,592,020	(99,650)
Racing and Wagering Western Australia Tax	45,088	42,411	(2,677)	42,411	42,409	2
Transfer Duty	1,613,627	1,337,635	(275,992)	1,337,635	1,598,411	(260,775)
Landholder Duty	117,815	418,812	300,997	418,812	100,794	318,019
Vehicle Licence Duty	394,937	345,655	(49,282)	345,655	362,952	(17,297)
Other duties	1	6	5	6	5	1
Commonwealth Mirror Taxes	50,859	43,325	(7,534)	43,325	44,450	(1,125)
Total taxation	7,897,928	7,315,117	(582,811)	7,315,117	7,179,280	135,836
<u>Other revenue</u>						
Office lease rental revenue	45,351	41,623	(3,728)	41,623	41,768	(145)
Other income	64,464	63,043	(1,421)	63,043	63,230	(187)
Total other revenue	109,815	104,666	(5,149)	104,666	104,998	(332)

Summary of Consolidated Account Appropriations and Income Estimates

For the year ended 30 June 2016

	2016 Estimate \$000	2016 Actual \$000	Variance \$000	2016 Actual \$000	2015 Actual \$000	Variance \$000
<u>Appropriations</u>						
<i>First Home Owner Grant Act 2000</i>	88,117	98,582	10,465	98,582	115,904	(17,322)
Administered grants and transfer payments	203,208	148,881	(54,327)	148,881	148,030	851
	291,325	247,463	(43,862)	247,463	263,934	(16,471)
TOTAL INCOME ESTIMATES	8,299,068	7,667,246	(631,822)	7,667,246	7,548,213	119,033

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

[Note 43](#) 'Explanatory statement' and [Note 45](#) 'Explanatory statement for Administered Items - Income and Expenses' provide details of any significant variations between estimates and actual results for 2016 and between the actual results for 2016 and 2015.

Schedule of Income and Expenses by Service

For the year ended 30 June 2016

	Service 1		Service 2		Service 3		Service 4		Service 5		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
COST OF SERVICES												
<u>Expenses</u>												
Employee benefits expense	30,412	29,219	30,922	35,929	3,858	4,178	53,831	57,426	10,430	9,858	129,453	136,610
Supplies and services	18,126	19,062	11,822	12,173	1,598	2,041	844,535	1,022,569	8,991	4,920	885,072	1,060,765
Depreciation and amortisation expense	3,363	2,985	47,507	52,010	1,027	390	26,884	27,557	250	245	79,031	83,187
Finance costs	-	-	2,477	3,752	-	-	6,526	1,072	-	-	9,003	4,824
Accommodation expenses	4,386	5,009	2,222	2,626	355	523	31,124	26,410	807	913	38,894	35,481
Grants and subsidies	-	-	8	-	-	-	-	59,074	3,753	5,154	3,761	64,228
Loss on disposal of non-current assets	-	-	-	-	-	-	1	2	-	-	1	2
Other expenses	241	143	891	660	181	133	50,305	533	165	69	51,783	1,538
Total cost of services	56,528	56,418	95,849	107,150	7,019	7,265	1,013,206	1,194,643	24,396	21,159	1,196,998	1,386,636
<u>Income</u>												
User charges and fees	2,895	3,205	73,912	74,645	-	2	885,110	1,071,525	-	1	961,918	1,149,378
Commonwealth grants and contributions	73	75	-	-	-	-	1,611	1,301	-	-	1,684	1,376
Interest revenue	-	-	219	262	-	-	-	-	-	-	219	262
Other revenue	198	295	5,543	5,435	334	26	2,325	2,133	43	130	8,443	8,018
Gain on disposal of non-current assets	-	-	665	596	-	-	-	826	-	-	666	1,422
Total income other than income from State Government	3,166	3,575	80,339	80,938	334	28	889,046	1,075,785	43	131	972,930	1,160,456
NET COST OF SERVICES	(53,362)	(52,843)	(15,510)	(26,212)	(6,685)	(7,238)	(124,160)	(118,858)	(24,353)	(21,028)	(224,068)	(226,180)

Schedule of Income and Expenses by Service

For the year ended 30 June 2016

	Service 1		Service 2		Service 3		Service 4		Service 5		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
INCOME FROM STATE GOVERNMENT												
Service appropriations	53,680	46,941	19,812	31,510	6,685	7,098	78,930	70,171	29,826	22,306	188,932	178,026
Resources received free of charge	12,884	12,763	73	165	-	140	903	718	656	279	14,518	14,065
Royalties for Regions Fund	-	-	-	-	-	-	127	189	-	-	127	189
Total income from State Government	66,564	59,704	19,885	31,675	6,685	7,238	79,960	71,078	30,482	22,585	203,577	192,280
SURPLUS/DEFICIT FOR THE PERIOD	13,202	6,862	4,375	5,463	-	-	(44,200)	(47,780)	6,129	1,557	(20,491)	(33,900)

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

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

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

Service 3: Corporate Services to the Department of Treasury

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 economic reform; assessment of proposed policy changes and the impact on regulatory functions

Schedule of Assets and Liabilities by Service

For the year ended 30 June 2016

	Service 1		Service 2		Service 3		Service 4		Service 5		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<u>Assets</u>												
Current assets	39,113	26,114	43,449	39,223	-	-	346,459	335,409	9,211	6,238	438,232	406,985
Non-current assets	113,042	114,368	352,857	352,729	-	-	710,652	729,181	20,325	22,248	1,196,876	1,218,527
Total assets	152,155	140,482	396,306	391,952	-	-	1,057,111	1,064,590	29,536	28,486	1,635,108	1,625,512
<u>Liabilities</u>												
Current liabilities	10,687	15,919	55,077	63,299	-	-	298,489	307,747	5,387	4,453	369,640	391,418
Non-current liabilities	2,167	1,849	52,266	58,981	-	-	135,221	88,715	578	505	190,232	150,052
Total liabilities	12,854	17,768	107,343	122,280	-	-	433,710	396,462	5,965	4,958	559,872	541,470
NET ASSETS	139,301	122,714	288,963	269,672	-	-	623,401	668,128	23,571	23,528	1,075,236	1,084,042

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

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

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

Service 3: Corporate Services to the Department of Treasury.

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 economic reform; assessment of proposed policy changes and the impact on regulatory functions

Notes to the financial statements

For the year ended 30 June 2016

Note 1. Australian Accounting Standards

General

The Department's financial statements for the year ended 30 June 2016 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*. Partial exemption permitting early adoption of AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not for Profit Public Sector Entities has been granted. Aside from AASB 2015-7, there has been no early adoption of any other Australian Accounting Standards that have been issued or amended

(but not operative) by the Department for the annual reporting period ended 30 June 2016.

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).

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

[Note 5](#) 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material

Notes to the financial statements

For the year ended 30 June 2016

adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Reporting entity

The reporting entity is the Department of Finance.

Mission

The Department's mission is to facilitate the efficient operation of government, informed decision making and value-for-money outcomes for Western Australians.

Services

The Department provides the following services:

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

Service 2: Development and management of common use contract arrangements, State Fleet leasing and disposal, and providing facilitation service for agency specific contracts

Service 3: Corporate Services to the Department of Treasury

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 economic reform; assessment

of proposed policy changes and the impact on regulatory functions

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 50](#) 'Disclosure of administered income and expenses by service' 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.

Notes to the financial statements

For the year ended 30 June 2016

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 to 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 most recent determination, as quantified in the 2015-16 Budget Statements, the Department retained \$972 million in 2016 (\$1,160 million in 2015) from the following:

- proceeds from fees and charges;
- sale of goods;
- Commonwealth specific-purpose grants and contributions;
- 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; and
- other departmental revenue.

Grants, donations, gifts and other non-reciprocal contributions

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

Other non-reciprocal contributions that are not

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

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

Gains

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 and equipment

Capitalisation/expensing of assets

Items of property, plant and equipment 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 and equipment costing less than \$5,000 are immediately expensed direct to the Statement of

Notes to the financial statements

For the year ended 30 June 2016

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 and equipment are initially recognised at cost.

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

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market 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, 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, that is, 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 annually 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.

De-recognition

Upon disposal or de-recognition 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 in [Note 25](#) Property, plant and equipment.

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.

Notes to the financial statements

For the year ended 30 June 2016

State Fleet motor vehicles are leased to other agencies mainly as operating leases. Taking into account the residual values, the vehicles are depreciated on a straight-line basis over the term of the vehicle lease.

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	30 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.

Land is not depreciated.

(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 which is reviewed annually) on the straight-line basis. 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

Property, plant and equipment, 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

Notes to the financial statements

For the year ended 30 June 2016

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 an asset's fair value less costs to sell and depreciated replacement cost.

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

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

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by

reference to market-based evidence. Where fair value is determined by reference to 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.

Refer to [Note 28](#) Impairment of assets for outcome of impairment review.

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

The Department does not have 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

Notes to the financial statements

For the year ended 30 June 2016

- Finance lease receivables
- Amounts receivable for services.
- Financial liabilities
 - Payables
 - Western Australian Treasury Corporation borrowings
 - Heritage maintenance borrowings
 - 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 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 in cash and 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 (that is, 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

Notes to the financial statements

For the year ended 30 June 2016

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 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 wholly within 12 months after the end of the reporting period and is therefore recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

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

Notes to the financial statements

For the year ended 30 June 2016

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.

Deferred leave

The provision for deferred leave relates to Public Service employees who have entered into an agreement to self-fund an additional 12 months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. This liability is measured on the same basis as annual leave. Deferred leave is reported as a current provision as employees can leave the scheme at their discretion at any time.

Purchased leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional 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 the 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

Notes to the financial statements

For the year ended 30 June 2016

obligations are funded by concurrent contributions made by the Department to the GESB.

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

See also [Note 2\(v\)](#) Superannuation expense.

Provisions - other

Employment on-costs

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

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 funds. 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. 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.

Note 3. Comparative figures

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

Notes to the financial statements

For the year ended 30 June 2016

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 2015-16 financial year. Calculations performed in assessing the restoration costs provision incorporate a number of key estimates. 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,

or adopted, for annual reporting periods beginning on or after 1 July 2015 that impacted on the Department.

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

Part C of this Standard defers the application of AASB 9 to 1 January 2017. 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.

AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]

This Standard makes amendments to AASB 9 *Financial Instruments* (December 2009) and AASB 9 *Financial Instruments* (December 2010), arising from the issuance of AASB 9 *Financial Instruments* in December 2014. The Department has not yet determined the application or the potential impact of AASB 9.

Notes to the financial statements

For the year ended 30 June 2016

AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.

AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13]

This Standard relieves not-for-profit public sector entities from the reporting burden associated with various disclosures required by AASB 13 for assets within the scope of AASB 116 that are held primarily for their current service potential rather than to generate future net cash inflows. It has no financial impact.

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* or by an exemption from TI 1101. By virtue of a limited exemption, the Department has early adopted AASB 2015-7 Amendments to Australian Accounting Standards Fair Value Disclosures of Not for Profit Public Sector Entities. Where applicable, 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 Jan 2016

AASB 1057 Application of Australian Accounting Standards

This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.

AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]

The Department establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]

The adoption of this Standard has no financial impact for the Department as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.

AASB 2014-9 Amendments to Australian Accounting Standards

Equity Method in Separate Financial Statements [AASB 1, 127 and 128]. This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Department has not yet determined the application or the potential impact of the Standard.

Notes to the financial statements

For the year ended 30 June 2016

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]

This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The Department has not yet determined the application or the potential impact of the Standard.

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]

These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012–2014 Cycle in September 2014, and editorial corrections. The Department has determined that the application of the Standard has no financial impact.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]

This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.

AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 & 128

This Standard defers the mandatory effective date (application date) of amendments to AASB 10 and 128 that were originally made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. The Department has not yet determined the application or the potential impact of AASB 2014-10.

Operative for reporting periods beginning on/after 1 Jul 2016

AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]

The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact.

Operative for reporting periods beginning on/after 1 Jan 2017

AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15

This Standard amends the mandatory effective date (application date) of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. The Department has not yet determined the application or the potential impact of AASB 15.

Notes to the financial statements

For the year ended 30 June 2016

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.

Operative for reporting periods beginning on/after 1 Jan 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 is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 *Amendments to Australian Accounting Standards*. The Department has not yet determined the application or the potential impact of the Standard.

AASB 15 Revenue from Contracts with Customers

This Standard establishes the principles that the Department shall apply to report useful information

to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Department has not yet determined the application or the potential impact of the Standard.

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 and 1038 & 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 mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Department has not yet determined the application or the potential impact of the Standard.

AASB 2014-1 Amendments to Australian Accounting Standards

Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Department to determine the application or potential impact of the Standard.

AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15

This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. The Department has not yet determined the application or the potential impact of the Standard.

AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Department has not yet determined the application or the potential impact of the Standard.

AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15

This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and provides further transitional provisions to AASB 15. The Department has not yet determined the application or the potential impact.

Notes to the financial statements

For the year ended 30 June 2016

Operative for reporting periods beginning on/after 1 Jan 2019

AASB 16 Leases

This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. 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

	2016 \$000	2015 \$000
Wages and salaries	87,830	94,365
Superannuation ^(a)	11,503	12,834
Long service leave ^(b)	3,545	4,250
Annual leave ^(b)	16,724	18,229
Severance payments ^(c)	7,488	4,154
Other related expenses	2,363	2,778
	129,453	136,610

- (a) Includes West State, Gold State, GESB and other eligible funds.
 (b) Includes a superannuation contribution component.
 (c) The total severance gross payout for 2016 was \$9,938,000, with \$2,273,000 related to leave entitlements (i.e. [Note 31](#)).

The employment on-costs liability is included at [Note 31](#) 'Provisions'.

Note 8. Supplies and services

	2016 \$000	2015 \$000
Managed contracts	833,009	1,003,551
Communications	2,260	2,538
Consultants and contractors	35,680	42,358
Consumables	652	906
Repairs and maintenance	766	250
Travel	359	419
Legal costs	4,755	2,339
Other	7,592	8,404
	885,072	1,060,765

Note 9. Depreciation and amortisation expense

	2016 \$000	2015 \$000
<u>Depreciation</u>		
Office fit-out	14,118	14,180
Computer equipment	729	952
Vehicles	45,662	50,047
Buildings	5,129	5,796
Leasehold improvements	6,057	5,506
Office equipment	47	56
Total depreciation	71,742	76,537

	2016 \$000	2015 \$000
<u>Amortisation</u>		
Computer software	4,444	3,759
Licence	2,845	2,890
Total amortisation	7,289	6,649
Total depreciation and amortisation	79,031	83,187

Note 10. Finance costs

	2016 \$000	2015 \$000
Western Australian Treasury Corporation - interest on borrowings	2,476	3,752
Interest on Heritage maintenance payments	6,527	1,072
	9,003	4,824

Note 11. Accommodation expenses

	2016 \$000	2015 \$000
Repairs and maintenance buildings	25,885	20,636
Cleaning and security	2,890	3,135
Lease rentals	10,119	11,710
	38,894	35,481

Notes to the financial statements

For the year ended 30 June 2016

Note 12. Grants and subsidies

	2016 \$000	2015 \$000
Grants - recurrent ^(a)	110	52,174
Grants - capital ^(b)	3,652	12,054
	3,761	64,228

- (a) 2015 figure includes non-cash impact of \$52 million in relation to the State's financial contribution to the redevelopment of the Old Treasury Building Hotel.
- (b) 2015 figure includes non-cash impact of the accounting de-recognition of the Old Treasury Building Hotel.

Note 13. Other expenses

	2016 \$000	2015 \$000
Minor equipment	878	647
Employment on-costs ^(a)	(4)	25
Cost of goods sold	-	138
Audit fees	378	405
Refund of revenues from prior years	-	4
Other ^(b)	50,531	319
	51,783	1,538

- (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) The increase in other expenses for 2016 is as a result of decreases in the valuation of land and buildings. There were insufficient asset revaluation reserves in the Department's equity reserves to absorb the value of the reduction for land and buildings.

Note 14. Income

	2016 \$000	2015 \$000
<u>User charges and fees</u>		
Sales	366	1,106
Rents for Government office accommodation	259,862	242,622
Managed building works	620,579	821,573
Vehicle fleet lease rental	64,657	64,927
Other	16,454	19,150
	961,918	1,149,378

Commonwealth grants and contributions

Commonwealth grants and contributions	1,684	1,376
	1,684	1,376

Interest revenue

Interest revenue	219	262
	219	262

Other revenue

Recoups	5,874	6,161
Government vehicle schemes (GVS-SOVS)	113	91
Other	2,456	1,767
	8,443	8,018
	972,264	1,159,034

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

	2016 \$000	2015 \$000
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Gain on disposal of non-current assets

Net proceeds from disposal of non-current assets

Sunset Hospital - land	-	8,276
Motor vehicles	40,212	39,332

Carrying amount of non-current assets disposed

Sunset Hospital - land	-	7,450
Motor vehicles	39,546	38,736
	666	1,422

Loss on disposal of non-current assets

Net proceeds from disposal of non-current assets

Sunset Hospital - building	-	28
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Carrying amount of non-current assets disposed

Office equipments	1	-
Sunset Hospital - building	-	30
	1	2

Net gain on disposal of non-current assets	665	1,420
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Note 16. Other gains

There were no gains on the revaluation of buildings for the year.

Notes to the financial statements

For the year ended 30 June 2016

Note 17. Income from State Government

	2016 \$000	2015 \$000
Appropriation received during the period:		
Service appropriations ^(a)	188,932	178,026
Services received free of charge from other State Government agencies during the period:		
Department of the Attorney General	2,171	1,906
Landgate	11,963	11,693
Department of Treasury	298	334
Department of the Premier and Cabinet	67	131
Department of Water	19	-
	14,518	14,065
Royalties for Regions Fund:		
Regional Infrastructure and Headworks Account ^(b)	127	189
	127	189
	203,577	192,280

- (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) State Government Royalties for Regions funds are used to fund district allowance payments for eligible regional public sector employees.

Note 18. Cash and cash equivalents

	2016 \$000	2015 \$000
<u>Current</u>		
Cash at bank	85,245	58,896
Cash on hand	2	9
	85,247	58,905

Note 19. Restricted cash and cash equivalents

	2016 \$000	2015 \$000
<u>Current</u>		
Indian Ocean Territories Trust Fund	10	344
Royalties for Regions ^(a)	5,174	415
ANZAC Interpretive Centre projects ^(b)	581	815
Sunset Reserve Account ^(c)	7,218	8,512
Accrued salaries suspense account ^(d)	-	4,801
	12,983	14,887

- (a) Unspent funding provided from Royalties for Regions relating to the Karratha Government Office Co-Location Project (The Quarter).
- (b) Commonwealth Government funded Program.
- (c) Refer to [Note 44](#) Special Purpose Account.
- (d) Funds held in the suspense account for the purpose of meeting the 27th pay in financial year that occurs every 11th year.

Note 20. Receivables

	2016 \$000	2015 \$000
<u>Current</u>		
Receivables	61,130	50,963
Accrued revenue	12,995	16,235
GST receivable	-	1,515
Interest receivable	31	31
Trust account ^(a)	4,253	5,734
	78,409	74,478
Underbillings ^(b)	230,627	231,033
Total current	309,036	305,511

- (a) Relates to funds held in trust by the Department's corporate property manager for management of rental services, management of Fremantle Prison Café (2015 only), 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.

Notes to the financial statements

For the year ended 30 June 2016

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.

Finance lease receivables

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.

	2016 \$000	2015 \$000
Gross investment in finance lease contracts	1,938	2,366
Less: Unearned finance income	(141)	(218)
Net investment in finance lease contracts	1,797	2,148
Less: Unguaranteed residual values of the finance leases at the balance date	-	-
Present value of the future minimum lease payment receivables	1,797	2,148
Accumulated allowances for unallocated minimum lease payment receivables	-	-

	2016 \$000	2015 \$000
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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:

<u>Current</u>		
Not later than 1 year	583	560
<u>Non-current</u>		
Later than 1 year and not later than 5 years	1,214	1,583
Later than 5 years	-	4
	1,214	1,588
	1,797	2,148

Note 22. Inventories

	2016 \$000	2015 \$000
<u>Current</u>		
Inventories held for resale ^(a)	-	88
	-	88

(a) Inventories were part of the Fremantle Prison operations transferred to State Heritage Office effective 1 July 2015

Note 23. Amounts receivable for services (Holding Account)

	2016 \$000	2015 \$000
Current	1,531	1,469
Non-current	410,183	380,682
Total	411,714	382,151

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.

Note 24. Other assets

	2016 \$000	2015 \$000
<u>Current</u>		
Prepayments	25,245	25,565
Other	3,607	-
	28,852	25,565
<u>Non-current</u>		
Prepayments	517	1,170
Other	1,612	-
	2,129	1,170

Notes to the financial statements

For the year ended 30 June 2016

Note 25. Property, plant, equipment and vehicles

	2016 \$000	2015 \$000
<u>Land</u>		
At fair value ^(a)	151,512	174,665
	151,512	174,665
<u>Buildings</u>		
At fair value ^(a)	166,391	247,379
Accumulated depreciation	(3,649)	(4,581)
	162,742	242,798
<u>Leasehold improvements</u>		
At cost	47,367	43,119
Accumulated depreciation	(21,583)	(15,526)
	25,784	27,593
<u>Office equipment</u>		
At cost	293	315
Accumulated depreciation	(169)	(186)
	124	129
<u>Computer equipment</u>		
At cost	5,895	5,687
Accumulated depreciation	(4,615)	(4,303)
	1,280	1,384
<u>Office fit-out</u>		
At cost	115,918	123,444
Accumulated depreciation	(55,190)	(48,680)
	60,728	74,764
<u>Motor vehicles</u>		
At cost	394,969	392,028
Accumulated depreciation	(133,365)	(133,913)
	261,604	258,115

	2016 \$000	2015 \$000
<u>Works in progress</u>		
At cost	90,060	25,254
	90,060	25,254
Total		
At fair value/cost	972,405	1,011,891
Accumulated depreciation	(218,571)	(207,189)
	753,834	804,702

(a) Land and buildings were revalued as at 1 July 2015 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2016 and recognised at 30 June 2016. In undertaking the revaluation, fair value was determined by reference to market values for land: \$59,595,000 (2015: \$62,840,000) and buildings: \$107,440,000 (2015: \$161,710,000). For the remaining balance, fair value of buildings was determined on the basis of depreciated replacement cost and fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land). Information on fair value measurement is provided in [Note 26](#) 'Fair value measurement'.

Notes to the financial statements

For the year ended 30 June 2016

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

2016	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
Carrying amount at start of period	174,665	242,798	27,593	129	1,384	74,764	258,114	25,254	804,702
Additions	-	-	-	48	626	-	88,959	92,503	182,136
Transfers ^(a)	(265)	(29,302)	4,248	(5)	-	82	(261)	(27,697)	(53,201)
Other disposals	-	-	-	(1)	-	-	(39,546)	-	(39,547)
Revaluations	(22,888)	(45,625)	-	-	-	-	-	-	(68,513)
Depreciation	-	(5,129)	(6,057)	(47)	(728)	(14,118)	(45,662)	-	(71,741)
Carrying amount at end of period	151,512	162,742	25,784	124	1,280	60,728	261,604	90,060	753,834

2015	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of period	182,088	269,406	21,151	130	1,909	83,877	276,399	4,456	839,416
Additions	480	-	11,948	55	618	1,831	70,789	23,844	109,564
Transfers ^(b)	-	(7,054)	-	-	(190)	3,236	(290)	(3,046)	(7,344)
Other disposals	(7,450)	(30)	-	-	-	-	(38,736)	-	(46,217)
Revaluations	(453)	(13,729)	-	-	-	-	-	-	(14,182)
Depreciation	-	(5,794)	(5,506)	(56)	(952)	(14,180)	(50,047)	-	(76,535)
Carrying amount at end of period	174,665	242,798	27,593	129	1,384	74,764	258,115	25,254	804,702

- (a) Fremantle Prison Land and Building were transferred to State Heritage Office for \$265,000 and \$29,301,600 respectively. Work in Progress was transferred to Leasehold Improvements for \$4,247,783 and to office fit-outs for \$23,449,221. Four office fit-outs were transferred to Western Australia Police for \$1,312,215. One office fit-out was transferred to Department of Attorney General for \$21,917,221. During the financial year 7 vehicles were transferred to finance leases; made up of 4 vehicles for Water Corporation (\$140,000), 2 vehicles for the Department of Education (\$84,000) and 1 vehicle for the Department of Agriculture and Food (\$37,000).
- (b) Motor vehicles transfers for finance leases to Department of Education for \$272,000 and Department of Sport and Recreation for \$18,000. A transfer from work in progress to office fit-out of \$3,046,000. Computer equipment reclassification for \$190,000. Building disposal of \$7,054,000 refers to the accounting de-recognition of the Old Treasury Building Hotel.

Notes to the financial statements

For the year ended 30 June 2016

Note 26. Fair value measurement

Assets measure at fair value:				Fair value at end of period
2016	Level 1 \$000	Level 2 \$000	Level 3 \$000	\$000
Land (Note 25)	-	59,595	91,917	151,512
Buildings (Note 25)	-	107,440	55,301	162,742
	-	167,035	147,218	314,254

2015	\$000	\$000	\$000	\$000
Land (Note 25)	-	62,840	111,825	174,665
Buildings (Note 25)	-	161,710	81,087	242,798
	-	224,550	192,912	417,463

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

Valuation techniques to derive Level 2 fair values

Level 2 fair values 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)

2016	Land \$000	Buildings \$000
Fair value at start of period	111,825	81,087
Additions	-	-
Transfers ^(a)	(265)	(29,302)
Revaluation increments/(decrements) recognised in Profit or Loss	(2,566)	-
Revaluation increments/(decrements) recognised in Other Comprehensive Income	(17,077)	4,153
Depreciation expense	-	(637)
Fair value at end of period	91,917	55,301

2015	Land \$000	Buildings \$000
Fair value at start of period	111,575	94,330
Additions	480	-
Transfers ^(b)	-	(7,054)
Revaluation increments/(decrements) recognised in Other Comprehensive Income	(230)	(5,125)
Depreciation expense	-	(1,064)
Fair value at end of period	111,825	81,087

(a) Fremantle Prison Land and Building were transferred to State Heritage Office for \$265,000 and \$29,301,600 respectively.

(b) Building disposal of \$7,054,000 refers to the recognition of capital grant in relation to the Old Treasury Building Hotel.

Notes to the financial statements

For the year ended 30 June 2016

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.

Land (Level 3 fair values)

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). The relevant comparators of land with low level utility is selected by the Western Australian Land Information Authority (Valuation Services) and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

Buildings (Level 3 fair values)

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.

Valuation using depreciation replacement cost utilises the significant Level 3 input, consumed economic benefit/obsolescence of asset which is estimated by the Western Australian Land Information Authority (Valuation Services). The fair value measurement is sensitive to the estimate of consumption/obsolescence, with higher values of the estimate correlating with lower estimated fair values of buildings and infrastructure.

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

Description	Fair value 2016 \$000	Fair value 2015 \$000	Valuation technique(s)	Unobservable inputs
Land	(\$91,917)	(\$111,825)	Market approach	Selection of land with similar approximate utility
Buildings	(\$55,301)	(\$81,087)	Depreciated replacement cost	Consumed economic benefit/obsolescence of asset

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.

Notes to the financial statements

For the year ended 30 June 2016

Note 27. Intangible assets

	2016 \$000	2015 \$000
<u>Licence</u>		
At cost	13,782	13,782
Accumulated amortisation	(13,057)	(10,212)
	725	3,570
<u>Computer software</u>		
At cost	180,863	175,859
Accumulated amortisation	(158,557)	(154,113)
	22,306	21,746
<u>Work in progress</u>		
At cost	6,485	5,069
	6,485	5,069
Total		
At cost	201,130	194,710
Accumulated amortisation	(171,614)	(164,325)
	29,516	30,385

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
2016				
Carrying amount at start of period	3,570	21,746	5,069	30,385
Additions	-	173	6,247	6,420
Transfers to computer software and licence	-	4,831	(4,831)	-
Amortisation expense	(2,845)	(4,444)	-	(7,290)
Carrying amount at end of period	725	22,306	6,485	29,516

	Licence \$000	Computer software \$000	Work in progress \$000	Total \$000
2015				
Carrying amount at start of period	5,965	21,070	2,837	29,872
Additions	102	754	6,306	7,162
Transfers to computer software and licence	393	3,681	(4,074)	-
Amortisation expense	(2,890)	(3,759)	-	(6,649)
Carrying amount at end of period	3,570	21,746	5,069	30,385

Note 28. Impairment of assets

There were no indications of impairment to property, plant, equipment, motor vehicles or intangible assets at 30 June 2016.

The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

Note 29. Payables

	2016 \$000	2015 \$000
<u>Current</u>		
Trade payables	1,344	2,404
GST payable	1,386	-
Accrued salaries	439	4,218
Accrued expenses	67,181	61,951
Unearned revenue	26,996	19,996
Interest - Western Australian Treasury Corporation (WATC)	92	135
Other	994	541
	98,432	89,245

Notes to the financial statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
Overbillings ^(a)	203,405	226,813
Total payables	301,837	316,057

(a) Billings to clients less contract costs incurred.

Note 30. Borrowings

	2016 \$000	2015 \$000
<u>Current</u>		
WATC - Western Australian Treasury Corporation	24,881	34,188
Heritage maintenance payments	5,421	5,225
	30,302	39,413
<u>Non-current</u>		
WATC	50,355	57,128
Heritage maintenance payments	47,659	46,553
	98,014	103,681
Total borrowings	128,316	143,094

Note 31. Provisions

	2016 \$000	2015 \$000
<u>Current</u>		
Employee benefits provision		
Annual leave ^(a)	10,410	11,742
Long service leave ^(b)	16,981	18,080
Deferred salary scheme ^(e)	342	223
Purchased leave	106	101
	27,839	30,146

	2016 \$000	2015 \$000
Other provisions		
Employment on-costs ^(c)	50	54
	50	54
	27,889	30,200
<u>Non-current</u>		
Employee benefits provision		
Long service leave ^(b)	6,340	6,714
	6,340	6,714
Other provisions		
Employment on-costs ^(c)	12	12
Restoration costs ^(d)	517	523
	529	535
	6,869	7,250
	34,758	37,450

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

	2016 \$000	2015 \$000
Within 12 months of the end of the reporting period	7,782	8,695
More than 12 months after the reporting period	2,628	3,046
	10,410	11,742

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

Notes to the financial statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
Within 12 months of the end of the reporting period	6,586	6,563
More than 12 months after the reporting period	16,735	18,231
	23,321	24,794

- (c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in [Note 13](#) 'Other expenses'.
- (d) This provision is for the rehabilitation of the Mt Walton East Intractable Waste Disposal Facility site.
- (e) Deferred salary scheme liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Actual settlement of the liabilities is expected to occur as follows:

	2016 \$000	2015 \$000
Within 12 months of the end of the reporting period	145	223
More than 12 months after the reporting period	197	-
	342	223

Movements in other provisions

	2016 \$000	2015 \$000
<u>Remediation costs provisions</u>		
Carrying amount at start of period	523	522
Additional provisions recognised	-	1
Payments/other sacrifices of economic benefits	(7)	-
Carrying amount at end of period	517	523

	2016 \$000	2015 \$000
<u>Employment on-cost provision</u>		
Carrying amount at start of period	66	66
Additional provisions recognised	19	3
Payments/other sacrifices of economic benefits	(24)	(3)
Carrying amount at end of period	62	66
	579	589

Note 32. Lease Incentives

	2016 \$000	2015 \$000
<u>Lease incentives</u>		
Current	9,612	5,747
Non-current	85,349	39,120
	94,961	44,867

Notes to the financial statements

For the year ended 30 June 2016

Note 33. Equity

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

Contributed equity

	2016 \$000	2015 \$000
Balance at start of period	996,594	979,165
<u>Contributions by owners</u>		
Capital appropriation	84,268	15,353
<u>Other contributions by owners</u>		
Regional Infrastructure and Headworks Fund	5,250	500
<u>Transfer of net assets from other agencies:</u>		
Transfer of Government Building Campus Network (GBCN) related assets from Department of Transport	-	1,097
Transfer of land (Burswood Stadium) from Department of Lands	-	480
Total contributions by owners	5,250	2,077
<u>Distributions to owners</u>		
Transfer of net assets to other agencies:		
Transfer of Fremantle Prison to State Heritage Office	(29,758)	-
Transfer of office fit-out and fixed assets appropriation to Western Australia Police	(7,493)	-
Transfer of office fit-out to the Department of the Attorney General	(21,918)	-
Total distributions to owners	(59,169)	-
Balance at end of period	1,026,943	996,594

Reserves

	2016 \$000	2015 \$000
<u>Asset revaluation reserve</u>		
Balance at start of period	18,665	32,848
Net revaluation increments/(decrements):		
Land	(17,077)	(453)
Buildings	(1,588)	(13,729)
Balance at end of period	-	18,665

Accumulated surplus

	2016 \$000	2015 \$000
Balance at start of period	68,783	102,682
Result for the period	(20,491)	(33,900)
Balance at end of period	48,292	68,783
Total equity at end of period	1,075,236	1,084,042

Notes to the financial statements

For the year ended 30 June 2016

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:

	2016 \$000	2015 \$000
Cash and cash equivalents ^(a)	85,247	58,905
Restricted cash and cash equivalents ^(b)	12,983	14,887
Balance at end of period	98,230	73,792

(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

Net cost of services	(224,068)	(226,180)
<u>Non-cash items</u>		
Depreciation and amortisation expense (Note 9)	79,031	83,187
Doubtful debts expense	3	1
Services received free of charge (Note 17)	14,518	14,065
Gain on revaluation increment (Note 16)	-	-
Loss on revaluation decrement (Note 13)	49,848	-
Gain on disposal of property, plant and equipment (Note 15)	(665)	(1,420)

	2016 \$000	2015 \$000
<u>(Increase)/decrease in assets</u>		
Current receivables ^(a)	(24,546)	(158,029)
Current inventories	-	1
Other current assets	194	7
<u>Increase/(decrease) in liabilities</u>		
Current payables ^(a)	15,598	101,355
Accrued salaries	(3,276)	(3,344)
Unearned revenues	(1,198)	(5,488)
Employee benefits	(2,695)	2,077
Other non-current liabilities	39,638	12,164
Net GST receipts/(payments) ^(b)	4,716	19,118
Change in GST in receivables/payables ^(c)	(4,162)	4,500
Net cash used in operating activities	(57,062)	(157,987)

(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.

Notes to the financial statements

For the year ended 30 June 2016

Note 35. Services provided free of charge

	2016 \$000	2015 \$000
During the year the following services were provided to other agencies free of charge for functions outside the normal operations of the Department:		
Department of Education	19,040	19,705
Western Australia Police	4,338	5,772
Department of Health	4,259	4,741
Department of the Premier and Cabinet	4,207	4,364
Department of Corrective Services	2,458	2,782
Department of the Attorney General	2,473	1,268
Department of Planning	1,172	1,248
Department of Training and Workforce Development	891	1,165
Department for Child Protection and Family Support	933	1,113
Department of Transport	1,190	1,026
Department of Commerce	768	909
Department of Treasury	729	798
Department of Culture and the Arts	748	757
Department of Local Government and Communities	591	599
Disability Services Commission	555	590
Department of Aboriginal Affairs	572	579
Office of the Auditor General	503	503
Others ^(a)	4,579	4,925
	50,006	52,843

(a) Includes 46 agencies in 2015 and 48 agencies in 2016 with individual services provided free of charge which are each less than \$500,000.

Note 36. Commitments

Non-cancellable operating lease commitments

	2016 \$000	2015 \$000
Commitments for minimum lease payments are payable as follows:		
Within 1 year	10,979	7,836
Later than 1 year and not later than 5 years	42,395	21,780
Later than 5 years	39,951	25,504
	93,325	55,120

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 terms. 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:

	2016 \$000	2015 \$000
Within 1 year ^(a)	48,406	53,096
Later than 1 year and not later than 5 years	-	-
	48,406	53,096

(a) The 2015 figure was restated to reflect finalised Building Management and Works capital commitments.

Notes to the financial statements

For the year ended 30 June 2016

Other expenditure commitments

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

	2016 \$000	2015 \$000
Within 1 year	6,727	4,616
Later than 1 year and not later than 5 years	-	-
	6,727	4,616

Other operating lease receivables

Reflects State Fleet operating lease receivables for vehicles owned by the Department. As at balance date, the future minimum lease payments under non-cancellable operating lease arrangements were distributed as follows:

	2016 \$000	2015 \$000
<i>Current</i>		
Not later than 1 year	47,239	49,994
<i>Non-current</i>		
Later than 1 year and not later than 5 years	55,709	49,693
Later than 5 years	450	191
	56,159	49,884
	103,398	99,878

Note 37. Contingent liabilities and contingent assets

Contingent liabilities

The following contingent liabilities are additional to the liabilities included in the financial statements:

	2016 \$000	2015 \$000
Contract Claims in Dispute	4,124	5,715

The contingent liabilities relate to construction works.

Contaminated Sites Act 2003

Under the *Contaminated Sites Act 2003*, the Department of Finance 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.

The Department has reported one suspected contaminated site to DER. This was classified as possibly contaminated-investigation required. The Department is unable to assess the likely outcome of the classification process and accordingly it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the

Notes to the financial statements

For the year ended 30 June 2016

Department may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

Contingent assets

The following contingent assets are additional to the assets included in the financial statements.

	2016 \$000	2015 \$000
Litigation in progress	21,267	18,616

Contingent assets are mainly attributable to disputes concerning the *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 instrument 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.

Notes to the financial statements

For the year ended 30 June 2016

The Department has a facility agreement in place with the Western Australian Treasury Corporation (WATC) to borrow up to \$250,000,000 to meet State Fleet contractual requirements, purchase vehicles and provide working capital. As at 30 June 2016 \$75,236,000 was drawn against the facility.

Market risk

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

All borrowings are due to the WATC and are repayable at fixed rates with varying maturities. 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 the majority of cash and cash equivalents and restricted cash are non-interest bearing and it has 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:

	2016 \$000	2015 \$000
<u>Financial Assets</u>		
Cash and cash equivalents	85,247	58,905
Restricted cash and cash equivalents	12,983	14,887
Receivables ^(a)	309,036	303,996
Finance lease receivables	1,797	2,148
Amounts receivable for services	411,714	382,151
	820,777	762,087
<u>Financial Liabilities</u>		
Payables ^(b)	70,050	69,249
WATC borrowings	75,236	91,316
Heritage maintenance payments	53,080	51,778
Unearned Revenue – construction project in progress	203,405	226,813
	401,771	439,156

(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 2015 value is lower by \$19,996,000 as a result of the removal of unearned revenue.

Notes to the financial statements

For the year ended 30 June 2016

(c) Financial instrument disclosures

Credit risk and interest rate exposure

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	
2016								
Cash and cash equivalents	85,247	85,247	-	-	-	-	-	-
Restricted cash and cash equivalents	12,983	12,983	-	-	-	-	-	-
Receivables ^(a)	309,036	280,391	19,117	4,045	3,575	1,908	-	-
Finance lease receivables	1,797	1,772	25	-	-	-	-	-
Amounts receivable for services	411,714	411,714	-	-	-	-	-	-
	820,777	792,107	19,142	4,045	3,575	1,908	-	-
2015								
Cash and cash equivalents	58,905	58,905	-	-	-	-	-	-
Restricted cash and cash equivalents	14,887	14,887	-	-	-	-	-	-
Receivables ^(a)	303,996	276,841	17,745	6,087	2,480	839	4	-
Finance lease receivables	2,148	2,121	27	-	-	-	-	-
Amounts receivable for services	382,151	382,151	-	-	-	-	-	-
	762,088	734,905	17,772	6,087	2,480	839	4	-

(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 2016

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 assets and 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
2016											
Financial Assets											
Cash and cash equivalents	2.26	85,247	-	7,393	77,854	85,247	85,247	-	-	-	-
Restricted cash and cash equivalents	-	12,983	-	-	12,983	12,983	-	-	-	12,983	-
Receivables ^(a)	-	309,036	-	-	309,036	309,036	309,036	-	-	-	-
Finance lease receivables	4.93	1,797	1,797	-	-	1,797	24	124	435	1,214	-
Amounts receivable for services	-	411,714	-	-	411,714	411,714	200	200	1,131	-	410,183
		820,777	1,797	7,393	811,587	820,777	394,507	324	1,566	14,197	410,183
Financial Liabilities											
Payables	-	70,050	-	-	70,050	70,050	69,731	316	-	3	-
WATC borrowings	2.79	75,236	75,236	-	-	75,236	1,694	3,838	19,349	50,356	-
Heritage maintenance payments	12.46	53,080	53,080	-	-	53,080	448	895	4,077	23,794	23,866
Unearned revenue – construction projects in progress	-	203,405	-	-	203,405	203,405	204,029	-	-	-	-
		401,771	128,316	-	273,455	401,771	275,902	5,049	23,426	74,153	23,866

(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 2016

Interest rate exposure and maturity analysis of financial assets and 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
2015											
<u>Financial Assets</u>											
Cash and cash equivalents	2.70	58,905	-	6,405	52,500	58,905	58,905	-	-	-	-
Restricted cash and cash equivalents	-	14,887	-	-	14,887	14,887	-	-	4,801	10,086	-
Receivables ^(a)	-	303,996	-	-	303,996	303,996	303,996	-	-	-	-
Finance lease receivables	4.93	2,148	2,148	-	-	2,148	27	133	401	1,583	4
Amounts receivable for services	-	382,151	-	-	382,151	382,151	-	266	1,203	-	380,682
		762,087	2,148	6,405	753,534	762,087	362,928	399	6,405	11,669	380,686
<u>Financial Liabilities</u>											
Payables	-	69,249	-	-	69,249	69,249	68,740	507	2	-	-
WATC borrowings	3.11	91,316	91,316	-	-	91,316	2,382	4,592	27,215	57,127	-
Heritage maintenance payments	12.46	51,778	51,778	-	-	51,778	431	863	3,931	22,934	23,619
Unearned revenue – construction projects in progress	-	226,813	-	-	226,813	226,813	226,813	-	-	-	-
		439,156	143,094	-	296,062	439,156	298,366	5,962	31,148	80,061	23,619

(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 2016

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 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

2016	Carrying amount \$000	-100 basis points Surplus \$000	Equity \$000	+100 basis points Surplus \$000	Equity \$000
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Financial Assets

Cash and cash equivalents	7,393	(74)	(74)	74	74
Total increase/(decrease)	7,393	(74)	(74)	74	74

2015	Carrying amount \$000	-100 basis points Surplus \$000	Equity \$000	+100 basis points Surplus \$000	Equity \$000
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Financial Assets

Cash and cash equivalents	6,405	(64)	(64)	64	64
Total increase/(decrease)	6,405	(64)	(64)	64	64

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:

	2016 \$000	2015 \$000
Auditing the accounts, financial statements and key performance indicators	370	368
	370	368

Notes to the financial statements

For the year ended 30 June 2016

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:

	2016	2015
30,001 - 40,000	-	1
60,001 - 70,000	1	-
80,001 - 90,000	1	-
90,001 - 100,000	-	1
120,001 - 130,000	2	-
200,001 - 210,000	-	1
210,001 - 220,000	-	1
260,001 - 270,000	-	1
270,001 - 280,000	2	-
350,001 - 360,000	1	-
380,001 - 390,000	-	1
390,001 - 400,000	-	1
420,001 - 430,000	1	-
430,001 - 440,000	1	-
480,001 - 490,000	-	1

	2016	2015
Cash remuneration received for the year	1,890	1,676
Adjustment for accruals	(49)	(1)
Annual leave and long service leave accruals	(25)	66
Other benefits	357	344
Total remuneration of senior officers	2,173	2,085

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

Notes to the financial statements

For the year ended 30 June 2016

Note 43. Explanatory statement

All variances between estimates (original budget) and actual results for 2016, and between the actual results for 2016 and 2015 are shown below. Narratives are provided for key variations selected from observed major variances, which are generally greater than:

- 5% and \$24.3 million for the Statements of Comprehensive Income and Cash Flows; and
- 5% and \$25.0 million for the Statement of Financial Position.

Statement of Comprehensive Income (Controlled Operations)

	Variance Note	Estimate 2016 \$000	Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
Expenses						
Employee benefits expense		150,655	129,453	136,610	(21,202)	(7,157)
Supplies and services	A	920,887	885,072	1,060,765	(35,815)	(175,693)
Depreciation and amortisation expense		97,423	79,031	83,187	(18,392)	(4,156)
Finance costs		10,982	9,003	4,824	(1,979)	4,179
Accommodation expenses		21,218	38,894	35,481	17,676	3,413
Grants and subsidies	B	5,235	3,761	64,228	(1,474)	(60,467)
Loss on disposal of non-current assets		-	1	2	1	(1)
Other expenses	1, C	6,319	51,783	1,538	45,464	50,245
Total cost of services		1,212,719	1,196,998	1,386,636	(15,721)	(189,637)
Income						
<i>Revenue</i>						
User charges and fees	D	976,463	961,918	1,149,378	(14,545)	(187,460)
Commonwealth grants and contributions		-	1,684	1,376	1,684	308
Interest revenue		156	219	262	63	(43)
Other revenue		9,815	8,443	8,018	(1,372)	425
Total revenue		986,434	972,264	1,159,034	(14,170)	(186,770)

Notes to the financial statements

For the year ended 30 June 2016

	Variance Note	Estimate 2016 \$000	Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
<i>Gains</i>						
Gain on disposal of non-current assets		5,865	666	1,422	(5,199)	(756)
Total gains		5,865	666	1,422	(5,199)	(756)
Total income other than income from State Government		992,299	972,930	1,160,456	(19)	(187,526)
NET COST OF SERVICES		(220,420)	(224,068)	(226,180)	(3,648)	2,111
Income from State Government						
Service appropriations		211,619	188,932	178,026	(22,687)	10,906
Services received free of charge		14,505	14,518	14,065	13	453
Royalties for Regions Fund		138	127	189	(11)	(62)
Total income from State Government		226,262	203,577	192,280	(22,685)	11,297
SURPLUS/(DEFICIT) FOR THE PERIOD		5,842	(20,491)	(33,900)	(26,333)	13,408
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit or loss						
Changes in the revaluation surplus		-	(18,665)	(14,182)	(18,665)	(4,483)
Total other comprehensive income		-	(18,665)	(14,182)	(18,665)	(4,483)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5,842	(39,156)	(48,082)	(44,998)	8,925

Notes to the financial statements

For the year ended 30 June 2016

Major Estimate and Actual (2016) Variance Narratives

1) The increase in other expenses for 2016 is as a result of decreases in the valuation of land and buildings. There were insufficient reserves in the Department's equity reserves to absorb the value of the reduction for land and buildings.

Major Actual (2016) and Comparative (2015) Variance Narratives

A) Capital works expenditure for 2016, managed by Building Management and Works on behalf of government agencies, was lower than 2015 due to a reduced government capital works program.

B) The 2015 actual included the once-off recognition of the \$52,000,000 contribution to the heritage component of the Old Treasury Building Hotel.

C) The increase in other expenses for 2016 is as a result of decreases in valuation of land and buildings. There were insufficient reserves in the Department's asset revaluation reserves to absorb the value of the reduction for land and buildings.

D) Capital works expenditure for 2016, managed by Building Management and Works on behalf of government agencies, was lower than 2015, resulting in the lower recoup of costs from these agencies.

Note 43. Explanatory Statement cont.

Statement of Financial Position (Controlled Operations)

	Variance Note	Estimate 2016 \$000	Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
ASSETS						
<u>Current assets</u>						
Cash and cash equivalents		171,502	85,247	58,905	(86,255)	26,342
Restricted cash and cash equivalents		7,170	12,983	14,887	5,813	(1,904)
Receivables		308,744	309,036	305,511	292	3,525
Finance lease receivables		625	583	560	(42)	23
Inventories		-	-	88	-	(88)
Amounts receivable for services		2,041	1,531	1,469	(510)	62
Other current assets		23,328	28,852	25,565	5,524	3,287
Total current assets		513,410	438,232	406,985	(75,178)	31,247

Notes to the financial statements

For the year ended 30 June 2016

	Variance Note	Estimate 2016 \$000	Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
Non-current assets						
Finance lease receivables		3,118	1,214	1,588	(1,904)	(374)
Amounts receivable for services	A	432,173	410,183	380,682	(21,990)	29,501
Property, plant, equipment and vehicles	1, B	841,176	753,834	804,702	(87,342)	(50,868)
Intangible assets		22,701	29,516	30,385	6,815	(869)
Other non-current assets		13	2,129	1,170	2,116	959
Total non-current assets		1,299,181	1,196,876	1,218,527	(102,305)	(21,651)
TOTAL ASSETS		1,812,591	1,635,108	1,625,512	(177,483)	9,596
LIABILITIES						
Current liabilities						
Payables		383,404	301,837	316,057	(81,567)	(14,220)
Borrowings		28,322	30,302	39,413	1,980	(9,111)
Lease incentive		5,861	9,612	30,200	3,751	(20,588)
Provisions		27,876	27,889	5,747	13	22,142
Total current liabilities		445,463	369,640	391,418	(75,823)	(21,777)
Non-current liabilities						
Borrowings	2	72,331	98,014	103,681	25,683	(5,667)
Provisions		7,125	6,869	7,250	(256)	(381)
Lease incentive	C	80,055	85,349	39,120	5,294	46,229
Total non-current liabilities		159,511	190,232	150,052	30,721	40,181
Total liabilities		604,974	559,872	541,470	(45,102)	18,404
NET ASSETS		1,207,617	1,075,236	1,084,042	(132,381)	(8,808)
EQUITY						
Contributed equity		1,112,356	1,026,944	996,594	(85,412)	30,350
Reserves		32,847	-	18,665	(32,847)	(18,665)
Accumulated surplus		62,414	48,292	68,783	(14,122)	(20,491)
TOTAL EQUITY		1,207,617	1,075,236	1,084,042	(132,381)	(8,806)

Notes to the financial statements

For the year ended 30 June 2016

Major Estimate and Actual (2016) Variance Narratives

1) The variation to the 2016 estimate largely relates to the valuation decrease of land and buildings.

2) Borrowings increased towards the end of the financial year as a result of higher State Fleet vehicle acquisitions (on behalf of other agencies).

Major Actual (2016) and Comparative (2015) Variance Narratives

A) Growth in amounts receivable for services relates to increasing depreciation provisions for additional state owned assets related to the capital works programs undertaken by the Department.

B) The reduction in property, plant, equipment and vehicles relates primarily to the transfer of the Fremantle Prison to the State Heritage Office, office fit-out assets transferred to the WA Police and valuation decreases to land and buildings.

C) The growth in lease incentives negotiated for government office accommodation has increased due to market conditions. The increase for 2016 also includes a significant incentive for the St George's Cathedral Heritage Precinct.

Note 43. Explanatory Statement cont.

Statement of Cash Flows (Controlled Operations)

	Variance Note	Estimate 2016 \$000	Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriations	A	151,906	151,719	121,485	(187)	30,234
Capital appropriations	B	86,365	84,268	15,353	(2,097)	68,915
Holding account drawdowns		1,469	1,469	1,553	-	(84)
Receipts from Treasurer's Advance	C	-	-	100,000	-	(100,000)
Payments to Treasurer's Advance	C	-	-	(100,000)	-	100,000
Royalties for Regions Fund		138	127	189	(11)	(62)
Regional Infrastructure and Headworks Fund		5,250	5,250	500	-	4,750
Non-retained revenue distributed to owner		-	(96)	-	(96)	(96)
Net cash provided by State Government		245,128	242,738	139,080	(2,391)	103,657

Notes to the financial statements

For the year ended 30 June 2016

	Variance Note	Estimate 2016 \$000	Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
<u>Payments</u>						
Employee benefits		(154,977)	(135,221)	(137,905)	19,756	2,684
Supplies and services	D	(885,760)	(873,672)	(1,018,899)	12,088	145,227
Finance costs		(9,757)	(7,743)	(4,884)	2,014	(2,859)
Accommodation		(22,258)	(21,959)	(26,793)	299	4,834
Grants and subsidies		(5,235)	(3,763)	(5,172)	1,472	1,409
GST payments on purchases		(130,180)	(107,281)	(120,741)	22,899	13,460
GST payments to taxation authority		(3,214)	(3,972)	(4,044)	(758)	72
Other payments		(5,076)	(3,730)	(4,036)	1,346	306
<u>Receipts</u>						
User charges and fees	1, E	989,844	938,279	995,128	(51,565)	(56,849)
Commonwealth grants and contributions		-	1,665	1,376	1,665	289
Interest received		1,398	214	269	(1,184)	(55)
GST receipts on sales		122,455	103,120	125,241	(19,335)	(22,121)
GST receipts from taxation authority		12,374	8,688	23,182	(3,686)	(14,494)
Other receipts	2, E	16,306	48,314	19,292	32,008	29,022
Net cash used in operating activities		(74,080)	(57,062)	(157,985)	17,018	100,924
CASH FLOWS FROM INVESTING ACTIVITIES						
<u>Payments</u>						
Purchase of non-current physical assets	G	(208,202)	(185,967)	(103,042)	22,235	(82,925)
<u>Receipts</u>						
Proceeds from sale of non-current physical assets		53,765	40,212	47,619	(13,553)	(7,407)
Net cash used in investing activities		(154,437)	(145,755)	(55,424)	8,682	(90,332)

Notes to the financial statements

For the year ended 30 June 2016

	Variance Note	Estimate 2016 \$000	Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
CASH FLOWS FROM FINANCING ACTIVITIES						
<u>Payments</u>						
Repayment of borrowings		(23,511)	(20,487)	(28,857)	7,415	12,761
<u>Receipts</u>						
Proceeds from borrowings		8,020	4,408	17	(8,003)	-
Finance leases receipts		2,475	598	742	(1,877)	(144)
Net cash used in financing activities		(13,016)	(15,481)	(28,098)	(2,465)	12,617
Net increase/(decrease) in cash and cash equivalents		3,595	24,439	(102,428)	20,843	126,865
Cash and cash equivalents at the beginning of period		175,077	73,792	176,220	(101,285)	(102,428)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		178,672	98,230	73,792	(80,442)	24,437

Major Estimate and Actual (2016) Variance Narratives

- 1) Capital works expenditure for 2016, managed by Building Management and Works on behalf of government agencies, was lower than anticipated 2016 estimates, resulting in a lower recoup of costs from agencies.
- 2) Unbudgeted cash lease incentive receipts relating to the St George's Cathedral Heritage Precinct, provided for office fit-outs.

Major Actual (2016) and Comparative (2015) Variance Narratives

- A) Cash appropriations have increased in line with budgeted supplies and services payment requirements.
- B) Capital appropriations have increased primarily due to the St George's Cathedral Heritage Precinct development requirements.
- C) The Department was not required to draw on the Treasurer's Advance during 2016.

D) Capital works expenditure for 2016, managed by Building Management and Works on behalf of government agencies, was lower than 2015 actuals due to a reduced number of projects.

E) Capital works expenditure for 2016, managed by Building Management and Works on behalf of government agencies, was lower than 2015, resulting in lower recoup of costs from agencies.

F) Increase in other receipts in 2016 due to cash lease incentive receipts relating to the St George's Cathedral Heritage Precinct provided for office fit-outs.

G) Capital expenditure has increased primarily due to the St George's Cathedral Heritage Precinct development.

Notes to the financial statements

For the year ended 30 June 2016

Note 44. Special purpose accounts - controlled

	2016 \$000	2015 \$000
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Sunset Reserve Account

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	8,512	141
Receipts	503	8,925
Payments	(1,797)	(554)
Balance at the end of period	7,218	8,512

Notes to the financial statements

For the year ended 30 June 2016

Note 45. Explanatory statement for Administered Items - Income and Expenses

All variances between estimates (original budget) and actual results for 2016, and between the actual results for 2016 and 2015 are shown below. Narratives are provided for key major variances, which are generally greater than 5% and \$25 million.

	Variance Note	Estimate 2016 \$000	Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
INCOME FROM ADMINISTERED ITEMS						
INCOME						
Taxation						
Insurance Duty	1	660,319	591,502	603,788	(68,817)	(12,286)
Land Tax	A	936,416	945,532	741,642	9,116	203,890
Payroll Tax	2	3,980,754	3,492,369	3,592,020	(488,385)	(99,651)
Transfer Duty	3, B	1,613,627	1,337,635	1,598,411	(275,992)	(260,776)
Vehicle Licence Duty	4	394,937	345,655	362,952	(49,282)	(17,297)
Other income ^(a)	5, C	311,875	602,423	280,467	290,548	321,956
Other revenue						
Other revenue		45,351	41,623	41,768	(3,728)	(146)
Appropriations						
<i>First home Owners Grant Act 2000</i>		88,117	98,582	115,904	10,465	(17,322)
Administered Grants and Transfer Payments	6	203,208	148,881	148,030	(54,327)	851
Collections raised on behalf of other agencies		64,464	63,043	63,230	(1,421)	(187)
Total Administered Income		8,299,068	7,667,246	7,548,213	(631,822)	119,033
EXPENSES						
Grants, subsidies and transfers						
Item 59 Amount provided for Administered Grants, Subsidies and Other Transfer Payments ^(b)	6	203,208	148,881	148,030	(54,327)	851
Authorised by Other Statutes - <i>First Home Owners Grant Act 2000</i>		88,117	98,582	115,904	10,465	(17,322)

Notes to the financial statements

For the year ended 30 June 2016

	Variance Note	Estimate 2016 \$000	Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
Other expenses	7	7,943,279	7,435,650	7,204,859	(507,629)	230,791
Collections transferred to other agencies		64,464	63,043	63,230	(1,421)	(187)
Total Administered Expenses		8,299,068	7,746,156	7,532,023	(552,912)	214,133
NET INCOME FROM ADMINISTERED ITEMS		-	(78,910)	16,190	(78,910)	(95,100)

(a) Other income includes Metropolitan Region Improvement Tax, Racing and Wagering Western Australia Tax, Landholder Duty, Other Duties and Commonwealth Mirror Taxes.

(b) Subsidies and Other Transfer Payments includes Pensioner Concessions for Local Government, Water Rates and Refund of Past Years Revenue.

Major Estimate and Actual (2016) Variance Narratives

- 1) Collections were lower than expected, reflecting softer economic conditions, particularly in the motor vehicle and property markets.
- 2) Revenue did not meet expectations due to weaker than expected employment and wages growth. This was compounded by changing compositional factors in the labour market, such as a shift towards part-time employment, and reduced employment in the mining and related sectors (which are the largest contributors to payroll tax collections).
- 3) Income was lower than anticipated due mainly to a sharper than anticipated decline in residential transaction volumes, and an unexpected decline in the Perth median house price.
- 4) Collections were lower than estimated due to slower than anticipated population growth and a decline in new car sales in 2016.
- 5) This group of income was \$290.5 million higher than estimate, mainly due to higher income from landholder duty (up \$301 million). This increase reflects

higher than expected revenue from a number of unusually large commercial property transactions (large commercial transactions are few in volume and their occurrence is volatile within and between years).

6) Administered grants, subsidies and other transfer payments were \$54.3 million lower than estimated at the time of the 2015-16 Budget, mainly reflecting lower than expected refunds of past years' revenue (down \$41.2 million) and the transfer of funding for the ICT Renewal and Reform Fund (\$5.4 million) to the Office of the Government Chief Information Officer during the year. Lower refunds from past years' revenue was primarily in the areas of conveyance duty but also payroll tax, land tax, insurance duty and other duties to a lesser extent.

7) Other expenses largely relate to taxation revenue collected by the Department and then paid on to the Consolidated Account. The transfer expense to the Consolidated Account (down \$507.6 million relative to the Budget) largely reflects the movements in taxation income detailed above.

Notes to the financial statements

For the year ended 30 June 2016

Major Actual (2016) and Comparative (2015) Variance Narratives

A) Land tax collections increased mainly due to an increase in land tax rates announced in the 2015-16 Budget.

B) Annual transfer duty collections declined primarily reflecting a softening in residential property transactions and prices on the back of weaker economic conditions during the year.

C) Other taxation income was \$322 million higher than in 2015, largely due to higher landholder duty collections (up \$318 million). This increase primarily reflects a number of unusually large commercial property transactions.

Note 46. Supplementary financial information

(a) Write-offs

During the financial year \$25.058 million was written off by the Department under the authority of:

	2016 \$000	2015 \$000
The accountable authority	8,460	4,821
The Minister	4,687	3,212
Executive Council	11,911	3,593
	25,058	11,626

b) Write-offs by category

	2016 \$000	2015 \$000
Public assets	1,465	1,072
Debts due to the State	23,593	10,554
	25,058	11,626

c) Act of grace payments

	2016 \$000	2015 \$000
Act of grace payments	10	-
	10	-

Note 47. Service delivery arrangements Indian Ocean Territories

	2016 \$000	2015 \$000
Revenue		
Commonwealth receipts	1,665	1,356
	1,665	1,356
Expenditure		
Consultants and contractors	969	969
Administration and other costs	945	202
Payroll Tax and business franchise	34	21
Duties	1	1
Land Tax	3	1
Compliance	47	5
	1,999	1,199
Surplus/(deficit) for the period	(334)	157
Balance brought forward	344	187
Prior year adjustment	-	-
Balance carried forward	10	344

Notes to the financial statements

For the year ended 30 June 2016

Note 48. Special Purpose Accounts - administered

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

	2016 \$000	2015 \$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	1	1
Receipts	-	-
Payments	-	-
Balance at the end of period	1	1

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	150	542
Receipts	5,037	4,387
Payments	(4,805)	(4,779)
Balance at the end of period	382	150

Note 49. Administered income and expenses

	2016 \$000	2015 \$000
<u>Expenses</u>		
Grants, subsidies and transfers	247,463	263,934
Other expenses	7,435,650	7,204,859
Collections transferred to other agencies	63,043	63,230
Total Administered Expenses	7,746,156	7,532,023
<u>Income</u>		
Taxation	7,315,117	7,179,280
Other revenue	41,623	41,768
Appropriations	247,463	263,934
Collections raised on behalf of other agencies	63,043	63,230
Total Administered Revenues	7,667,246	7,548,213

Notes to the financial statements

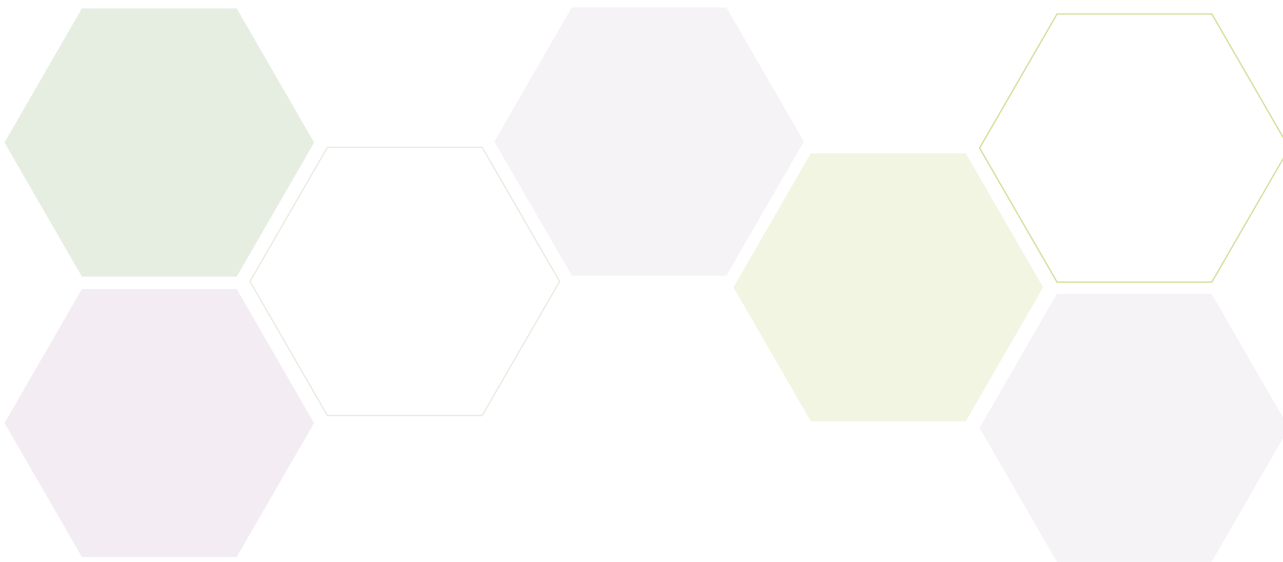
For the year ended 30 June 2016

Note 50. Disclosure of administered income and expenses by service

Revenue assessment and collection and grants and subsidies administration Service 1	2016 \$000	2015 \$000
COST OF SERVICES		
<u>Expenses</u>		
Grants, subsidies and transfers	247,463	263,934
Other expenses	7,435,650	7,204,859
Collections transferred to other agencies	63,043	63,230
Total Administered Expenses	7,746,156	7,532,023
<u>Income</u>		
Taxation	7,315,117	7,179,280
Other revenue	41,623	41,768
Appropriations	247,463	263,934
Collections raised on behalf of other agencies	63,043	63,230
Total Administered Income	7,667,246	7,548,213

Note 51. Administered assets and liabilities

	2016 \$000	2015 \$000
<u>Current Assets</u>		
Taxation Receivable	540,566	614,469
Other Debtors	36,800	33,674
Other Current Assets	20,401	22,921
Total Administered Current Assets	597,767	671,064
<u>Non-Current Assets</u>		
Other Receivables	51,300	51,300
Total Administered Non-Current Assets	51,300	51,300
Total Administered Assets	649,067	722,364
<u>Current Liabilities</u>		
Other Payables	57,201	56,595
Total Administered Current Liabilities	57,201	56,595
Total Administered Liabilities	57,201	56,595



Certification of key performance indicators

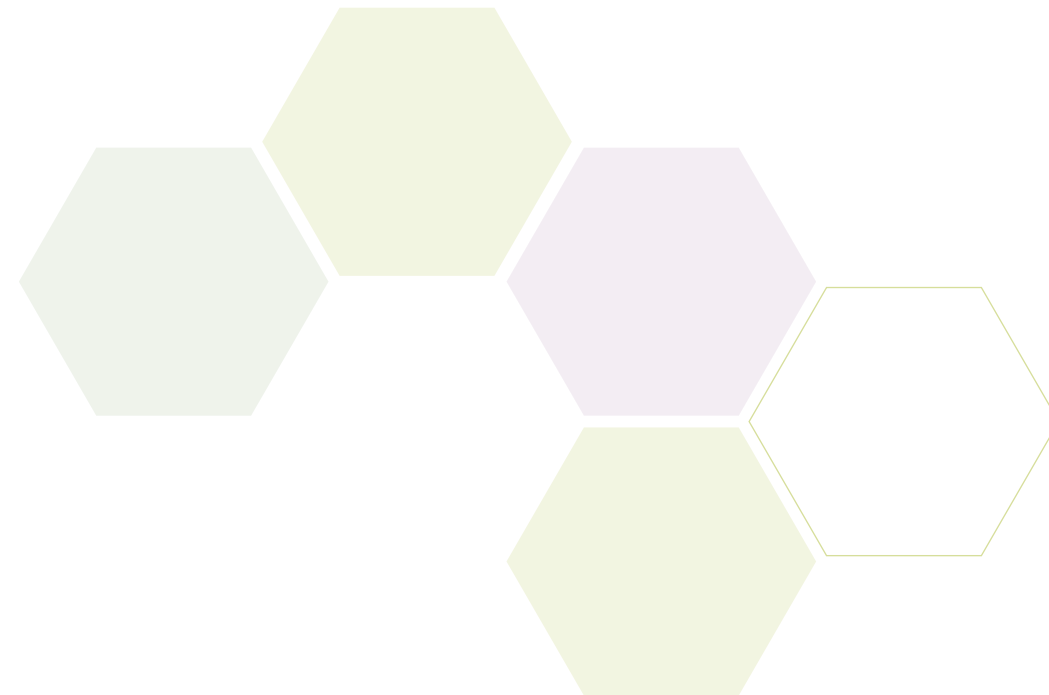
Certification of key performance indicators

For the year ended 30 June 2016

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 2016.



Anne Nolan
Director General
24 August 2016



Performance assessment

Outcomes

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

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. A sustainable, efficient, secure and affordable energy sector.	Revenue assessment and collection, and grants and subsidies administration. Development and implementation of energy policy and economic reform; assessment of proposed policy changes and the impact on regulatory functions.
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. Efficient and effective Corporate Services to the Department of Treasury.	Development and management of common use contract arrangements, State Fleet leasing and disposal, and providing facilitation service for agency specific contracts. Corporate Services to the Department of Treasury.
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.

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

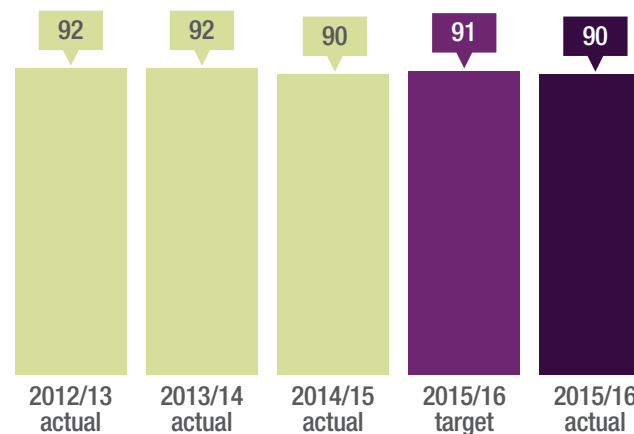
State Revenue

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.

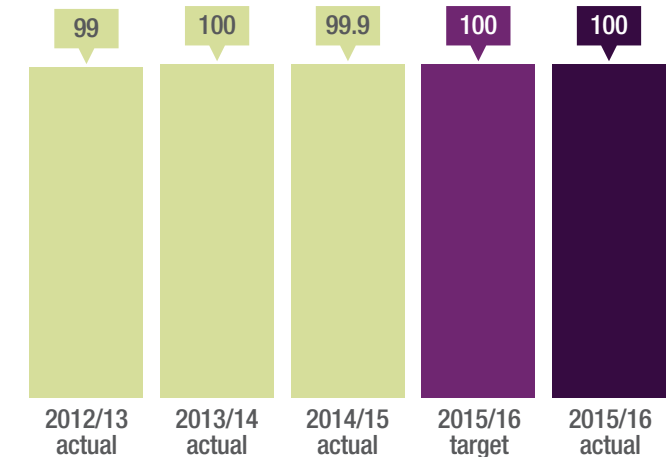
These measures for revenue collection and grant, subsidy and rebate payments provide an indication of our effectiveness in collecting the revenue that is available for collection and disbursing the grants, subsidies and rebates that should be paid.

Extent to which due revenue is collected (%) ^(a)



(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.

Extent to which correct grants, subsidies and rebates are paid (%) ^(b)



(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 grants, pensioners and seniors rebates, the life support equipment electricity subsidy, the thermoregulatory dysfunction energy subsidy and the energy concession extension scheme.

Key efficiency indicators

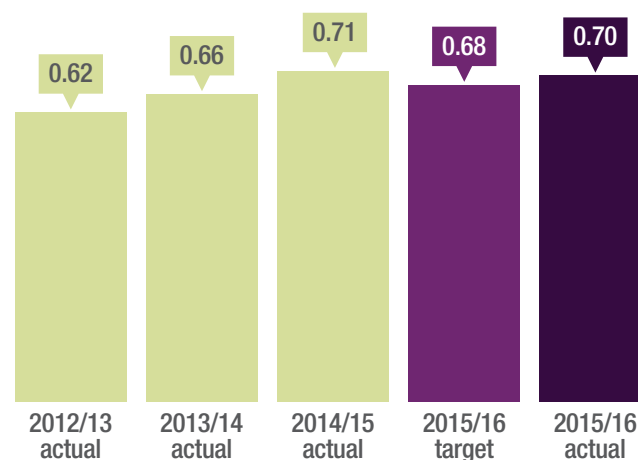
State Revenue

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

This service involves the assessment and collection of a range of statutory based revenues, including duties, land tax and payroll tax, and those that are collected on behalf of other agencies (for example, Perth parking levy fees on behalf of Department of Transport) or other jurisdictions (for example, 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 majority of applications relate to the first home owner grant, the first home owner rate of duty concession, as well as concessions on local government rates and the emergency services levy for pensioners and seniors.

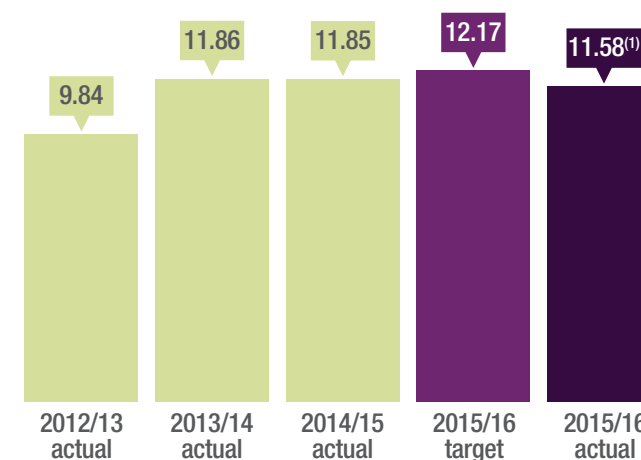
The indicators represent the costs per unit of taxation raised and grant/subsidy/concession applications processed in a given year. Taken into account with the notes explaining any material variances, it provides a measure of efficiency.

Cost per \$100 of revenue raised (\$) ^(a)



a) Calculated as the total of State Revenue 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 full-time equivalent numbers and resource usage.

Average cost per application/claim processed (\$) ^(b)



b) Calculated as the total of State Revenue costs divided by the number of applications/claims. These include first home owner grant applications, applications for the first home owner rate of duty concession, pensioner concession claims for local government rates and the emergency services levy, and minor energy subsidy scheme applications. A cost allocation model is used to apportion the costs of processing of applications and claims based on full-time equivalent numbers and resource usage.

1. Average costs, compared to the 2015-16 target, have reduced due to efficiencies achieved during the Agency Expenditure Review. Through the State Government initiated review, the Department delivered significant savings by examining its services and the way they are delivered.

Key effectiveness indicators

Government Procurement

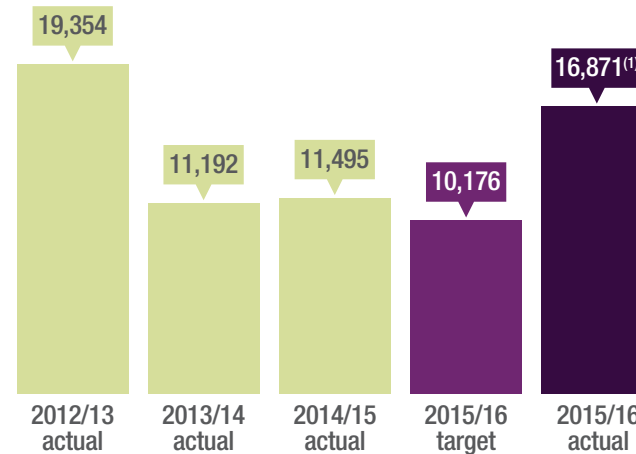
Outcome 2: Value-for-money from public sector procurement

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:

- Economies of scale are achieved through the aggregation of the acquisition, fleet management and disposal activities related to the Government's light vehicle fleet.
- Client agencies agree that Common Use Arrangements (CUAs) are awarded and managed on a value-for-money basis.

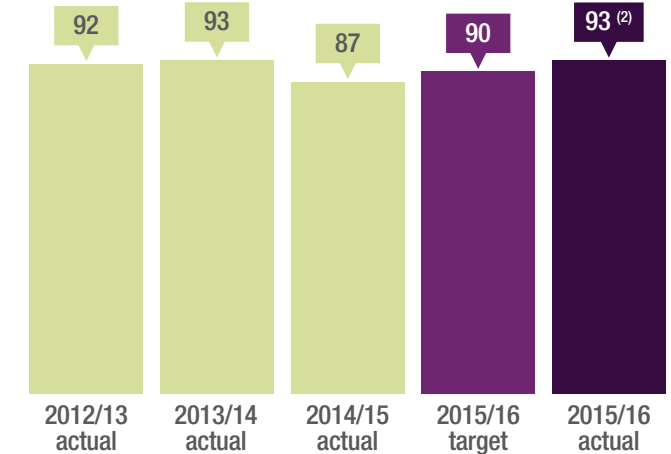
Profitability of the State's light vehicle fleet (\$000) ^(a)



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

1. Profitability has improved, compared to 2014-15 actuals and the 2015-16 target, due to increased replacement activity as agencies have begun to replace vehicles previously being held on lease extensions.

Extent to which client agencies agree that their agency contracts and CUAs achieved value-for-money (%) ^(b)



(b) This indicator is calculated by dividing the total number of satisfied responses by the total number of survey respondents for users of CUAs and clients of agency specific contracts (1,709 surveys issued; 1,372 responses; 80 per cent response rate; one per cent at 95 per cent confidence level).

2. This increase, compared to 2014-15 actuals and the 2015-16 target, is due to agency contracts and CUAs both achieving favourable value-for-money satisfaction ratings. CUAs had a significantly higher number of returns that were above average, including Removalist Services, Electricity and Audit Services.

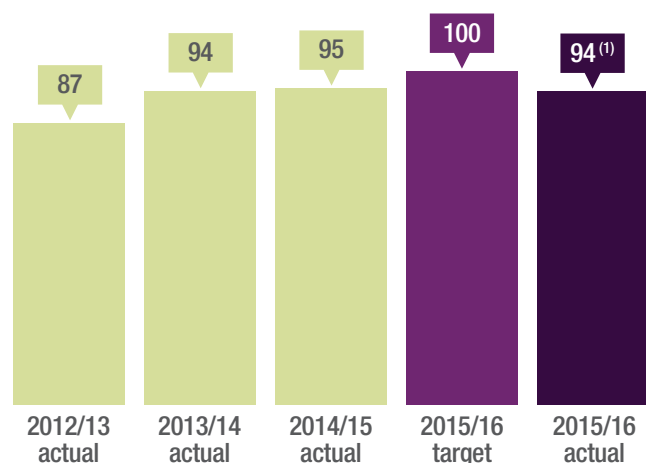
Key efficiency indicators

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. 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 measures the cost efficiency of managing the financing and administration of the Government's light vehicle fleet. In facilitating the development and management of client agency contracts, the State Fleet and CUAs, the Department needs to effectively manage the cost of delivering this service which ensures agencies achieve value-for-money outcomes.

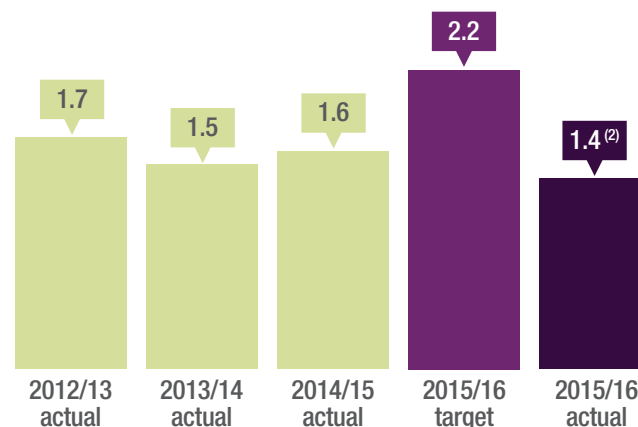
Average administrative cost per vehicle for financing and managing the State Fleet service (\$) ^(a)



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

1. The reduction, compared to the 2015-16 target, is a result of decreased costs achieved through the Agency Expenditure Review.

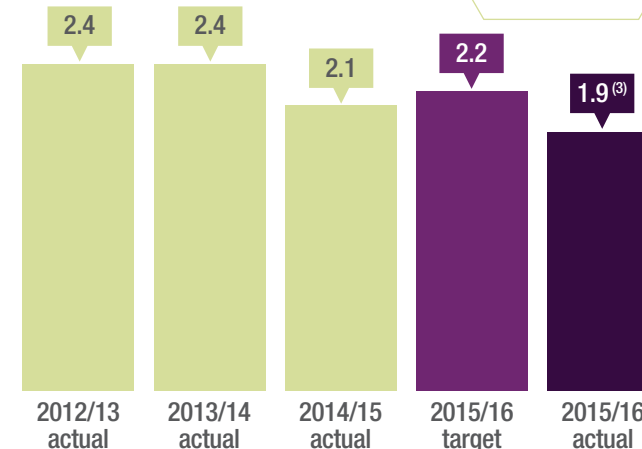
Cost of developing and managing whole-of-government CUAs as a percentage of the total annual value of purchases through the arrangements (%) ^(b)



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

2. The reduction, compared to the 2014-15 actual and the 2015-16 target, is a result of an increase in CUA throughput and a significant decrease in costs driven by the Agency Expenditure Review.

Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value (%) ^(c)



(c) This indicator is calculated by dividing the costs of delivering this service by the total contract value for agency contracts awarded in that year. Note that for 2015-16 the contract development costs included three contracts as part of the efficiency indicator that did not progress to the establishment of a contract by agencies.

3. The variation, compared to the 2014-15 actual and the 2015-16 target, is a result of significant decreases in costs achieved through the Agency Expenditure Review.

Key efficiency and effectiveness indicators

Corporate Services

Outcome 3: Efficient and Effective Corporate Services to the Department of Treasury

Service 3: Corporate Services to the Department of Treasury

This outcome and service relates to Corporate Services (for example staff payroll) provided on behalf of the Department of Treasury. Given the outcome and service does not interact directly with or include any services to the community, no effectiveness or efficiency indicators are published.

The effectiveness and efficiency of the functions covered in this outcome and service are monitored via a service level agreement and performance indicators internal to government.

This service was expanded to include services to the Office of the Government Chief Information Officer which commenced operations on 1 July 2015. The outcome title will change to "Efficient and Effective Corporate Services to Client Agencies" for the 2016-17 Annual Report onwards. The service title will change to "Corporate Services to Client Agencies" for the 2016-17 Annual Report onwards.

Key effectiveness indicators

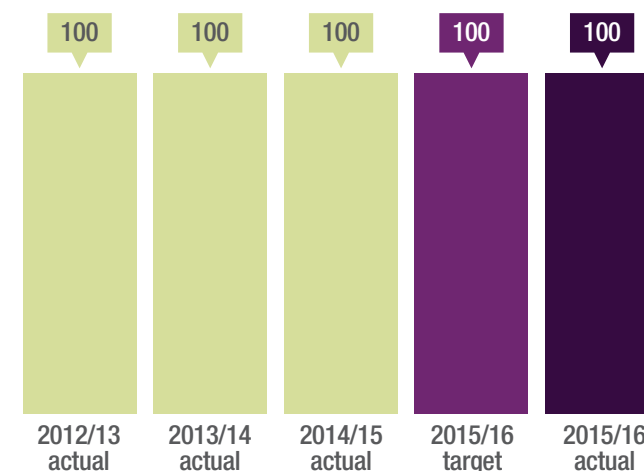
Building Management and Works

Outcome 4: 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.

Percentage of significant projects in the New Buildings Program delivered within 10% of approved budget (%) ^(a)



(a) This indicator compares the anticipated final total cost of all projects, with current approved budgets of \$5 million or more, that reach handover in the financial year against the current approved budget for the projects. All projects are deemed to meet the effectiveness indicator if the anticipated total cost does not exceed the approved budget by greater than 10 per cent.

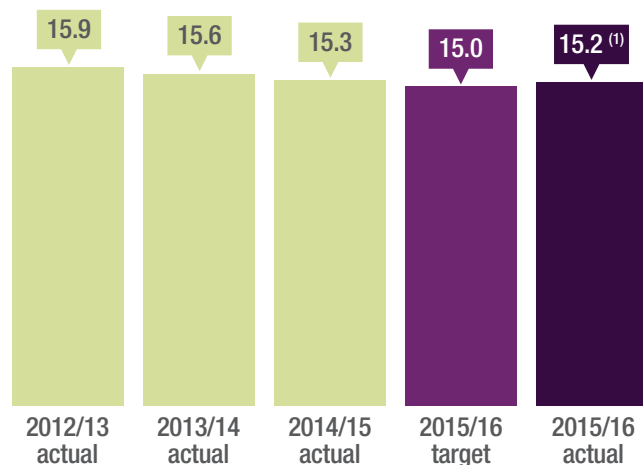
Key efficiency indicators

Building Management and Works

Service 4: 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. These indicators demonstrate the ability of Building Management and Works to achieve a reduced accommodation footprint for government use, ensure the timely response to maintenance issues and deliver capital works programs on behalf of client agencies in a timely manner.

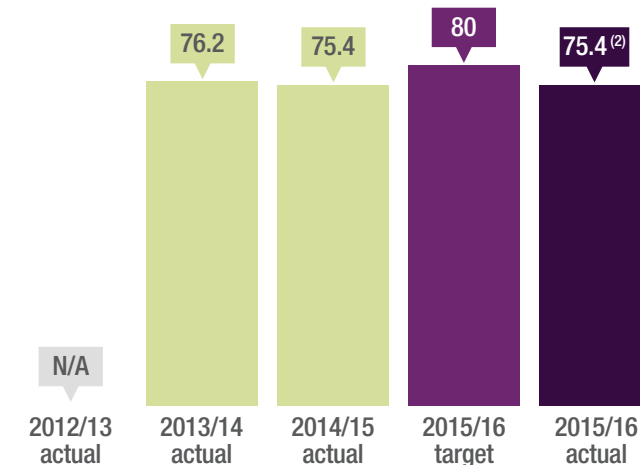
Average office accommodation floor space per work point (m²)^(a)



(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.

1. The average accommodation floor space per work point has been reducing over time mainly due to new fitouts being undertaken on the basis of lower space usage per work point. As more fitouts occur over time using this approach, the average will reduce even further and this will provide cost savings to government.

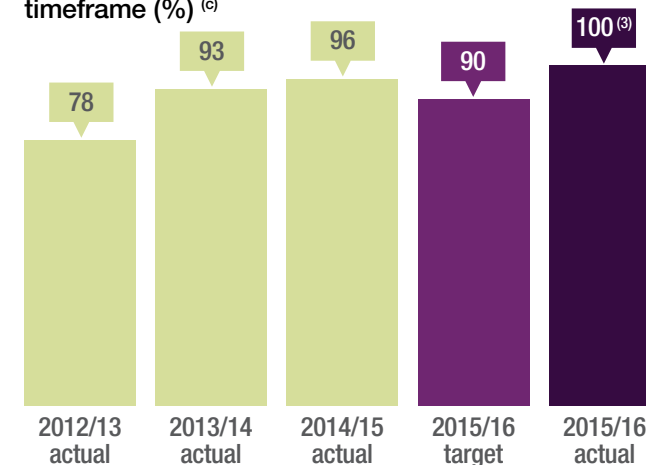
Percentage of maintenance services delivered within 10% of approved timeframe (%)^(b)



(b) The indicator measures the percentage of high priority breakdown repairs attended to within 10 per cent of the approved timeframe across the State. High priority breakdowns are more time-critical and typically include breakdowns or failures that have an immediate adverse effect on the security, safety and/or health of occupants. This indicator was created in 2013-14 and hence, there are no comparatives available for 2012-13.

2. The variance between the 2015-16 actual and the 2015-16 target is related to the delivery of maintenance services in high security areas, such as police stations and prisons, which required greater precautions being taken. This impacted on the time taken to deliver those services.

Percentage of significant projects in New Buildings Program delivered within three months of approved timeframe (%)^(c)



(c) This indicator measures the percentage of projects with current approved budgets of \$5 million or more that have been handed over to the client agency within three months of the approved date for handover in the current financial year.

3. The increase in the 2015-16 actual from the 2015-16 target highlights Building Management and Works' continued focus on reviewing and improving processes and policies in relation to managing building construction projects.

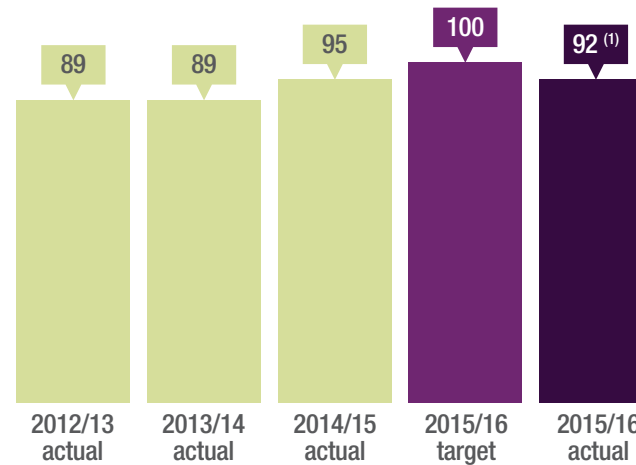
Key effectiveness indicators

Public Utilities Office and Economic Reform

Outcome 5: 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. This indicator demonstrates the capability of the Public Utilities Office in meeting the Government's agenda for policy and program delivery.

The extent to which policy and program development objectives for the year are achieved (%) ^(a)



(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. Compared to the 2014-15 actual and 2015-16 target, variations in resourcing, consultation processes and changes in priorities have influenced the final indicator.



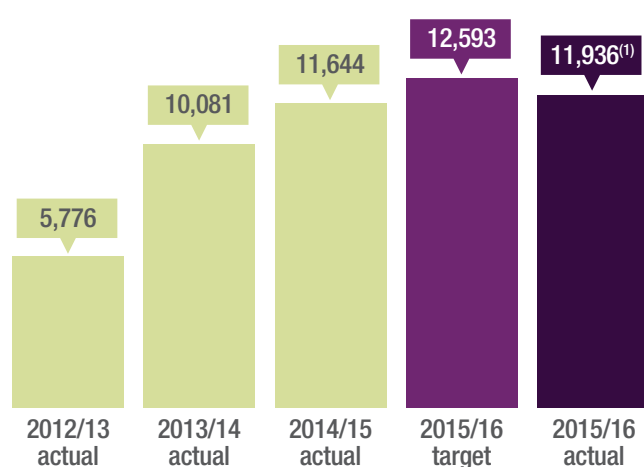
Key efficiency indicators

Public Utilities Office and Economic Reform

Service 5: Development and implementation of energy policy and programs; assessment of proposed policy changes and the impact on regulatory functions

The Public Utilities Office delivers energy policy and programs, acting as a change agent leading development and implementation of policy, to meet the State's energy needs. The indicators demonstrate the cost efficiency of providing routine policy and program tasks, and more significant policy projects and programs. The Regulatory Gatekeeping Unit provides advice to government on Commonwealth and State economic issues and reforms, and assessment of the impact and adequacy of proposed regulation. The indicator reflects the responsiveness of the Regulatory Gatekeeping Unit in addressing submissions in a timely manner.

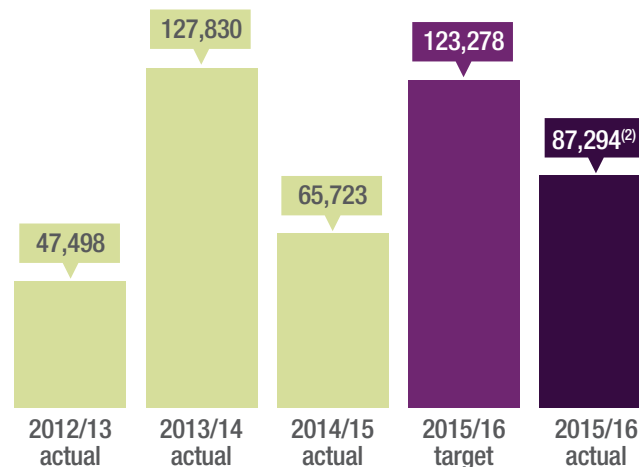
Average cost of routine policy and program tasks (\$) ^(a)



(a) This indicator covers 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.

1. A continued reduction in staffing resources has maintained a lower average cost for the 2015-16 actual compared to the 2015-16 target.

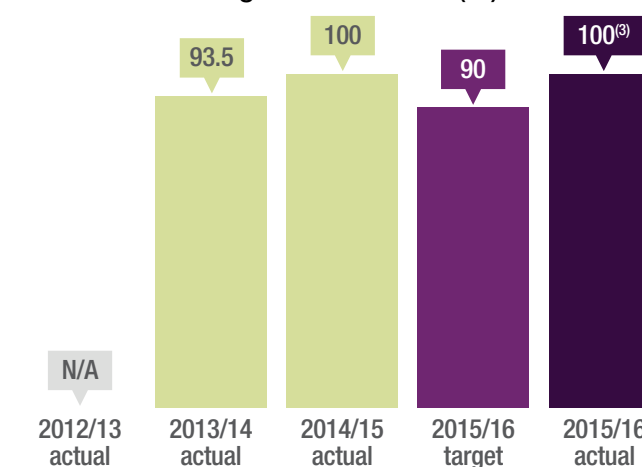
Average cost of policy projects and programs (\$) ^(b)



(b) This indicator covers more significant projects and programs, such as Cabinet Submissions, that require a considerable investment of time and effort. Cost allocation is undertaken using staff time as the identified cost driver.

2. The lower result in 2015-16, compared to target, is due to projects and programs being less complicated and hence less resource intensive than anticipated. The increase over 2014-15 actual relates to the increased resourcing requirements for Phase Two of the Electricity Market Review.

Percentage of Regulatory Impact Statements assessed within agreed timeframes (%) ^(c)



(c) This indicator is for the Regulatory Gatekeeping Unit and illustrates the percentage of submissions received that are responded to within 10 working days. Prior to 2013-14, this indicator appeared in the annual report for the Department of Treasury.

3. An ongoing focus on customer service has enabled Economic Reform to continue to achieve 100 per cent for this indicator.

Ministerial directives

Treasurer's instruction 903 (12) requires the Department to disclose information on any ministerial directives relevant to the setting or achievement of desired outcomes or operational objectives, investment activities, and financing activities.

No ministerial directives were received during the financial year.

Other financial disclosures

Pricing policies of services provided

The Department's fees and charges were reviewed in 2015-16 in accordance with the State Government's policy. Increases were limited to the Consumer Price Index as advised by the Department of Treasury.

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

Aside from the Department's fees and charges, the Department collects a range of other agencies' fees and taxes, which are not covered by the Department's pricing policies.

Capital works

In 2015-16, \$186 million was spent on capital investments. The key capital projects for the Department are detailed in the table below:

Project	Expected completion date	Actual expenditure 2015-16 \$000	Actual expenditure 2014-15 \$000	Estimated cost to complete \$000	Estimated total cost \$000
Master Planning Strategy - Government Office Accommodation	2018	26,199	16,211	23,951	223,442
St Georges Cathedral Heritage Precinct – Office Fitout	2016	33,425	2,148	17,768	53,341
St Georges Cathedral Heritage Precinct – Lease Incentive funded Office Fitout	2016	25,900	-	11,845	37,745
State Fleet Annual Vehicle Acquisition Program	2016	84,992	72,172	-	-
Revenue Systems Consolidation and Enhancement Program	2019	6,153	4,854	20,814	32,055

Employment and industrial relations

Comparative full-time equivalent (FTE) allocation by category

The Department managed its resourcing within the revised salary cap following the Agency Expenditure Review.

Category	2015-16	2014-15
Full-time permanent	867	975
Full-time contract	106	121
Part-time permanent and contract	78	101
Total	1,051	1,197

Source Data: 2015-16 MOIR Data

Notes:

- Part time = hours less than normal hours of 37.5 per week.
- Employees seconded out of the Department have been excluded from the figures as these officers were not contributing to departmental outputs as they were working for another organisation.
- Approved FTE target for 2015-16 was 1,271 with the result being lower due to staffing reductions achieved through the Agency Expenditure Review.

Industrial relations

The majority of Department of Finance staff are employed under the Public Service Award 1992 and Public Service and Government Officers General Agreement 2014. Five senior officers are employed under the *Salaries and Allowances Tribunal Act 1975*.

The Department also has an Agency Specific Agreement in place with provisions for a wellness program, motor vehicle allowance for business use and flexible working arrangements.

Workers' compensation

In accordance with Treasurer's Instruction 903 (13), the Department had the following workers' compensation disclosures.

Claims	2015-16	2014-15	2013-14
Workers' compensation	6	3	6
Lost time injuries	3	2	2

All above claims with registered loss time injuries were provided with injury management assistance.

Staff development

Leadership and expertise is at the heart of the Department's professional development programs, in alignment with the vision to enhance performance and capability across the Department. These programs support the professional development planning process, where all staff formally meet with their manager three times a year to plan and set agreed goals and objectives, review outcomes achieved and identify development needs.

The Leadership Development Program supports the ongoing professional development of the Department's emerging, current and future leaders. In partnership with Curtin University, the program provides a structured leadership development framework supplemented by a series of leadership master classes, from which 21 staff across the Department benefited this year.

The Department continues to lead the highly successful interagency mentoring program, which this year has six departmental participants and 55 mentoring pairs. This year, over 75 per cent of participating managers reported positive changes in work quality and behaviours, and 100 per cent stated they would support participation in future programs.

The Department also continues to recruit high calibre graduates to participate in its tailored one-year graduate program, where successful candidates have the opportunity to rotate through various business units, based on business need, qualification relevance and career interest.

There are currently five graduates completing the program.

Governance disclosures

Senior officers

In 2015-16, no senior officers disclosed that they held any shares as is required to be disclosed in accordance with Treasurer's Instruction 903 (14). 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 2015-16, the Department of Finance had no board or committee costs and memberships.

Governance committees

In its commitment to complying with legislative requirements and industry standards, the Department of Finance continues to convene several governance committees, enhancing accountability, probity and transparency in finance and procurement, technology and governance, people and communications, and audit and risk management.

Corporate Executive

The Department's leaders continue to champion innovative thinking across the business units by taking a proactive approach in anticipating emerging trends, and empowering staff to offer unique solutions that have the potential to benefit government as a whole.

This proactive approach whilst maintaining a long-term outlook, also aligns with a focus on enabling staff to proactively identify regulatory reform opportunities across the Department and cut red tape, to free up time and money that would otherwise be spent on unnecessary compliance.

Finance and Procurement Committee

This year, the Finance and Procurement Committee provided direction and leadership in the management of the Department's financial responsibilities by increasing its focus and oversight of cash management, financial accountability, business unit reporting and procurement trends.

This work was complemented by the Department's review and rationalisation of services as part of the Agency Expenditure Review agenda, achieving significant savings targets. This also encompassed the transfer

of responsibility for procurement under \$250,000 back to the Department's Corporate Services area.

Technology Governance Committee

The Technology Governance Committee comprises executive members from all business units, relevant technical staff and a representative from the Department of Treasury. This membership mix ensures a strategic approach is applied to discussions supporting ICT strategy and digital programs, activities, opportunities and risks across the Department and the wider government sector.

The focus areas of the committee this year included:

- Progress on the strategic positioning for all ICT works and digital services, with a focus on impacts and opportunities associated with new government ICT policies.
- Establishing frameworks for enhanced information sharing within the Department and throughout the government sector.
- Policies, long-term plans, standards and directions of all corporate systems, with a focus on simplicity and efficiency.

People and Communications Committee

With the Department implementing staff changes to deliver the outcomes of the Agency Expenditure Review, the People and Communications Committee focused on ensuring the program of change included a robust staff consultation plan, providing clear communication regarding the change, in a way consistent with departmental values.

Other areas of attention for the Committee during 2015-16 included:

- Strategies for improving the Department's workforce diversity in areas of under-representation as part of the 2016-19 Workforce and Diversity Plan.
- Improvements to streamline the process for employees exiting the Department.
- Roll-out of a framework to improve succession management planning across the Department.
- Reports on Human Resource metrics including performance management, training, occupational safety and health, and workforce diversity. Trends show an increase in a culturally diverse workforce and employees with disability.
- The review and update of policies relating to substantive equality, purchased leave and flexi time.

Audit and Risk Management Committee

The Audit and Risk Management Committee oversees the operation of the Department's internal audit and risk management functions, and endorses the annual audit plan.

This year, the Committee:

- Streamlined processes to cut red tape through subsuming a risk management sub-committee and rationalising the Department's Statutory and Administrative Obligations Register, enabling the focus to be on significant obligations at risk of non-compliance.
- Approved audit recommendations to enhance efficiency and supported the business to implement new policies regarding the management of payroll overpayments and a single eForm, to more effectively manage the termination process for staff and contractors.
- Developed and made available to staff a new mandatory Risk Management Awareness e-learning module to raise awareness and understanding of risk management across the Department. To date, 365 staff have completed the module.

Unauthorised use of credit cards

The Department of Finance uses corporate credit cards as a purchasing tool to reduce the cost of invoice payments. The Department has a strong control framework supporting the use of purchasing cards, including supervisor approval of all staff transactions and high level oversight by the Department's Finance and Procurement Committee.

Effective 24 November 2015, a new requirement was introduced, requiring the disclosure of details concerning the personal use of corporate credit cards. On occasion, staff will accidentally/inadvertently use their corporate credit cards for personal purposes. The Department has strong procedures to detect such use, and ensure repayment of the associated costs in a timely way.

During this period, the Department performed 7,828 credit card transactions. The 12 personal transactions represented less than 0.2 per cent of the overall volume of credit card transactions.

The details of inadvertent personal use of credit cards are as follows:

Measure	2015-16
Number of instances a government purchasing card has been used for personal use	12
Aggregate amount of personal use expenditure for the reporting period	\$492.63
Aggregate amount of personal use expenditure settled by the due date (within five working days)	\$492.63
Aggregate amount of personal use expenditure settled after the period (after five working days)	Nil
Aggregate amount of personal use expenditure outstanding at balance date	Nil

Other legal requirements

Expenditure on advertising, market research, polling and direct mail

In accordance with section 175ZE of the *Electoral Act 1907*, total advertising related expenditure for the 2015-16 year was \$83,552, and mainly relates to the Electricity Market Review communications via the website www.morepowertoyou.wa.gov.au.

Total expenditure for the 2014-15 year was \$348,438 and mainly related to the advertising of Fremantle Prison. With the transfer of responsibility for Fremantle Prison to the State Heritage Office on 1 July 2015, this advertising expenditure is now accounted for and documented in the State Heritage Office Annual Report.

Agency/organisation	Total \$	Amount \$
Advertising agencies	83,552	
Adcorp ^(a)		23,532
Rare Pty Ltd ^(b)		13,495
Meerkats The Brand Leadership Company Pty Ltd ^(c)		46,525
Market Research Organisations	Nil	
Polling Organisations	Nil	
Direct Mail Organisations	Nil	
Media Advertising Organisations	Nil	

(a) Information notices and recruitment.

(b) Economic Reform marketing collateral and Public Utilities Office 'More Power To You' campaign.

(c) Public Utilities Office 'More Power To You' campaign.

Disability Access and Inclusion Plan outcomes

Through its [Disability Access and Inclusion Plan](#), the Department of Finance seeks to ensure that people with a disability have an equal level of inclusion and access to services and employment. The Plan has achieved the following outcomes in 2015-16:

- Development of the 'Disability Awareness' eLearning online module to assist staff in understanding issues around disability in the workplace and the wider community.
- Review and update of online content for currency of information and resources.
- Recruitment of two employees under the public sector traineeship program both of whom completed their Certificate III in Government qualification, and are successfully employed in the Government Procurement and Corporate Services business units.
- Delivery of awareness training to 60 employees regarding inclusivity guidelines for new employees with vision impairment.

The Department is also proud to continue to lead whole-of-government access and inclusion related programs including the Australian Disability Enterprises initiative through Government Procurement, assisting agencies to understand the capabilities of disability enterprises, and the benefits of working with them; along with running an Interagency Knowledge Sharing Forum. This initiative is led by the Department of Finance to share best practice strategies across government agencies in dealing with a broad range of equity and diversity issues, including access and inclusion employment opportunities.

Reconciliation Action Plan

The Department is committed to the sustainable employment of and positive economic outcomes for Aboriginal and Torres Strait Islander people and communities.

This is demonstrated by Finance's leadership of this year's interagency National Aborigines and Islanders Day Observance Committee (NAIDOC) celebration at One40 William that involved nine other agencies and over 300 participants.

Compliance with public sector standards and ethical codes

The Department has maintained its good record in complying with public sector standards and the public sector code of ethics, delivering its training programs via online and face-to-face sessions, tailored for new and existing employees.

Over the year, the Department's People Strategy and Performance team continued to provide proactive guidance to managers and staff to ensure that recruitment processes complied with public sector standards. Outside of the public sector recruitment freeze, between 21 December 2015 and 12 May 2016, the Department successfully completed 41 recruitment processes this year from which 1,487 applications were received.

One breach of standard claim was lodged. This claim related to the Employment Standard and was dismissed by the Public Sector Commissioner. Three cases of non-compliance with the Code of Conduct were finalised. No formal grievance cases were completed and one case of substandard performance management was commenced.

Departmental policies, procedures and guidelines are maintained to satisfy legislative requirements.

No disclosures were received in 2015-16 under the *Public Interest Disclosure Act 2003*.

Recordkeeping plans

The Department of Finance's Recordkeeping Plan ensures all employees are aware of, embrace and maintain compliance responsibilities with respect to the *State Records Act 2000*. The Information Management team developed an online learning module for new users of the document management system. This combined with the existing online Records Awareness Training course, with an 87 per cent participation rate, ensures a strong environment for good record keeping practices. This is in addition to the ongoing training provided as part of employee induction training, and support provided to staff on an as-needs basis, both regionally and in the metropolitan area.

Freedom of Information

The *Freedom of Information Act 1992* (the Act) enables the public to apply for access to documents held by the Department of Finance. The Department's release of information policy aligns with the Act and its principles of administration that facilitate access to documents promptly and at the lowest reasonable cost.

Access applications received during 2015-16 covered a variety of topics including State tax administration and assessments, energy market reforms and policy development, building and construction projects as well as information

of personal nature. In most instances, the Department permitted full or edited access to the documents concerned, except in limited circumstances where information was legitimately exempt due to its sensitive nature or the inherent adverse impact that would flow from disclosure. Complaints before the Information Commissioner against the Department's decisions

were either conciliated or had the Department's decision confirmed.

The table summarises the Freedom of Information applications finalised over the year and includes applications carried over from the previous period. More detailed statistics are available in the Office of the Information Commissioner Annual Report.

Applications	2015-16	2014-15
New applications received during the year	31	31
Decisions made during the year	23	25
Average time to process (days)	43	48
Outcomes	2015-16	2014-15
Full access	15	6
Edited access	3	15
Deferred access	0	0
Section 26 access	1	2
Section 28 access	0	0
Access refused	4	2
Total decisions	23	25
Transferred to other agencies	2	2
Withdrawn	7	4
Total applications finalised	32	31
Reviews	2015-16	2014-15
Internal reviews	4	3
External reviews - complaints	3*	2

*Two of these external reviews were carried over from the 2014-15 financial year.

Government policy requirements

Government building contracts

The Government Building and Training Policy (GBT Policy) aims to increase the number of apprentices and trainees in the building and construction industry. This is achieved by requiring contractors awarded State Government building, construction and maintenance contracts to commit to meeting a target training rate, through employing construction apprentices and trainees.

The GBT Policy applies to:

- All State Government building and construction contracts, including civil and engineering contracts, with an estimated labour value of \$2 million and over for the construction component of the contract.
- All State Government maintenance contracts, with an estimated labour component of \$2 million and over for the total contracts.
- All State Government agencies (as defined in section 3 of the *Public Sector Management Act 1994*) that enter into these contracts.

Three contractors failed to meet the target training rate. Consideration was given to applying a demerit, as is provided for under the sanction scheme that relates to GBT policy implementation. Demerits were not applied in each instance as the policy implementation is in a transitional phase.

No maintenance contracts were awarded during the reporting period that fell within scope.

Measure - Building and construction projects	2015-16
Active contracts within the scope of the GBT Policy in the reporting period	8
Contracts granted a variation to the target training rate in the reporting period	0
Head contractors involved in the contracts	7
Construction apprentices/trainees required to meet target training rate across all contracts	90
Construction apprentices/trainees employed by head contractors; and the subcontractors they are using for the contracts	109
Contracts which met or exceeded the target training rate	5

Substantive equality

The Department of Finance 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. This year, the Department continued to make available 10 State Revenue related publications in Chinese and Malay, regarding duties and land tax, which are available in hard copy as well as on the Department of Finance [website](#).

Occupational safety, health and injury management

The Department provides a safe and healthy workplace in accordance with the requirements of the Public Sector Commissioner's Circular 2012-05: Code of Practice: Occupational Safety and Health (OSH) in the Western Australian Public Sector, and in support of the State Government's commitment to achieving the goals of the Australian Work Health and Safety Strategy 2012-2022.

The Department's Corporate Executive leads a safety culture through:

- Active consultation about OSH matters with managers and employees.
- Strong support for OSH related training to all managers and employees.
- Monitoring of OSH performance through quarterly and annual OSH reports.
- Active support for OSH and wellbeing initiatives.

Consultation, communication and engagement

The Occupational Safety and Health Committee, which meets quarterly, comprises Safety and Health, and management representatives. The Committee receives information about all reported hazards and incidents, with a view to ensuring relevant control actions are considered and actioned where appropriate.

Safety and Health representatives are available at all the Department's work locations and are actively involved in undertaking quarterly workplace safety inspections, as well as providing an employee consulting service, complementing regular articles published on the Department's intranet regarding health and safety matters.

Injury management

Early intervention regarding injury management is a continued focus for the Department. Managers and employees have this year been provided with in-house guidance and support for both work and non-work related illness/injury. Over the last year, a total of 49 employees were offered injury management assistance for both work related as well as non-work related injuries.

Injured employees have been provided opportunities to actively participate in rehabilitation programs in support of returning to meaningful work in a safe and sustained manner, at a pace recommended by their treating medical practitioner.

This year, the [Worksafe Plan assessment tool](#) was applied across the Department. Its application included the:

- Development of up-to-date emergency and evacuation, and other safety procedures for the Department's regional offices.
- Ongoing consultation on emerging health, safety and wellbeing issues with staff across the Department.
- Provision of up-to-date training on health and safety matters to all staff.
- Refining of the Hazard Incident and Issue Resolution process.

Public Sector Commissioner's Occupational Safety and Health performance requirements 2015-16

Indicator	2013-14	2014-15	2015-16	Target	Comment on result
Number of fatalities	0	0	0	0	Achieved
Lost time injury and/or disease incidence rate	0.17	0.16	0.28	At least 0 or 10% improvement on the previous two years.	There has been only one additional incident in comparison to last year. The significant rise in the lost time due to injury calculation is more reflective of the drop in the Department's full-time equivalent number.
Lost time injury and/or disease severity rate	0	100%	33%	At least 0 or 10% improvement on the previous two years.	There has been a marked decrease in employee time lost over injury and/or disease. Early intervention in providing assistance to employees to return to work is a contributing factor.
Percentage of injured workers returned to work:					
• within 13 weeks	100%	50%	67%	Actual result was 67%	
• within 26 weeks	N/A	100%	67%	Greater than or equal to 80%	All three employees have participated in return to work programs. Only one program is still ongoing.
Percentage of managers trained in occupational safety, health and injury management responsibilities	29%	39%	64%	Greater than or equal to 80%	The Department has an ongoing program in place to ensure managers and supervisors are up-to-date with relevant occupational safety, health and injury management responsibilities.

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 \(all parts other than Part 1A\)*](#)

[*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 \(all parts other than Parts 2 and 3\)*](#)

[*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 \(all parts other than Part 5, Division 2\)*](#)

[*National Gas Access \(WA\) Act 2009*](#)

[*State Energy Commission \(Validation\) Act 1978*](#)

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