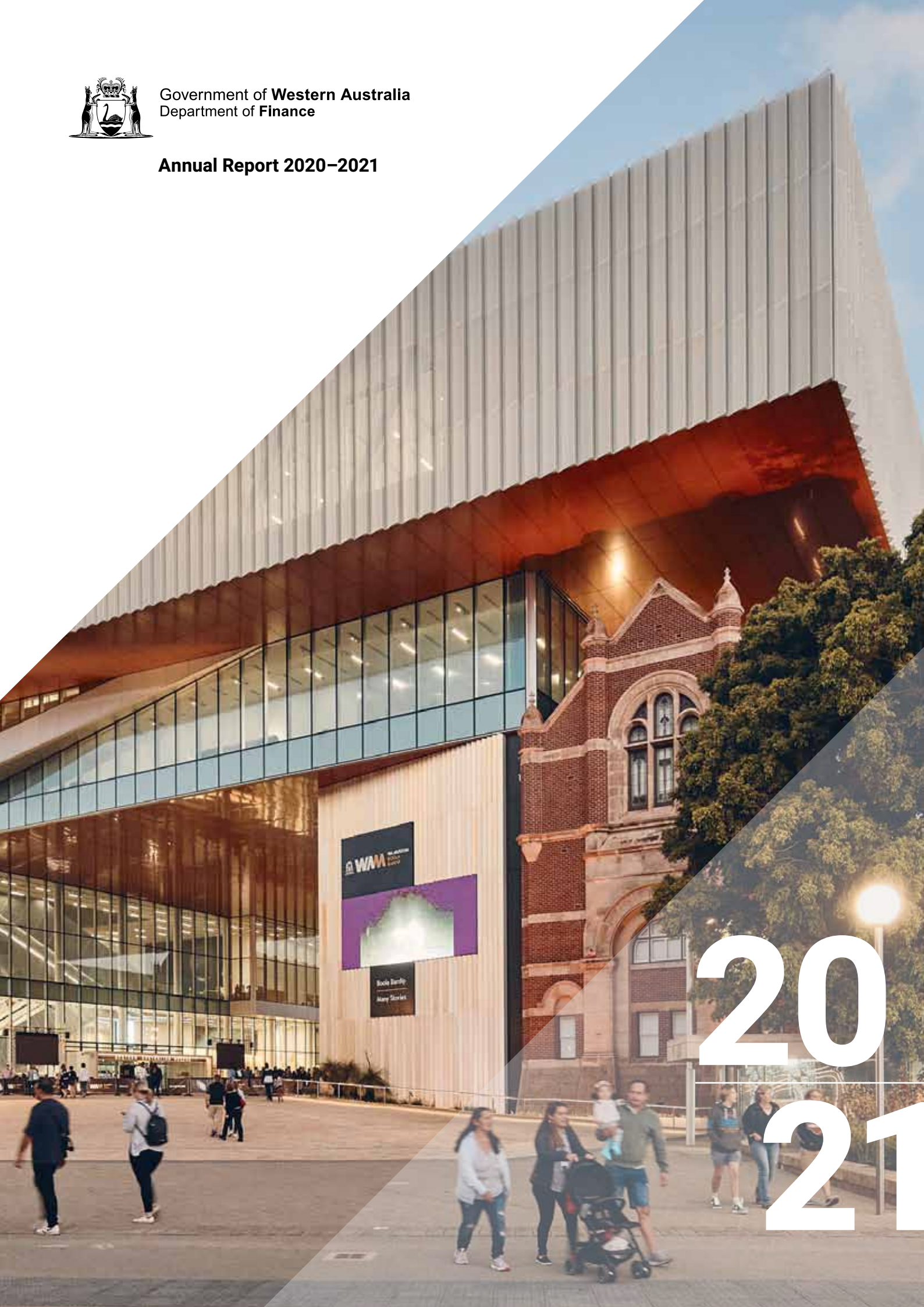




Government of **Western Australia**  
Department of **Finance**

## Annual Report 2020–2021





## Acknowledgment of Country

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

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## We encourage feedback

Email us so we can improve our Annual Report next year. Contact details for Finance are also listed on the back cover.

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Department of Finance Annual Report 2020–21

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**Cover image:** WA Museum Boola Bardip

©Peter Bennetts, courtesy Hassell+OMA.

**Inside cover image:** WA Museum

Boola Bardip veil view from Francis

Street. Photo Daryl Peroni.



# Statement of Compliance

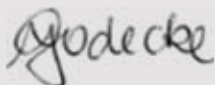
**For the year ended 30 June 2021**

**Hon Dr Tony Buti MLA**

**Minister for Finance; Lands; Sport and Recreation;  
Citizenship and Multicultural Interests**

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 reporting period ending 30 June 2021.

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



**Nicki Godecke**  
Director General  
27 August 2021

## About this Report

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Welcome to our 2020–21 Annual Report. The report outlines our operational, financial and business performance for the financial year.

### Key legislation

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

The Department also has responsibility for the administration of 23 Acts and collected taxes, duties and fees, and paid subsidies, grants and rebates during 2020–21 in accordance with legislation.

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# Overview

## Operational structure and governance

### Enabling legislation

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

### Responsible minister

The Department of Finance reports to the Hon Dr Tony Buti MLA, Minister for Finance.

### Legislation administered

The Department of Finance is responsible for the administration of the following Acts assigned to the portfolio of the Hon Dr Tony Buti MLA, Minister for Finance:

- ▶ *Betting Tax Act 2018*
- ▶ *Betting Tax Assessment Act 2018*
- ▶ *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*
- ▶ *Pay-roll Tax Relief (COVID-19 Response) Act 2020*
- ▶ *Procurement Act 2020*
- ▶ *Public Works Act 1902<sup>(a)</sup>*
- ▶ *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*
- ▶ *State Supply Commission Act 1991<sup>(b)</sup>*

(a) Part 1A of the *Public Works Act 1902* is administered by the Minister for Finance and principally assisted by the Western Australian Building Management Authority.

(b) *State Supply Commission Act 1991* was repealed as at 1 June 2021.



We've been integral to the State's recovery efforts over the past year which has been challenging for all Western Australians as the COVID-19 pandemic affects every facet of how we live and work.

## Message from the Director General

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The Department of Finance (Finance) is a central government agency that continues to provide strategic advice, leadership and cost-effective services to our customers.

We've been integral to the State's recovery efforts over the past year which has been challenging for all Western Australians as the COVID-19 pandemic affects every facet of how we live and work.

Finance continues to play a critical role in coordinating and implementing initiatives to stimulate the WA economy. Through the Infrastructure Delivery Unit, we oversee the delivery of the State's Asset Investment Program, including more than 1,400 projects totalling \$28.9 billion over four years.

We raised more than \$8 billion in taxation revenue on behalf of the WA Government and administered over \$133 million in Building Bonus grants under the State's \$444 million housing stimulus package. We also administered more than \$118 million under the Australian Government's HomeBuilder Grant program.

We've been the lead agency in procuring all non-clinical Personal Protective Equipment (PPE). We procured millions of disposable and reusable masks to ensure WA was prepared for a potential COVID-19 outbreak. During the five-day lockdown in January 2021, we led a team to distribute millions of masks and engaged with stakeholders to help protect vulnerable members of the community.

The ServiceWA trial commenced in Bunbury in October. This reform initiative aims to place citizens at the centre of service design and delivery. The face-to-face trial makes it easier for customers to connect with government by bringing together more than 80 services from five agencies in one location.

We've continued to lead a range of projects integral to government including the new Procurement Act as part of procurement reform. In addition, we have progressed complex proposals as part of the Market-led Proposals (MLP) policy.



The enactment of the *Procurement Act 2020* significantly reduces red tape, removes inconsistencies, and provides capacity to increase public confidence in government spending. The WA Government now has a more cohesive approach towards procurement, making it easier for small to medium sized businesses to work with the sector.

The MLP Policy provides an innovative opportunity for government to engage with the private sector, creating jobs and stimulating the economy. In the past year, we assessed more than 30 MLPs and, in support of the State's COVID-19 recovery, managed the release of seven Problem and Opportunity Statements (POS) which seek innovative solutions from the private sector to support outcomes for Western Australians.

Finance continues to manage office accommodation. We relocated approximately 2,000 public servants into contemporary workplaces. In addition, commercial lease terms were agreed for a new office building in the Parliamentary Precinct in West Perth which will house parliamentary functions from 2023–24.

We're pleased to see the Aboriginal Procurement Policy (APP) continuing to have a positive impact. Since its introduction in July 2018, the APP has supported growth in the Aboriginal business sector by awarding more than 533 contracts worth more than \$379 million to Aboriginal businesses.

Western Australia's world-class facility, the \$400 million WA Museum Boola Bardip, was officially opened on 21 November 2020. Since opening, the Finance-delivered project has attracted around 500,000 visitors and has won several building excellence awards.

We also delivered six new primary schools for the Department of Education plus major upgrades and additions to six secondary schools in time for the 2021 school year. Valued at more than \$198 million, these projects were all delivered on time and on budget.

We also helped Education deliver a two-year, \$197.5 million high priority maintenance and minor works program across 789 public schools throughout the State.

The Minister for Education applauded Finance for our swift action following Cyclone Seroja. On behalf of Education, Finance conducted site inspections on 46 impacted schools to assess the extent of the damage, the actions required to repatriate, and the timelines for the reopening of each school. We rectified the issues at all but two of the sites ensuring that they could open for the start of term the week after the cyclone.

Internally, our One Finance organisational project is reaching its conclusion and central to this transformation is focusing on our people, customers, and values.

I'd like to thank Jodi Cant for her stewardship as Director General over the past year. I look forward to the year ahead, confident in the knowledge that we'll continue to lead the delivery of high-quality services and outcomes for the WA Government and community while staying true to our values.

**Nicki Godecke**  
Director General



## Year in review

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In 2020–21 we delivered practical, cost-effective and quality outcomes across Western Australia.



**\$38.6m+**

in contracts awarded to Aboriginal businesses across the State Government from 1 July–31 December 2020.



**\$20m**

approximate value of additional realised savings as part of the Government Office Accommodation Reform Program.



**95%**

customer satisfaction with the in-centre experience at the Bunbury ServiceWA trial centre.



**\$267.7m**

approximate savings through Common Use Arrangements.



**\$597m+**

worth of grants administered by RevenueWA.



**1 June**

WA Procurement Framework introduced.



**5.3m**

masks distributed during the COVID-19 lockdown in January 2021.



**507**

contracts valued at \$293.4 million were awarded for WA Recovery Plan projects including 85 building contracts valued at \$221.2 million.



**\$197.5m**

value of the high priority maintenance and minor works program that Finance assisted Education deliver across 789 WA public schools.

# Organisational structure

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## Mission

Our mission is driving practical, cost-effective and quality outcomes across government to benefit Western Australians. We deliver this via three specific ongoing objectives:

1. placing customers at the centre of all we do
2. being outcomes focused, collaborative, innovative and values-led
3. becoming the best place to work with engaged, inspired and proud staff.

## Values

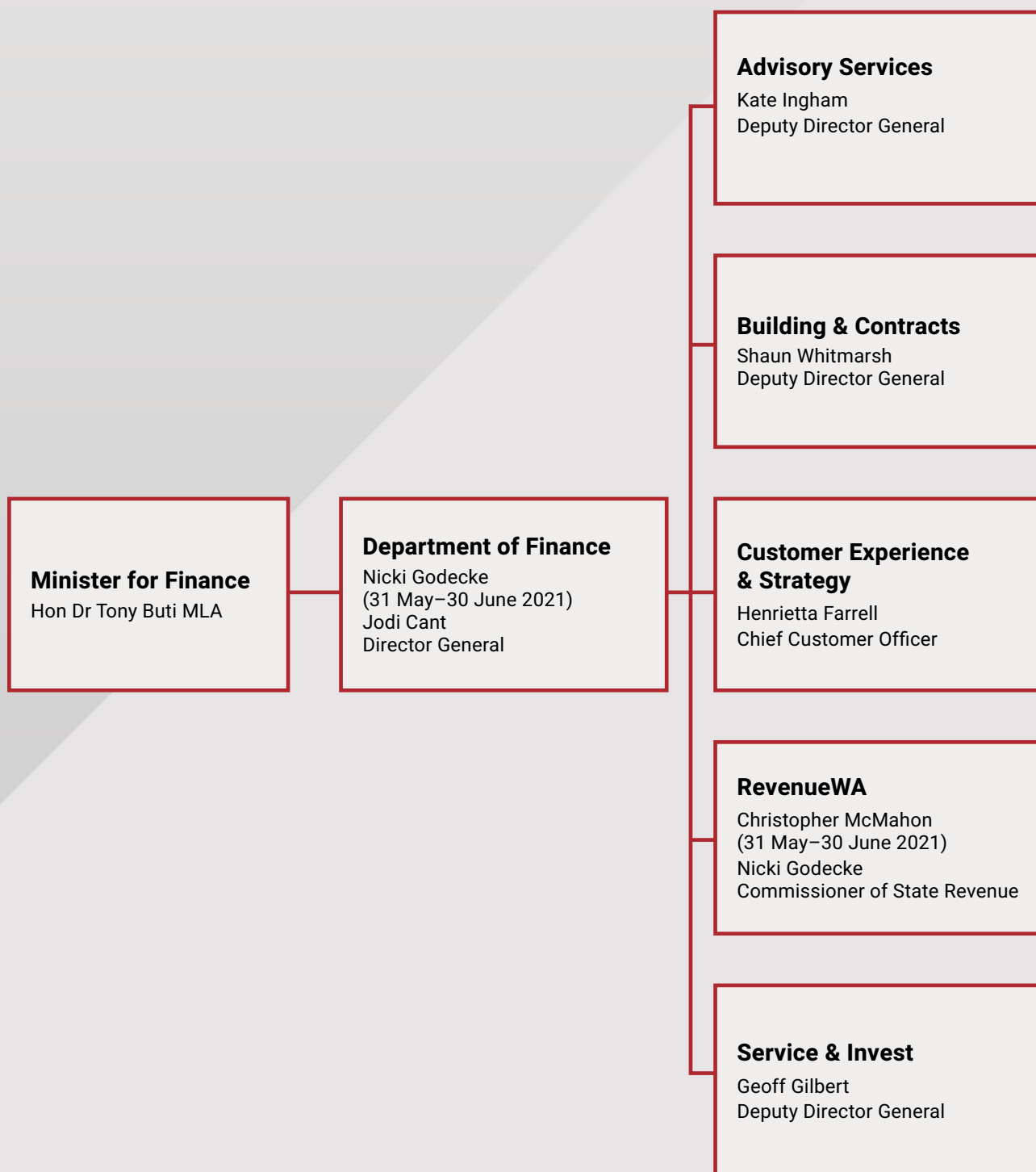
There's a continued focus on our values; delivering services in a way that is:

- ▶ bold and innovative
- ▶ inspiring and influential
- ▶ passionate and committed
- ▶ honest and respectful.





# Organisational chart



## What we do

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# Advise

We're a strategic advisor to the WA Government and associated government departments and agencies. We provide advice on reform projects, project and asset management, procurement, and policy.

# Build

We deliver major non-residential building projects including schools, health facilities, fire stations, and prisons. We also manage government office accommodation, delivering fit for purpose solutions that drive efficiencies and savings.

# Buy

We lead government procurement. We utilise strong buying power to secure products and services for government, delivering value for money outcomes to WA taxpayers.

# Collect

We collect revenue on behalf of Government and administer the payments of grants and subsidies to the WA community.



# Performance management framework

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## Relationship to government goals

Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes.

The table on the following page illustrates the relationship between the agency's services and desired outcomes, and the government goal it contributes to.

The key effectiveness indicators measure the extent of impact of the delivery of services on the achievement of desired outcomes.

The key efficiency indicators monitor the relationship between the services delivered and the resources used to produce the service.

## Changes to the outcome-based management framework

Finance's outcomes-based management framework did not change during 2020–21.

## 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 government on initiatives to improve the operations and management of services across the public sector.

Government goals	Desired outcomes	Services
<b>Sustainable Finances</b> Responsible financial management and better service delivery.	Due and payable revenue is collected and eligible grants, subsidies and rebates paid.	1. Revenue assessment and collection, and grants and subsidies administration.
	Value for money from public sector procurement.	2. Development and management of Common Use Contract Arrangements, State Fleet leasing and disposal, and providing facilitation service for agency specific contracts.
	Efficient and effective corporate services to client agencies.	3. Corporate services to client agencies.
	Value for money from the management of the Government's non-residential buildings and public works.	4. Leads the management of government buildings including planning, project delivery, and maintenance thereof.

## Summary of Key Performance Indicators Page 51-55

## Details of Key Performance Indicators Page 132-147



# Agency Performance

## Responding to COVID-19

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**We played a critical role in coordinating and implementing the State's initiatives and managing other stimulus measures.**

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We provided strategic advice and were able to pivot effectively in a challenging COVID-19 environment.



# Administering Building Bonus and HomeBuilder grants

In June 2020, the WA Government announced a \$444 million housing stimulus package to boost WA's COVID-19 economic recovery and support the residential construction sector.

A \$20,000 Building Bonus grant was available to eligible applicants who entered into a building contract or purchased an off-the-plan home in a single-tier development from 4 June to 31 December 2020.

Simultaneously, the Australian Government announced a \$25,000 HomeBuilder grant, that we also administered, for owner-occupiers who built a home, substantially renovated their home or purchased a new home off-the-plan. The grant was available to applicants who entered into a contract from 4 June to

31 December 2020. A \$15,000 HomeBuilder grant was available for contracts signed between 1 January and 31 March 2021.

Most applicants applied for both the State Building Bonus and Australian Government HomeBuilder grant.

At 30 June 2021, the Building Bonus grant received more than 25,000 applications. Of those, 6,664 were paid totalling more than \$133 million.

The following table specifies the number of grant applications received, paid and current applications on-hand where foundations have been laid to qualify for payment as at 30 June 2021.

Grant type	Applications received	Applications with advice of foundation laid	Applications paid	Total amount paid \$
Building Bonus	25,683	3,939	6,664	133,280,000
HomeBuilder	21,598	2,955	4,755	118,875,000



## 45,000+

building grant applications received.

## Helping regions recover

Finance led the coordination of the regional component of the WA Government's \$5.5 billion recovery plan. The WA Recovery Plan stimulated WA's economy after the impacts of the COVID-19 pandemic by creating jobs, providing opportunities for trainees and apprentices, helping businesses return to productivity, and bringing prosperity and wellbeing back to the State.

Throughout 2020–21, 59 WA Recovery Plan projects were committed to regional areas of Western Australia worth \$482.6 million. These include:

- ▶ ten in the South-West
- ▶ five in Great Southern
- ▶ five in the Goldfields-Esperance
- ▶ five in Peel
- ▶ nine in the Wheatbelt
- ▶ eight in the Mid-West
- ▶ one in the Gascoyne
- ▶ eight in the Pilbara
- ▶ eight in the Kimberley.



# \$482.6m

WA Recovery Plan projects committed to regional areas of WA throughout 2020–2021.

### Key regional projects include:

#### South-West

- ▶ Bunbury Regional Hospital (\$200.1 million)
- ▶ Albany TAFE Trade Workshop (\$17 million)
- ▶ Australind Senior High School (\$15 million)

#### Kimberley and Pilbara

- ▶ Roebourne District High School & TAFE (\$42 million)
- ▶ Pundulmurra Trade Expansion (South Hedland) (\$27 million)
- ▶ Karratha Senior High School (\$23.5 million)

#### Goldfields-Esperance

- ▶ Kalgoorlie TAFE Heavy Plant – Engineering Trades Workshop (\$10 million)
- ▶ Kalgoorlie Core Library Expansion (\$7 million).

In 2020–21, Finance awarded 507 contracts valued at \$293.4 million for WA Recovery Plan projects, including 85 building contracts valued at \$221.2 million. Of this, 167 contracts valued at \$55 million were awarded for regional WA Recovery Plan projects, including 39 building contracts valued at \$35.8 million.

Finance worked with other agencies to coordinate delivery of the stimulus project of works within the regions to create a sustainable pipeline of employment. We also delivered industry briefings in regional areas where projects were being undertaken to encourage the participation of local subcontractors and builders. Most recently we hosted sessions in Broome, Peel, Bunbury and Karratha for emerging school and TAFE projects.





## Collaborating and procuring PPE for WA

Throughout the COVID-19 pandemic, we've been the lead agency to procure all non-clinical PPE ensuring WA was prepared for a potential outbreak. We acquired 8.4 million disposable masks and 3.2 million reusable masks across the year.

During and beyond the various lockdowns, Western Australians were required to wear face masks outside of their homes. In the January lockdown, we led a team who distributed masks, coordinated volunteers and engaged stakeholders to help protect vulnerable people, the community services sector, essential public servants, and the WA community.

All masks were procured from a whole-of-government contracted supplier, as well as a registered Aboriginal business, and were distributed to the public and community services sectors via the suppliers and public servants.

Over one week in January, more than five million disposable masks and 343,000 reusable masks were distributed to more than 500 community organisations, supermarkets, pharmacies, and retail outlets. This included

nearly 1.1 million masks to regional district emergency centres in preparation for a potential community transmission event, and more than three million masks to essential community service providers in cooperation with the Department of Communities and the Mental Health Commission.

More than 732,600 disposable and reusable masks were distributed to public and private schools in preparation for the beginning of the school year.

From the early days of the pandemic, we established a weekly data collection process and developed an interactive business intelligence dashboard to track and monitor the quantity, location, and estimated consumption requirements for masks and other critical PPE in metropolitan and regional locations.

To ensure supply to areas of greatest need, a daily summary of the mask distribution and stock was provided to the Public Sector Mask Steering Group. This enabled clear and concise reporting to the State Disaster Council and the State Emergency Coordinator's Directorate.

## Market-led proposals stimulating WA's economy

Problem and Opportunity Statements (POS) are a flexible mechanism within the MLP Policy that allow government to provide a specific problem or opportunity to the market, inviting industry to respond with innovative solutions.

Seven POS were released in August 2020 with a streamlined assessment process to support the State's COVID-19 recovery. The Statements cover a range of issues across various sectors, including:

- ▶ optimising use of the Landgate building at 1 Midland Square and Landgate's future office accommodation in Midland
- ▶ developing and operating a screen production facility including a studio and related facilities. The facility will allow for an increase in WA screen production, providing increased screen output, addressing the loss of potential productions to other jurisdictions, and providing significant economic impact.

Throughout the year, these Statements progressed to the third and final stage of the MLP process.

Under the Landgate building proposal, the building will be sold to Georgiou Capital with the State receiving the proceeds from the sale. The proponent intends to undertake an extensive building refurbishment, creating new jobs across a range of industries including construction, design, and engineering, and prioritising the use of local businesses, where possible.

Negotiations are underway with Home Fire Creative Industries Pty Ltd for the construction of a screen production facility and for the future operation of the facility at the proposed site at Victoria Quay in the City of Fremantle. As part of Stage 3 of the MLP process, further due diligence will be completed on the proposed site in partnership with the Fremantle Port Authority.



Image: Department of Planning, Lands and Heritage activity-based work office fit-out ©Evolve.

## New ways of working in new spaces

The recent response by the sector to COVID-19 has demonstrated that staff can largely work from anywhere when supported by technology. When faced with a pandemic, nearly all agencies promptly transitioned to an agile workforce, showing a capacity to accept and adopt

change. We've worked with agencies through the COVID-19 pandemic by providing office accommodation to suit COVID-19 project teams, increasing cleaning requirements and aligning building access and facilities in accordance with the State's COVID-19 regulations.

When faced with a pandemic, nearly all agencies promptly transitioned to an agile workforce, showing a capacity to accept and adopt change.



## Helping businesses recover

Relief measures were introduced in 2020–21 to support businesses impacted by COVID-19.

Late payment penalty tax and interest on tax payment arrangements were waived for taxpayers from 24 March 2020 until 31 August 2020 where they demonstrated that COVID-19 was impacting their ability to pay tax on time.

On 16 March 2020, the WA Government announced that the payroll tax threshold increase was being brought forward from 1 January 2021 to 1 July 2020. The threshold increase, which rose from \$950,000 to \$1 million, resulted in approximately 300 additional businesses no longer being liable for payroll tax.

A one-off payroll tax grant of \$17,500 was provided to employers, or groups of employers, who pay payroll tax and whose annual Australian taxable wages are between \$1 million and \$4 million. More than 6,000 grants have been paid to eligible businesses at a cost of \$106.5 million.

Under the Australian Government's original JobKeeper scheme, employers were able to claim a fortnightly payment per eligible employee from 30 March 2020 to 28 March 2021. Wages subsidised by these payments were exempt from payroll tax under the *Pay-roll Tax Relief (COVID-19 Response) Act 2020*. Wages subsidised by the Australian Government's Boosting Apprenticeships Commencements scheme between 5 October 2020 and 30 September 2021 are also exempt under the *Pay-roll Tax Relief (COVID-19 Response) Act 2020*.



# 6,000+

grants have been paid to eligible businesses at a cost of \$106.5 million.

# Issuing electricity credits

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## **\$600 household electricity credit**

On 4 October 2020, the WA Government announced a one-off credit of \$600 would be made to offset the cost of electricity at all residential households as an economic support as part of the WA Recovery Plan.

Finance administered the payment of the credit to customers on embedded networks or sub-metered properties, and people registered for the Energy Concession Extensions Scheme (ECES) who did not receive an energy account directly from Synergy or Horizon Power. We issued 5,694 payments automatically to ECES customers in December 2020.

From 21 December 2020, households not directly billed by Synergy or Horizon Power and weren't ECES customers, were eligible to apply to RevenueWA for a \$600 payment. Applications closed on 31 March 2021. 12,441 applications were received and all payments were made by 30 June 2021.

## **\$500 small business and charity electricity credit**

On 5 February 2021, the WA Government announced a \$500 small business and charity electricity credit in response to the five-day mandatory lockdown in the Perth, Peel and South-West regions.

Small businesses and charities on an eligible tariff as at 2 February 2021 received a \$500 credit to their Synergy or Horizon Power account during February 2021.

Applications for small businesses and charities not directly billed by Synergy or Horizon Power opened on 14 June 2021. This included small businesses and charities on embedded network arrangements, sub-metered properties, and businesses billed by alternative energy retailers.

Applications opened on 14 June 2021 and will close on 30 September 2021.

The WA Government announced a one-off credit of \$600 would be made to offset the cost of electricity at all residential households as an economic support as part of the WA Recovery Plan.

# Advise

---

**Finance is central in providing advice on government reform projects, project and asset management, procurement, and policy.**

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We've made significant achievements throughout 2020–21 in the areas of procurement, Market-led Proposals and ServiceWA.





# Reforming procurement

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We led a cross-government procurement reform project, bringing together goods, services and works procurement, and reducing red-tape to make it easier for small to medium enterprises to do business with government.

The reform responded to recommendations in the Service Priority Review and Special Inquiry into Government Programs and Projects. These reviews found the previous procurement framework was fragmented and difficult for government and industry to navigate.

We undertook extensive consultation with government agencies and industry before introducing the Western Australian Procurement Framework on 1 June 2021. Supported by the *Procurement Act 2020*, the Framework makes the WA Government's procurement landscape simpler by bringing together all procurement types under one piece of legislation. It enabled us to implement the Western Australian Procurement Rules, establish consistent whole-of-government procurement policies, and introduce simpler

quotation documents for low value goods, services and maintenance works purchases. We're also working towards simplifying more procurement templates to make it even easier to do business with Government.

The Framework is also supported by the Western Australian Social Procurement Framework, which prioritises government's social, economic and environmental policies. A renewed focus on community-based outcomes will stimulate job and contract opportunities, while also supporting WA's regions and improving engagement with Aboriginal businesses.

In the coming year, work will continue on a debarment regime. The regime will establish grounds, processes and governance to ensure government does business with responsible suppliers and aims to improve business practices by creating a competitive market of suppliers to deliver important services to our community.



Image: Solsan hand sanitiser unit, courtesy of Matrix Composite & Engineering.

## Collaborating with industry through MLPs

---

The Market-led Proposals (MLP) policy provides an innovative opportunity for government to work with the private sector to create jobs and stimulate WA's economy.

Since the Policy was launched in April 2019, we have assessed 58 proposals from a diverse range of industries. During 2020–21, we assessed more than 30 proposals and finalised the first process under the Policy.

The successful proposal was for a pilot for a locally manufactured Solsan commercial hand sanitiser dispenser to be used in high volume public locations.

State funding of \$1.5 million facilitated the development of a prototype by Henderson-based company Matrix Composite and Engineering. Ten trial dispensers will be installed in public locations, including regional sites and at Optus Stadium. The proposal has boosted local employment, with six new jobs created in the trial phase and an estimated 210 jobs to be created by commercialisation.

The proposal will now be assessed for the units' effectiveness in supporting improved public health outcomes.

About the artist: Kevin Bynder was commissioned to design the artwork '6 Nuyungar Seasons' for the Solsan project. Kevin Bynder was born in Perth in 1975 to a Whadjuk-Yuet Nyungar Mother and a Widi-Badimia Yamatji Father.

6 Seasons are what Kevin Bynder's ancestors lived by. With these seasons they would travel with the seasons to find food, shelter and tell stories. They have survived 60,000+ years because of this. The artwork depicts the rich history of our community and the collective responsibility we have in embracing and sharing the stories of those that come before us.





About the artwork: This painting is a representation of the Aboriginal Procurement Policy. It tells a story about setting targets for the number of WA Government contracts awarded to Aboriginal businesses and seeking to develop entrepreneurship and business opportunities for the Aboriginal community. The artwork was commissioned by the Department of Finance and created by YirraKurl. YirraKurl is a family-owned business operated by Aboriginal artists Deborah Newenham-Coertse and Mellissa Spillman (mother and daughter).



# Supporting Aboriginal business growth

The Aboriginal Procurement Policy (APP) continues to have a positive impact in WA since being introduced in July 2018.

The APP has supported growth in the Aboriginal business sector by awarding more than 533 contracts worth more than \$379 million to Aboriginal businesses during the first 30 months of the Policy's application (1 July 2018–30 December 2020). Regional businesses have shown strong success, winning 58 per cent of the 533 contracts awarded to Aboriginal businesses.

For the period 1 July–31 December 2020, 120 contracts were awarded across the State Government to 62 registered Aboriginal businesses, totalling more than \$38.6 million in value.

Finance undertook a review of the APP this past financial year to assess the impact of the Policy in supporting entrepreneurship and growth of the Aboriginal business sector, and in driving behavioural change in government contracting.

The review found the APP had a positive impact and recommended an extension for a new term from 1 July 2021 and increases to the contracting targets. It's also successfully driven behavioural change in government contracting with 175 different Aboriginal businesses across WA securing contracts. Aboriginal businesses have been particularly successful at winning works contracts and have also been awarded contracts in the human resources, management advisory, cleaning, and community services sectors.



Image: Emily Bulbeck, Elysia Washer, Melanie Walters and Jodi Cant accepting the IPAA WA Gold Achievement Award for Best Practice in Collaboration Between Government and Any Other Organisations.

In light of the Policy's success, targets will be progressively increased over the next three years, providing more opportunities to Aboriginal businesses. The targets for the next three years will move progressively from three per cent in year four, to 3.5 per cent in year five, and four per cent by the end of year six.

We're also exploring additional ways to support the Aboriginal business sector and government to further improve upon the positive results realised through the APP.

Over the full financial year, Finance awarded 10 contracts to Aboriginal businesses for our requirements, and a further 72 contracts on behalf of client agencies.

In December 2020, we also received the Institute of Public Administration Australia's WA Gold Achievement Award for Best Practice in Collaboration Between Government and Any Other Organisations for our work with the APP.

# Leading ServiceWA - the first step towards a one-stop-shop for government services

Finance is the lead agency for ServiceWA, a public sector reform initiative placing citizens at the centre of service design and delivery.

The trial ServiceWA centre opened in Bunbury in October 2020, bringing together more than 80 common transactions from five agencies under one roof. The trial opening represents extensive collaboration between the Departments of Finance, Transport, Communities, Primary Industries and Regional Development, Justice, Premier and Cabinet, and the Western Australia Police Force.

Data collected in-centre and findings from independent customer research demonstrated strong support for the trial.

Ninety per cent of customers strongly agreed that a one-stop-shop for State Government services would be useful; more ServiceWA centres should be set up across WA; and service centres should be combined to make it easier to connect with the State Government.

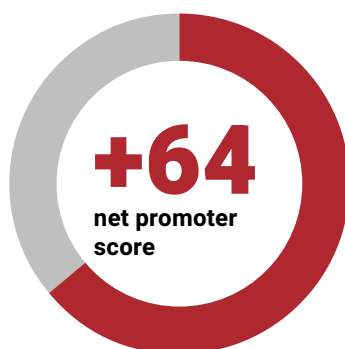
Established primarily as a learning opportunity, the trial is helping inform the future of the WA Government's service design and delivery. The trial has:

- ▶ demonstrated the feasibility of bringing services together from multiple agencies as part of a citizen-centric design that best meets customer needs
- ▶ validated the desirability of a one-government service model
- ▶ helped determine the investment needed to scale operations to other sites.

As part of ServiceWA, we've also established a Digital Transformation program of work in partnership with the Office of Digital Government, aiming to produce whole-of-government capabilities, including digital identities (for individuals and businesses), and a Self-Service Portal to help agencies bring their services online.



Customers extremely satisfied with their in-centre experience.



Likelihood to recommend is very strong in line with satisfaction.



Customer needs are being met, describing the experience as a centre of excellence.

# Build

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**Finance is project managing a \$2.6 billion non-residential building program on behalf of other government agencies.**

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This program of works is being delivered over the next three financial years to 30 June 2024.





Image: WA Museum Boola Bardip  
©Michael Haluwana, Aeroture.



Throughout 2020–21, Finance completed and handed over 135 non-residential community building facilities to the client agencies within government. These projects had a total project value of \$960 million and some key projects are highlighted throughout the report.

Finance also actioned more than 236,000 maintenance requests across more than 2,200 non-residential government sites state-wide. The timely delivery of these services helped ensure the ongoing and effective operation of important community facilities, such as schools and police stations.

## Celebrating new WA Museum Boola Bardip

Western Australia's new premier cultural institution, the \$400 million WA Museum Boola Bardip, was delivered on budget and on time in November 2020.

The world-class facility was officially opened by WA Premier Mark McGowan on 21 November 2020. It's already received several building excellence awards, including

three awards at the WA Master Builders Bankwest Excellence in Construction Awards 2020:

- ▶ Best Government Building over \$100 million
- ▶ Best Historic Restoration or Renovation over \$100 million
- ▶ Best Public Use Building over \$100 million.



Image: WA Museum Boola Bardip at night ©Michael Haluwana, Aeroture.



Image: Aveley Secondary College, courtesy of Badge Perkins Joint Venture.



Image: Pine View Primary School, courtesy of Oldfield Knott Architects.

## Opening new schools

We delivered six new primary schools, and additions to six secondary schools for the 2021 school year. These projects were all delivered on time and on budget, with a total value in excess of \$198 million.

The six primary schools are:

- ▶ Brabham Primary School (\$19.1 million)
- ▶ Pine View Primary School (\$17.05 million)
- ▶ Yanchep Rise Primary School (\$16.6 million)
- ▶ Yarralinka Primary School - Stage 1 (\$7.15 million)
- ▶ Yanchep Lagoon Primary School (\$15.2 million)
- ▶ North Harrisdale Primary School (\$18.94 million).

The six senior high school upgrades delivered to meet the 2021 school year are:

- ▶ Broome Senior High School - new facilities (\$19.33 million)
- ▶ Balcatta Senior High School redevelopment - new buildings (\$50 million)

- ▶ Darling Range Sports College - refurbishments (\$10.28 million)
- ▶ North Albany Senior High School and Albany Secondary Education Support Centre - some new classroom blocks and refurbishments (\$10.8 million)
- ▶ Yanchep Secondary College - Stage 2 (\$13.7 million)
- ▶ Aveley Secondary College - Stage 2 delivered through the WA Schools Public Private Partnership.



# \$198m+

combined value of projects that delivered six new primary schools and additions to six new secondary schools for the 2021 school year.



## Helping deliver maintenance stimulus program

We assisted the Department of Education to deliver a two-year \$197.5 million high priority maintenance and minor works program across 789 WA public schools.

The program included a targeted maintenance package involving roof replacements, classroom and playground refurbishments, shade structures, and capital works projects comprising upgrades to existing administration buildings, design and technology rooms, and the construction of new transportable buildings.

As part of the program, more than 2,800 targeted maintenance jobs and 44 capital works projects were completed at schools across WA. This is a significant achievement in terms of economic stimulus outcomes, with 98 per cent of the budget spent within the target timeframe and a greater scope of work delivered than originally planned.

Additionally, these stimulus works saw Finance engage with Aboriginal businesses to deliver the works. Contracts ranged from smaller values to contracts well over \$1 million. Examples include:

- ▶ Marawar Pty Ltd for the roof replacement at Brookton District High School worth \$305,030
- ▶ Ngaanyatjarra Services for resurfacing basketball courts and installing a shade structure and play equipment at Warakurna School in the Esperance-Goldfields region, a contract worth \$1.1 million
- ▶ Jackson Asphalt for the Boyup Brook District High School carpark resurfacing works worth \$188,000.

## Improving science facilities in schools

Finance completed works valued at \$2.9 million across 33 metropolitan and 17 regional schools as part of the four-year Science in Schools program which is now complete.

In its entirety, the program aimed to convert existing classrooms at up to 200 schools

across the state into science laboratories to offer students hands-on, high-quality science lessons by 2021. Works at all nominated schools, including three projects delivered through the Public Private Partnership, have been finalised.



Image: Bushfire Centre of Excellence, courtesy of Perkins Builders.

## Bushfire Centre of Excellence - Karla Katitjin

Establishing the new \$11 million Bushfire Centre of Excellence in Nambeelup in the Shire of Murray was a key recommendation of the *Special Inquiry into the January 2016 Waroona Fire* (Ferguson Inquiry).

Named Karla Katitjin, meaning 'fire knowledge' in Noongar, the Centre is the first of its kind in Australia and was officially opened by the WA Premier and then Minister for Emergency Services on 25 January 2021. The local Bindjareb Noongar community was closely involved in the design of the new building and contributed to the artwork, as well as providing the name.

The Centre provides enhanced training for bushfire management and response, comprising of a 1,500 square metre single-storey administration and training facility wing, as well as an outside compound yard and sealed

park for visitors and staff.

Bunbury-based company Perkins Builders was awarded the contract, employing approximately 117 people, with more than half of the work carried out by regional contractors.

The centre has specialist indoor and outdoor training facilities, collaboration spaces, and an interpretive learning centre to help the community better understand bushfires.

The local Bindjareb Noongar community was closely involved in the design of the new building and contributed to the artwork, as well as providing the name.

## Opening Cockburn Career Fire and Rescue Station

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The new \$11 million state-of-the-art, purpose-built fire station for Cockburn was officially opened in January 2021, featuring three fire-fighting appliance bays, improved training facilities, and future expansion capacity to accommodate population growth and a changing urban landscape.

The station on North Lake Road is the new home for firefighters from Success Career Fire and Rescue Service who are now known as Cockburn CFRS.

Cockburn CFRS crews were involved in the design of the fire station which was funded through the Emergency Services Levy and built by EMCO Building.



Image: Cockburn Career Fire and Rescue Station, courtesy of TAG Architects and photographer Douglas Mark Black.

## Opening Kensington Fire Station

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The new \$8 million Kensington Fire Station was officially opened in January 2021, replacing an existing fire station and greatly enhancing the capacity of local emergency services south of Perth's CBD.

The station was designed with the flexibility to accommodate new incident response appliances that provide a more contemporary emergency response capability.

The contract to build the facility was awarded to McCorkell Constructions (WA) Pty Ltd in January 2020, and included building two fire-fighting appliance bays, an administration block, eight-bed dormitory modules, a training area and training tower, as well as covered and secure parking.



Image: Kensington Fire Station, courtesy of HardHat Media.





Image: Koolinup Emergency Services Centre, courtesy of Oldfield Knott Architects.

## Constructing Koolinup Emergency Services Centre

The new \$12.9 million Koolinup Emergency Services Centre (previously Collie Multi-Purpose Bushfire Facility) in Collie will support career and volunteer emergency services in the South-West region.

It will include an incident control centre, emergency driver training school, and regional fleet maintenance and management services.

In August 2020, the construction contract was awarded to Bunbury-based Perkins Builders.

A staged construction approach has seen a staged handover of the warehouse facility in May 2021, with handover of the Incident Control Centre, workshop and remaining facility by July 2021.

## Expanding Casuarina Prison

Construction on the Casuarina Prison 512-bed expansion project was completed in late 2020. The \$96.6 million project included a dedicated alcohol and other drug treatment facility for men as part of the WA Government's methamphetamine action plan.

The WA Government has committed a further \$186 million in funding for Casuarina Prison expansion – Stage two, which will deliver 344 additional beds, increasing the total capacity of the prison to 1,782 beds by 2023.

## Completing Osborne Park Hospital Rehabilitation and Neonatal Nursery Project

The Osborne Park Hospital Rehabilitation and Neonatal Nursery Project was completed in May 2021, ahead of the initial scheduled date and within the project's \$24.9 million budget.

The state-of-the-art facility includes the addition of a new therapy hub, rehabilitation ward, maternity assessment unit, and neonatal nursery to improve rehabilitation services and

women's and newborn services provided by the hospital.

A new 16-bed rehabilitation unit has been built to house six existing stroke beds, as well as 10 additional new beds that will specialise in caring for a range of patients requiring rehabilitation in a contemporary environment.



Image: Osborne Park Hospital therapy garden ©Evolve.



Image: Osborne Park Hospital neonatal nursery ©Evolve.





Image: WA Water Police  
Jetty Construction.



## Replacing Water Police North Fremantle jetty

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The approximately \$3 million project, which forms part of the WA Recovery Plan, updates the ageing Water Police North Fremantle jetty and includes removal of the existing jetty structures, remedial works on the wharf structures, and construction of a new jetty facility.

Expected to be completed next financial year, the new structure will offer a contemporary design involving the installation of a new fixed jetty and pylons, floating pontoons and gangway, as well as electrical infrastructure, water points and fire services.



# \$3m

approximate value of the WA Water Police North Fremantle jetty project.

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Image: WA Water Police Jetty Construction.

# Realising savings and delivering for the future

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Finance manages approximately 540,000 square metres of office accommodation for around 30,000 public sector employees across the state. Our whole-of-government and portfolio approach to the planning, procurement and management of accommodation enables us to optimise accommodation needs and the use of existing leased and government owned office space to reduce overall accommodation expenditure.

Over the past year, we optimised existing portfolio space by consolidating the Department of Planning, Lands and Heritage into an activity-based work (ABW) model within Gordon Stephenson House, and the WA Police Force into existing portfolio office space. We delivered a value for money solution that enabled the Department of Primary Industries and Regional Development to relocate from the ageing Kensington site to a pre-fitted office building, providing the agency with a consolidated office building with a medium to long-term tenure.

Following the Government Office Accommodation Reform Program's success in achieving its savings target of \$145 million, we have since realised an approximate further \$20 million in savings, and achieved a total saving of \$8.6 million for own-source funded agencies. This was attained through negotiating more favourable lease terms, improving government's use of existing portfolio space through back-fill, and encouraging contemporary office layouts like ABW.

We have planned for the future by leasing office space in the Perth CBD to deliver a flexible workplace for Department of Communities, a 2021 program to secure office space for all newly and re-elected State Parliamentary electorate members, and principally agreed commercial terms to lease a privately developed and funded Parliamentary Precinct facility in West Perth.

We'll continue to expand on this success with further innovative workplaces being designed and planned across Perth.

## Leading strategic asset management

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Since early 2021, we've been focused on shaping our functional leadership role in strategic asset management.

We're working closely with a range of agencies, including the Department of Treasury, to ensure this initiative is fully aligned with the Government's Strategic Asset Management Framework.

It involves developing a suite of asset management principles, processes and

standards, aimed at extracting better value from government-owned non-residential building portfolio and improving asset management maturity and capabilities across the sector.

We intend to work with other building asset-owning agencies to implement the building asset management framework by providing guidance, support, education, and expertise.

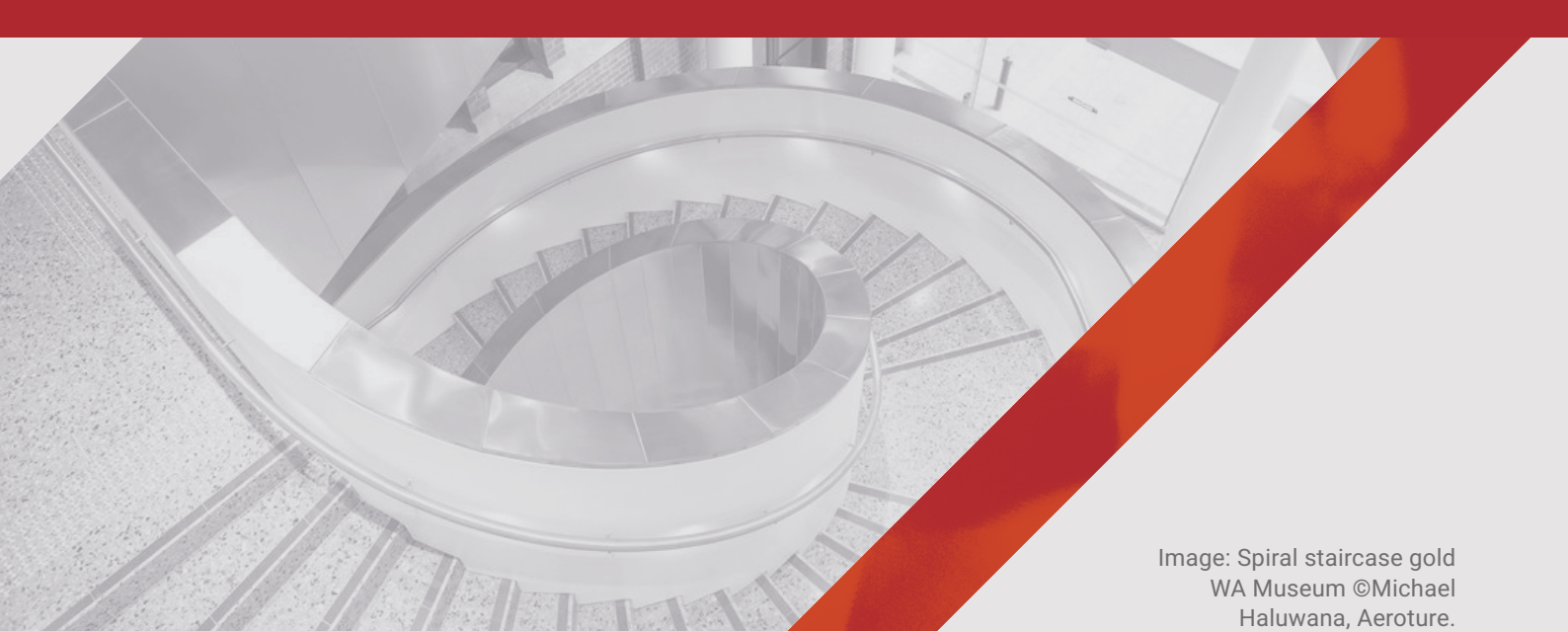


Image: Spiral staircase gold  
WA Museum ©Michael  
Haluwana, Aeroture.

# Buy

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**We're the functional leader in procurement, or 'buying', on behalf of government. Our central leadership role in driving innovation and value for money from public sector procurement consistently improves outcomes for the WA community.**

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We manage 36 whole-of-government Common Use Arrangements (CUAs) through which approximately \$1.1 billion expenditure is recorded annually. Value for money client satisfaction surveys across our procurement services last year achieved a combined total of 96 per cent satisfaction.

## Advising on procurement across government

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We're leading a project for the collaborative procurement of a State-Wide Crisis and Incidents Management System, which is supported by the State Emergency Management Committee and the Office of Digital Government (ODG).

A project advisory group that includes representatives from hazard management agencies, Water Corporation, Western Power, and St John Ambulance, has been established to support the procurement of a strategically aligned solution that's shared by all emergency management organisations.

This forms part of a broader innovative project which aims to identify opportunities for collaborative procurement. Aiming to deliver improved contract outcomes, collaborative procurement involves the coordinated buying of goods or services that are common to multiple agencies.

## Benefitting through CUAs

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Common Use Arrangements continued to harness the WA Government's buying power, achieving savings of approximately \$267.7 million during the 2020–21 year, reducing duplication and administrative costs for agencies.

They use well-established terms and conditions to mitigate financial, legal and reputational risk, and realise significant savings across government. They also support providing greater transparency of total WA Government expenditure on goods and services.



# \$267.7m

approximate savings realised through CUA purchasing.

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## Optimising CUAs with new intelligence tools

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We've focused on enhancing business intelligence tools this year to realise efficiencies and obtain enhanced data to make strategic decision.

The program of works to develop interactive business intelligence dashboards from data collected from CUA contracted suppliers and other sources continued. Our growing suite of interactive dashboards supports government to drive improvements in the quality, accuracy and timeliness of data collected. They enable agencies to benchmark data and facilitate enhanced contract management, evidence-informed tendering, negotiations and contract redevelopment.

An example of this is the automation of the Groceries CUA price catalogue periodic Consumer Price Index adjustments, which will significantly reduce the manual administration of the contract. Automation is now under consideration for application to other CUAs.

We've focused on enhancing business intelligence tools this year to realise efficiencies and obtain enhanced data to make strategic decision.

## Case Study: Amazon Web Services CUA

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We're continuing to drive innovation across government. In collaboration with the Office of Digital Government (ODG), we launched a new Amazon Web Services (AWS) public cloud CUA in 2020. It's the latest addition to our Information and Communications Technology (ICT) CUA portfolio that supports ODG's Digital WA Strategy by enabling agencies' transition from ICT infrastructure ownership to the consumption of cloud-based ICT services.

As WA's first multi-jurisdictional collaborative whole-of-government arrangement, the AWS CUA demonstrates major innovation in procurement. The AWS CUA leverages the Australian Government's AWS Whole-of-Government Agreement managed by the Digital Transformation Agency. This agreement is accessible by all federal, state and local government authorities, as well as other approved entities such as universities.

The AWS CUA procurement approach provides a baseline methodology for exploring opportunities to establish future multi-jurisdiction collaborative arrangements under the newly implemented *Procurement Act 2020* for common goods, services and works required by governments across Australia.



Image: Motor vehicles, courtesy of Pickles WA.

## State Fleet driving towards sustainability

The WA Government developed an Electric Vehicle Strategy to prepare for the transition to low and zero-emission electric vehicles and maximise the benefit to WA. We're proud to have continued involvement in the WA Electric Vehicle Working Group and the State Electric Vehicle Strategy. Efforts are now focused on collaborating with agencies in achieving a minimum 25 per cent electric vehicle target for all new light and small passenger, and small and medium SUV vehicles by 2025–26.

The increased adoption of electric vehicles will reduce greenhouse gas emissions, improve WA's urban air quality, and support the WA Government's commitment to a more sustainable transport energy for our future.

In December 2020, State Fleet procured 45,600 carbon offsets to offset the emissions of vehicles leased through State Fleet arrangements. The emissions offset program complements the WA Government's move towards more efficient vehicles with reduced fuel use and lower emissions.

## Buying local

Benefitting from our experience in procurement and building services, we've continued to support buying local in the past financial year.

We developed a Memorandum of Understanding with the Department of Jobs, Science, Tourism and Innovation (JTSI) to achieve standard arrangements for the sharing of information and Tenders WA data to better administer and report on the Buy Local Policy 2020.

The improved data and information enable JTSI to report on a range of aspects of the Policy, including the distribution of contracts by region, and the number and value of contracts in each region awarded to Perth and regional businesses.

# Collect

**Finance's RevenueWA raised taxation revenue in excess of \$8 billion on behalf of the WA Government and administered more than \$597 million in grants and subsidies.**

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Image: Department of Planning, Lands and Heritage activity-based work office fit-out ©Evolve.



## Advancing analytics

We delivered new technical infrastructure to support advanced analytics and machine learning capability to assist with compliance and revenue administration.

Our technology choice is Oracle Machine Learning for production-ready models and RStudio for exploratory analysis and prototyping. The analytics support us to better utilise existing information to generate data-driven intelligence and processes. An early prototype has generated new insights into first home owner grant applicants who may not have met the grant eligibility requirements and need further consideration.

These insights support compliance and customer engagement outcomes by allowing us to tailor communication and education initiatives to at-risk grant applicants before their residency period expires.

## Transforming conveyancing

Finance successfully delivered the E-conveyancing Transformation Project to integrate its systems with Landgate's platform to better support industry and realise the benefits of completing property settlements digitally.

The project was delivered in collaboration with Landgate as part of a broader digital transformation program. This included the development of a generic web service to support greater competition in the electronic conveyancing marketplace. The project also increased the number of supported digital transaction types.

We're undertaking further industry engagement and consultation with Landgate to work on establishing the legal operating framework.

## Off-the-plan duty rebate

On 23 October 2019, a rebate of duty was announced to promote investment in the WA residential multi-tiered apartment market and stimulate jobs in the construction industry, by providing a rebate of duty paid on eligible unit or apartment purchases.

The rebate amount is 75 per cent of the duty paid, capped at a maximum of \$50,000 for a

pre-construction contract, and \$25,000 for a contract under which construction has already commenced. Applicants can apply for the rebate after construction is completed and they are the registered owner of the home.

The following table specifies the number of rebate applications received and paid as at 30 June 2021.

	Applications received	Applications paid	Total amount paid \$
Pre-construction	11	8	130,559.22
Under construction	109	92	1,628,241.15

# Our People

**We're striving to be the best agency  
we can be now and into the future.**

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We focus on being a contemporary and dynamic department providing practical solutions and consciously working towards delivering excellent outcomes for our customers.

Our values-based culture is reflected in how we go about our business and in what we expect from ourselves.





## Structuring One Finance

We've completed the move to the new One Finance organisational structure, with our core values central to the change.

The One Finance Program has positioned us to be a high performing central agency with an agile and flexible workforce that's helping our customers achieve the outcomes they and government want.

It also establishes Finance as an agency able to better lead and support customers in the areas of procurement, asset management and project management.

The implementation of the interim structure at the beginning of the financial year allowed us to operate as One Finance while transitioning, and delivered results by identifying opportunities to reduce red-tape, duplication and complexity for our customers.

Finance's senior leadership followed the Corporate Executive in completing a Leadership in Finance program. The program is a key component of the transformation and supports Finance's objectives of being customer-centric, outcomes focused, and the best place to work.





Image: Noongar-led choir, Madjitil Moorna, who sang at NAIDOC Week.

## Supporting reconciliation

We registered our first Reconciliation Action Plan with Reconciliation WA in 2018. During the past financial year, we supported reconciliation by:

- ▶ engaging Kambarang Services to facilitate mandatory cultural awareness sessions for all staff
- ▶ establishing two parenting rooms, named Maawit, meaning 'baby' in Noongar
- ▶ celebrating NAIDOC Week 2020 with the Department of Training and Workforce Development, featuring a performance from Noongar-led choir, Madjitil Moorna, meaning 'magical sounds' in Noongar
- ▶ finalising the 'Innovate' Reconciliation Action Plan for 2021–23, due to be launched in November 2021
- ▶ commencing a project to rename our main office building with a Noongar name, in collaboration with a collective of Noongar Elders.



Image: 2021 Graduate cohort – Luke Potts, Maria Gesualdo, Jack Huang, Jasreet Mann, Sienna Samuels, Natalia Cvetkoski, Nams Passmore-Bush and Ryan Morich.

## Developing talent through our graduate program

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Since its inception in 2011, our Graduate Program has recruited more than 155 graduates with 106 remaining in the public sector.

In February 2021 we welcomed eight new graduates. During the program, they will rotate through several business areas, completing both technical and interpersonal training programs.



# 155

graduates recruited since 2011.

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## Recruiting trainees

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We participated in the Public Sector Traineeship Program and recruited four trainees in 2021. The trainees are undertaking a rotational program across Finance as part of working towards completing their Certificate II or III in Government.

## Mentoring across government

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We're continuing to drive collaboration across the public sector by leading the Interagency Mentoring Program. Now in its fifteenth year, the program supports networking and knowledge exchange across government. This year, the program has facilitated 130 matches across 15 agencies.

# Summary of Non-Financial Performance for 2020–21

## Outcome

Key effectiveness indicator	Unit	Target	Actual	Page
Debt as a percentage of revenue raised	%	1.08	0.74	135
Extent to which correct grants, subsidies and rebates are paid	%	100	100	135
Average annual vehicle net capital cost:				
Per passenger vehicle	\$	4,800	3,856	139
Per commercial vehicle	\$	5,000	3,738	139
Extent to which client agencies agree that their agency contracts and common use arrangements achieved value for money	%	92	96	139
Percentage of new building projects valued over \$5 million, delivered within the approved budget	%	100	100	145
Average office accommodation floor space per work point	m <sup>2</sup>	13.9	13.74	145



## Service

Key Efficiency Indicator	Unit	Target	Actual	Page
Average cost per tax or duty determination	\$	32.35	29.27	137
Average cost per grant or subsidy determination	\$	9.53	17.04	137
Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value	%	1.0	1.3	141
Average administrative cost per vehicle for financing and managing the State Fleet service	\$	114	122	141
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	%	1.0	0.9	141
Percentage of new building projects, valued over \$5 million, delivered within the approved timeframes	%	100	97	147
Percentage of high priority breakdown repairs completed within agreed timeframes	%	80	76	147
The costs of managing government buildings including the planning, project delivery and maintenance thereof, as a percentage of services delivered	\$	8.82	9.33	147

# Summary of Financial Performance for 2020–21

The Department of Finance 2020–21 estimated total cost of services allocation was approximately \$1.48 billion, funded largely through the charging of other government departments for building works, maintenance and leasing. The other key funding source is appropriation of \$0.22 billion.

The estimated \$1.48 billion in expenses primarily relates to building works across the whole-of-government (\$1.23 billion), employee expenses (\$0.12 billion) and depreciation (\$0.03 billion).

## Actual results versus estimate for 2020–2021

Actual results versus estimate	Estimate \$000	Actual \$000	Variance \$000	Reason for significant variation between actual and estimate
Total cost of services (expense limit)	1,484,536	1,362,382	122,154	Estimates are higher due to additional capacity provided for potential stimulus projects and lease estimates/extensions relating to AASB16
Net cost of services	1,465,814	1,337,788	128,026	Estimates are higher due to additional capacity provided for potential stimulus projects and lease estimates/extensions relating to AASB16
Total equity	1,153,521	1,202,607	49,086	Actuals are higher due to higher cash balance offset by reduced lease liabilities
Net increase/ (decrease) in cash held	13,120	78,082	64,962	Cash balances are higher as a result of State Fleet operations and lease incentives received
Approved salary expense level	107,453	107,694	(241)	
Agreed borrowing limit	57,794	58,771	977	
Working cash limit	68,541	61,880	6,661	The working cash limit is 5 per cent of recurrent payments (operating and financing)



## Cost of services for 2020–21

Services	Cost (\$) \$'000	%
Revenue assessment and collection, and grants and subsidies administration	67,752	4.91%
Development and management of Common Use Contract Arrangements, State Fleet leasing and disposal, and providing facilitation service for agency specific contracts	86,940	6.31%
Corporate services to client agencies	5,977	0.43%
Leads the management of government buildings including planning, project delivery, and maintenance thereof	1,217,809	88.34%

# Certification of Financial Statements

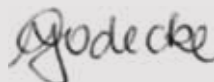
**For the reporting period ended 30 June 2021**

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 reporting period ended 30 June 2021 and the financial position as at 30 June 2021.

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



**Dominick Geraghty**  
Chief Finance Officer  
27 August 2021



**Nicki Godecke**  
Director General  
27 August 2021



## Auditor General

### INDEPENDENT AUDITOR'S OPINION

2021

Department of Finance

To the Parliament of Western Australia

## Report on the audit of the financial statements

### Opinion

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

- the Statement of Financial Position at 30 June 2021, and 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 for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information, including administered transactions and balances.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Department of Finance for the year ended 30 June 2021 and the financial position at the end of that period
- in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

### Basis for opinion

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

I am independent of the Department in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

## Responsibilities of the Director General for the financial statements

The Director General is responsible for:

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

In preparing the financial statements, the Director General is responsible for:

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

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

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

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

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

## Report on the audit of controls

### Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Department of Finance. The controls exercised by the Department 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 (the overall control objectives).

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

In my opinion, in all material respects, the controls exercised by the 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 2021.



## The Director General's responsibilities

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

## Auditor General's responsibilities

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

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

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

## Limitations of controls

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

## Report on the audit of the key performance indicators

### Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Department of Finance for the year ended 30 June 2021. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Department of 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 2021.

## The Director General's responsibilities 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 internal control as the Director General determines

necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

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

### **Auditor General's responsibilities**

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

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

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

### **My independence and quality control relating to the reports on controls and key performance indicators**

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

### **Other information**

The Director General is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial statements, key performance indicators and my auditor's report.

My opinions do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

### **Matters relating to the electronic publication of the audited financial statements and key performance indicators**

This auditor's report relates to the financial statements, controls and key performance indicators of the Department of Finance for the year ended 30 June 2021 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, controls 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, controls or key performance indicators. If users of the financial statements, controls and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements, controls and key performance indicators.



Caroline Spencer  
Auditor General for Western Australia  
Perth, Western Australia  
31 August 2021

# **Disclosures and Legal Compliance**



**Financial  
Statements**



## Statement of Comprehensive Income

For the year ended 30 June 2021

	Notes	2021 (\$'000)	2020 (\$'000)
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	3.1 (a)	120,537	108,765
Supplies and services	3.4	915,937	870,998
Depreciation and amortisation expense	5.1, 5.2, 5.3	224,365	237,460
Finance costs	7.4	56,732	53,933
Accommodation expenses	3.4	32,954	35,918
Grants and subsidies	3.2	7,666	1,519
Loss on disposal of non-current assets	3.3	-	106
Other expenses	3.4	4,191	3,616
<b>Total cost of services</b>		<b>1,362,382</b>	<b>1,312,315</b>
<b>Income</b>			
Commonwealth grants	4.2	7,958	5,454
Other income <sup>(a)(b)</sup>	4.3	16,636	8,780
<b>Total income</b>		<b>24,594</b>	<b>14,234</b>
<b>NET COST OF SERVICES</b>		<b>1,337,788</b>	<b>1,298,081</b>
<b>Income from State Government</b>			
Service appropriation	4.1	221,059	169,780
Income from other public sector entities <sup>(b)</sup>	4.1	1,135,418	1,109,574
Resources received	4.1	14,116	13,066
Royalties for Regions Fund	4.1	105	1,644
<b>Total income from State Government</b>		<b>1,370,698</b>	<b>1,294,064</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>32,910</b>	<b>(4,017)</b>
<b>TOTAL COMPREHENSIVE INCOME/(DEFICIT) FOR THE PERIOD</b>		<b>32,910</b>	<b>(4,017)</b>

(a) \$2,708,000 of gains on disposal of non-current assets has been included in other income for 2019–20.

(b) \$1,107,708,000 of user charges and fees and \$158,000 of interest revenue have been included in income from other public sector entities for 2019–20. \$924,000 of recoups and \$784,000 of other revenue have been reclassified to income from other public sector entities for 2019–20.

See also the 'Schedule of Income and Expenses by Service'.

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

## Statement of Financial Position

As at 30 June 2021

	Notes	2021 (\$'000)	2020 (\$'000)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7.5	157,725	81,848
Restricted cash and cash equivalents	7.5	1,960	141
Asset held for distribution to owners	6.4	39,700	200
Receivables	6.1	47,883	65,625
Finance lease receivables	7.3	161	128
Amounts receivable for services	6.2	540	540
Contract assets	6.3	51,357	51,856
Other current assets	6.5	7,789	7,088
<b>Total Current Assets</b>		<b>307,115</b>	<b>207,426</b>
<b>Non-Current Assets</b>			
Restricted cash and cash equivalents	7.5	1,814	1,428
Finance lease receivables	7.3	505	391
Amounts receivable for services	6.2	684,989	615,325
Property, equipment and vehicles	5.1	710,418	725,962
Right-of-use assets	5.2	1,394,474	1,443,852
Intangible assets	5.3	38,195	37,505
Other non-current assets	6.5	159	238
<b>Total Non-Current Assets</b>		<b>2,830,554</b>	<b>2,824,701</b>
<b>TOTAL ASSETS</b>		<b>3,137,669</b>	<b>3,032,127</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	6.6	70,756	65,801
Borrowings	7.1	6,516	6,281
Lease liabilities	7.2	181,762	161,943
Employee related provisions	3.1 <sup>(b)</sup>	27,807	26,129
Contract liabilities	6.8	22,819	40,269
Other provisions	6.7	7,379	207
Other current liabilities	6.9	18,601	34,823
<b>Total Current Liabilities</b>		<b>335,640</b>	<b>335,453</b>
<b>Non-Current Liabilities</b>			
Borrowings	7.1	52,255	51,513
Lease liabilities	7.2	1,538,366	1,514,797
Employee related provisions	3.1 <sup>(b)</sup>	5,862	4,928
Other provisions	6.7	2,939	3,328
<b>Total Non-Current Liabilities</b>		<b>1,599,422</b>	<b>1,574,566</b>
<b>TOTAL LIABILITIES</b>		<b>1,935,062</b>	<b>1,910,019</b>
<b>NET ASSETS</b>		<b>1,202,607</b>	<b>1,122,108</b>
<b>EQUITY</b>			
Contributed equity	9.9	1,089,496	1,041,907
Accumulated surplus/(deficit)		113,111	80,201
<b>TOTAL EQUITY</b>		<b>1,202,607</b>	<b>1,122,108</b>

See also 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 2021

	Notes	Contributed equity (\$'000)	Accumulated surplus/(deficit) (\$'000)	Total equity (\$'000)
<b>Balance at 1 July 2019</b>		1,068,039	74,292	1,142,331
Initial application of AASB 16		-	9,926	9,926
<b>Restated balance at 1 July 2019</b>		<b>1,068,039</b>	<b>84,218</b>	<b>1,152,257</b>
Surplus/(Deficit)		-	(4,017)	(4,017)
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	(4,017)	(4,017)
Transactions with owners in their capacity as owners:	9.9			
Capital appropriations		5,265	-	5,265
Other contributions by owners		-	-	-
Distributions to owners		(31,397)	-	(31,397)
<b>Total</b>		<b>(26,132)</b>	<b>-</b>	<b>(26,132)</b>
<b>Balance at 30 June 2020</b>		<b>1,041,907</b>	<b>80,201</b>	<b>1,122,108</b>
<b>Balance at 1 July 2020</b>		1,041,907	80,201	1,122,108
Changes in accounting policy		-	-	-
<b>Restated balance at 1 July 2020</b>		<b>1,041,907</b>	<b>80,201</b>	<b>1,122,108</b>
Surplus/(Deficit)		-	32,910	32,910
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	32,910	32,910
Transactions with owners in their capacity as owners:	9.9			
Capital appropriations		7,711	-	7,711
Other contributions by owners		39,878	-	39,878
Distributions to owners		-	-	-
<b>Total</b>		<b>47,589</b>	<b>-</b>	<b>47,589</b>
<b>Balance at 30 June 2021</b>		<b>1,089,496</b>	<b>113,111</b>	<b>1,202,607</b>

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

## Statement of Cash Flows

For the year ended 30 June 2021

	Notes	2021 (\$'000)	2020 (\$'000)
<b>Cash flows from State Government</b>			
Service appropriation		150,878	137,643
Capital appropriations		7,711	5,265
Funds from other public sector entities <sup>(a)(b)</sup>		1,130,638	1,093,610
Holding account drawdowns		517	517
Royalties for Regions Fund		1,655	94
Cash transfer from State Supply Commission		378	-
Distribution to owners		-	(31,300)
<b>Net cash provided by State Government</b>		<b>1,291,777</b>	<b>1,205,829</b>
<i>Utilised as follows:</i>			
<b>Cash flows from operating activities</b>			
<b>Payments</b>			
Employee benefits		(117,474)	(106,972)
Supplies and services		(893,731)	(865,529)
Finance costs		(55,646)	(52,711)
Accommodation		(32,879)	(35,016)
Grants and subsidies		(847)	(1,519)
GST payments on purchases		(119,011)	(122,549)
GST payments to taxation authority		(8,060)	(7,331)
Other payments		(2,312)	(1,799)
<b>Receipts</b>			
Commonwealth grants		8,482	7,226
GST receipts on sales		124,573	122,464
GST receipts from taxation authority		4,082	6,967
Other receipts <sup>(b)</sup>		8,993	6,182
<b>Net cash provided by/(used in) operating activities</b>	7.5.2	<b>(1,083,830)</b>	<b>(1,050,587)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Payments</b>			
Purchase of non-current assets		(89,213)	(128,334)
<b>Receipts</b>			
Proceeds from sale of non-current assets		31,545	33,517
<b>Net cash provided by/(used in) investing activities</b>		<b>(57,668)</b>	<b>(94,817)</b>
<b>Cash flows from financing activities</b>			
<b>Payments</b>			
Repayment of borrowings		-	(5,433)
Principal elements of lease		(134,708)	(141,375)
<b>Receipts</b>			
Proceeds from borrowings		-	-
Finance leases receipts		176	231
Receipts from lease incentives		62,335	86,076
<b>Net cash provided by/(used in) financing activities</b>		<b>(72,197)</b>	<b>(60,501)</b>
Net increase/(decrease) in cash and cash equivalents		78,082	(76)
Cash and cash equivalents at the beginning of the period		83,417	83,493
<b>Cash and cash equivalents at the end of the period</b>	7.5	<b>161,499</b>	<b>83,417</b>

(a) \$1,091,211,000 of user charges and fees and \$202,000 of interest received have been included in funds from other public sector entities for 2019–20.

(b) \$2,197,000 of other receipts have been included in funds from other public sector entities for 2019–20.

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



## Summary of Consolidated Account Appropriations

For the year ended 30 June 2021

	2021 Budget (\$000)	2021 Supplementary Funding (\$000)	2021 Revised Budget (\$000)	2021 Actual (\$000)	2021 Variance (\$000)
<b>Delivery of Services</b>					
Item 41 Net amount appropriated to deliver services	219,458	-	219,458	219,458	-
Amount Authorised by Other Statutes:					
- <i>Salaries and Allowances Act 1975</i>	1,601	-	1,601	1,601	-
<b>Total appropriations provided to deliver services</b>	<b>221,059</b>	<b>-</b>	<b>221,059</b>	<b>221,059</b>	<b>-</b>
<b>Capital</b>					
Item 117 Capital appropriations	7,711	-	7,711	7,711	-
<b>Administered Transactions</b>					
Community service obligation payments:					
Item 42 Amount provided for Administered grants, subsidies and other transfer payments	524,367	56,000	580,367	531,797	(48,570)
Amount Authorised by Other Statutes:					
<i>First Home Owner Grant Act 2000<sup>(a)</sup></i>	82,254	-	97,000	95,718	(1,282)
<b>Total administered transactions</b>	<b>606,621</b>	<b>56,000</b>	<b>677,367</b>	<b>627,515</b>	<b>(49,852)</b>
<b>GRAND TOTAL</b>	<b>835,391</b>	<b>56,000</b>	<b>906,137</b>	<b>856,285</b>	<b>(49,852)</b>

(a) The revised budget includes a temporary budget of \$14,746,000.

# Notes to the Financial Statements

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## 1 | Basis of preparation

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

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

These annual financial statements were authorised for issue by the accountable authority on 27 August 2021.

### Statement of compliance

These general purpose financial statements are prepared in accordance with:

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

The FMA and TIs take precedence over AASs. Several AASs are modified by the TIs to vary application, disclosure format and wording. Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

### Basis of preparation

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

### Judgements and estimates

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

## 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 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 will be credited directly to Contributed Equity.

## 2 | Department outputs

### How the Department operates

This section includes information regarding the nature of funding the Department receives and how this funding is utilised to achieve the Department's objectives. This note also provides the distinction between controlled funding and administered funding:

	Notes
Department objectives	2.1
Schedule of Income and Expenses by Service	2.2
Schedule of Assets and Liability by Service	2.3

### 2.1 Department objectives

#### Mission

The Department's mission is to drive practical, cost-effective and quality outcomes across government to benefit Western Australians.

#### Services

The Department provides the following services:

<b>Service 1</b>	Revenue Assessment and Collection, and Grants and Subsidies Administration.
<b>Service 2</b>	Development and Management of Common Use Contract Arrangements, State Fleet Leasing and Disposal, and Providing Facilitation Service for Agency Specific Contracts.
<b>Service 3</b>	Corporate Services to Client Agencies.
<b>Service 4</b>	Leads the Management of Government Buildings Including Planning, Project Delivery, and Maintenance thereof.

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 10.2 'Disclosure of administered income and expenses by service' and Note 10.3 'Administered assets and liabilities'.

## 2.2 Schedule of income and expenses by service

For the year ended 30 June 2021

	Service 1		Service 2		Service 3		Service 4		Total	
	2021 (\$'000)	2020 (\$'000)	2021 (\$'000)	2020 (\$'000)	2021 (\$'000)	2020 (\$'000)	2021 (\$'000)	2020 (\$'000)	2021 (\$'000)	2020 (\$'000)
<b>Cost of services</b>										
Expenses										
Employee benefits expense	38,813	35,177	24,841	24,291	3,670	3,307	53,213	45,990	120,537	108,765
Supplies and services	19,176	17,629	21,180	5,871	1,882	2,446	873,699	845,052	915,937	870,998
Depreciation and amortisation expense	7,708	7,484	38,313	38,767	114	132	178,230	191,077	224,365	237,460
Finance costs	437	238	571	627	42	45	55,682	53,023	56,732	53,933
Accommodation expenses	1,132	1,075	398	415	113	118	31,311	34,310	32,954	35,918
Grants and subsidies	11	3	910	1,512	1	1	6,744	3	7,666	1,519
Loss on disposal of non-current assets	-	-	-	106	-	-	-	-	-	106
Other expenses	474	689	728	938	155	302	2,834	1,687	4,191	3,616
<b>Total cost of services</b>	<b>67,751</b>	<b>62,295</b>	<b>86,941</b>	<b>72,527</b>	<b>5,977</b>	<b>6,351</b>	<b>1,201,713</b>	<b>1,171,142</b>	<b>1,362,382</b>	<b>1,312,315</b>
<b>Income</b>										
Commonwealth grants	60	125	-	-	-	-	7,898	5,329	7,958	5,454
Other income <sup>(a)(b)</sup>	4,239	2,611	11,012	4,891	290	356	1,095	922	16,636	8,780
<b>Total income</b>	<b>4,299</b>	<b>2,736</b>	<b>11,012</b>	<b>4,891</b>	<b>290</b>	<b>356</b>	<b>8,993</b>	<b>6,251</b>	<b>24,594</b>	<b>14,234</b>
<b>Net cost of services</b>	<b>63,452</b>	<b>59,559</b>	<b>75,929</b>	<b>67,636</b>	<b>5,687</b>	<b>5,995</b>	<b>1,192,720</b>	<b>1,164,891</b>	<b>1,337,788</b>	<b>1,298,081</b>
<b>Income from the State</b>										
Service appropriation	56,987	50,159	49,646	30,676	5,356	5,978	109,070	82,967	221,059	169,780
Income from other public sector entities <sup>(b)</sup>	1,328	1,215	52,203	52,498	332	20	1,081,555	1,055,841	1,135,418	1,109,574
Services received free of charge	13,166	12,295	118	190	-	-	832	581	14,116	13,066
Royalties for Regions Fund	-	-	-	-	-	-	105	1,644	105	1,644
<b>Total income from the State</b>	<b>71,481</b>	<b>63,669</b>	<b>101,967</b>	<b>83,364</b>	<b>5,688</b>	<b>5,998</b>	<b>1,191,562</b>	<b>1,141,033</b>	<b>1,370,698</b>	<b>1,294,064</b>
<b>Surplus/(deficit) for the period</b>	<b>8,029</b>	<b>4,110</b>	<b>26,038</b>	<b>15,728</b>	<b>1</b>	<b>3</b>	<b>(1,158)</b>	<b>(23,858)</b>	<b>32,910</b>	<b>(4,017)</b>

(a) \$2,708,000 of gains on disposal of non-current assets has been included in other income for 2019–20.

(b) \$1,107,708,000 of user charges and fees and \$158,000 of interest revenue have been included in income from other public sector entities for 2019–20. \$924,000 of recoups and \$784,000 of other revenue have been reclassified to income from other public sector entities for 2019–20.

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 client agencies

Service 4: Leads the management of government buildings including planning, project delivery, and maintenance thereof



## 2.3 Schedule of assets and liabilities by service

As at 30 June 2021

	Service 1		Service 2		Service 3		Service 4		Total	
	2021 (\$000)	2020 (\$000)	2021 (\$000)	2020 (\$000)	2021 (\$000)	2020 (\$000)	2021 (\$000)	2020 (\$000)	2021 (\$000)	2020 (\$000)
<u>Assets</u>										
Current assets	48,460	26,443	72,087	42,033	-	-	186,568	138,950	307,115	207,426
Non-current assets	236,387	202,832	373,239	333,803	-	-	2,220,928	2,288,066	2,830,554	2,824,701
<b>Total assets</b>	<b>284,847</b>	<b>229,275</b>	<b>445,326</b>	<b>375,836</b>	<b>-</b>	<b>-</b>	<b>2,407,496</b>	<b>2,427,016</b>	<b>3,137,669</b>	<b>3,032,127</b>
<u>Liabilities</u>										
Current liabilities	31,006	11,481	23,006	16,013	-	-	281,628	307,959	335,640	335,453
Non-current liabilities	2,016	1,711	1,438	1,247	-	-	1,595,968	1,571,608	1,599,422	1,574,566
<b>Total liabilities</b>	<b>33,022</b>	<b>13,192</b>	<b>24,444</b>	<b>17,260</b>	<b>-</b>	<b>-</b>	<b>1,877,596</b>	<b>1,879,567</b>	<b>1,935,062</b>	<b>1,910,019</b>
<b>NET ASSETS</b>	<b>251,825</b>	<b>216,083</b>	<b>420,882</b>	<b>358,576</b>	<b>-</b>	<b>-</b>	<b>529,900</b>	<b>547,449</b>	<b>1,202,607</b>	<b>1,122,108</b>

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 contracts

Service 3: Corporate services to client agencies

Service 4: Leads the management of government buildings including planning, project delivery , and maintenance thereof

### 3 | Use of our funding

#### Expenses incurred in the delivery of services

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

	Notes
Employee benefits expenses	3.1(a)
Employee related provisions	3.1(b)
Grants and subsidies	3.2
Loss on disposal of non-current assets	3.3
Other expenditure	3.4

#### 3.1(a) Employee benefits expense

	2021 (\$000)	2020 (\$000)
Employee benefits	109,831	98,148
Termination benefits	-	871
Superannuation - defined contribution plans	10,706	9,746
<b>Total employee benefits expenses</b>	<b>120,537</b>	<b>108,765</b>
Add: AASB 16 Non-monetary benefits	308	283
Less: Employee contributions (per the statement of comprehensive income)	(118)	(142)
<b>Net employee benefits</b>	<b>120,727</b>	<b>108,906</b>

**Employee Benefits:** Include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for employees.

**Termination benefits:** Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Department is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value. There was no termination benefits payout for 2021.

**Superannuation:** The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds.

**AASB 16 Non-monetary benefits:** Non-monetary employee benefits, that are employee benefits expenses, predominantly relate to the provision of housing benefits are measured at the cost incurred by the Department.

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

### 3.1(b) Employee related provisions

	2021 (\$000)	2020 (\$000)
<b>Current</b>		
<b>Employee-benefits provisions</b>		
Annual leave <sup>(a)</sup>	13,502	11,178
Long service leave <sup>(b)</sup>	14,046	14,654
Deferred salary scheme <sup>(c)</sup>	187	185
Purchased leave	22	65
	<b>27,757</b>	<b>26,082</b>
<b>Other provisions</b>		
Employment on-costs <sup>(d)</sup>	50	47
<b>Total current employee related provisions</b>	<b>27,807</b>	<b>26,129</b>
<b>Non-current</b>		
<b>Employee-benefits provisions</b>		
Long service leave <sup>(b)</sup>	5,851	4,919
<b>Other provisions</b>		
Employment on-costs <sup>(d)</sup>	11	9
<b>Total non-current employee related provisions</b>	<b>5,862</b>	<b>4,928</b>
<b>Total employee related provisions</b>	<b>33,669</b>	<b>31,057</b>

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

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

	2021 (\$000)	2020 (\$000)
Within 12 months of the end of the reporting period	8,675	7,357
More than 12 months after the end of the reporting period	4,827	3,821
	<b>13,502</b>	<b>11,178</b>

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

- (b) **Long service leave liabilities:** 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. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2021 (\$000)	2020 (\$000)
Within 12 months of the end of the reporting period	5,569	5,720
More than 12 months after the end of the reporting period	14,328	13,853
	<b>19,897</b>	<b>19,573</b>

The provision for long service leave are calculated at present value as the Department does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

- (c) **Deferred salary scheme liabilities:** 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:

	2021 (\$000)	2020 (\$000)
Within 12 months of the end of the reporting period	120	112
More than 12 months after the end of the reporting period	67	73
	<b>187</b>	<b>185</b>

- (d) **Employment on-costs:** 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.

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, Note 3.4 (apart from the unwinding of the discount (finance cost))' and are not included as part of the Department's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2021 (\$000)	2020 (\$000)
<b>Employment on-costs provision</b>		
Carrying amount at start of period	56	56
Additional/(reversals of) provisions recognised	45	9
Payments/other sacrifices of economic benefits	(40)	(9)
<b>Carrying amount at end of period</b>	<b>61</b>	<b>56</b>



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

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

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

- Expected future salary rates
- Discount rates
- Employee retention rates; and
- Expected future payments

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

### 3.2 Grants and subsidies

	2021 (\$000)	2020 (\$000)
<b>Recurrent</b>		
Sponsorship	29	9
Community and social services	904	1,510
<b>Capital</b>		
South West Native Title Settlements <sup>(a)</sup>	6,733	-
<b>Total grants and subsidies</b>	<b>7,666</b>	<b>1,519</b>

Transactions in which the Department provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as 'Grant expenses'. Grants can either be operating or capital in nature.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

- (a) The Department of Finance has an obligation as part of the South West Native Title Settlement to provide funding for the regional administrative and central services corporation offices. The expense recognises the Department of Finance's obligation under the Settlement.

### 3.3 Loss on disposal of non-current assets

	2021 (\$000)	2020 (\$000)
Computer equipment	-	15
Office fitout	-	33
Computer software	-	58
<b>Total loss on disposal of non-current assets</b>	<b>-</b>	<b>106</b>

### 3.4 Other expenditure

	2021 (\$000)	2020 (\$000)
<b>Supplies and services</b>		
Managed contracts <sup>(a)</sup>	841,298	818,356
Communications	288	482
Consultants and contractors	46,149	40,437
Consumables	18,256	2,252
Repairs and maintenance	21	17
Travel	264	309
Legal costs	6,128	4,992
Other <sup>(b)</sup>	3,533	4,153
<b>Total supplies and services expenses</b>	<b>915,937</b>	<b>870,998</b>
<b>Accommodation expenses</b>		
Repairs and maintenance buildings	30,663	33,644
Cleaning and security <sup>(c)</sup>	2,262	2,274
Rental	29	-
<b>Total accommodation expenses</b>	<b>32,954</b>	<b>35,918</b>
<b>Other expenses</b>		
Minor equipment	1,192	1,680
Restoration costs	238	100
Expected credit losses expense	-	20
Employment on-costs <sup>(d)</sup>	13	1
Audit fees	447	435
Revaluation decrements	1,554	730
Miscellaneous <sup>(e)</sup>	645	598
Loss on termination	102	52
<b>Total other expenses</b>	<b>4,191</b>	<b>3,616</b>
<b>Total other expenditure</b>	<b>953,082</b>	<b>910,532</b>

(a) Includes variable outgoings, short term and low value leases related to accommodation services provided to other agencies through a client service arrangement.

(b) During the period the Department paid \$967,135 (2020: \$504,292) for insurance to the Insurance Commission of Western Australia.

(c) Includes variable outgoings.

(d) Includes workers' compensation insurance. The on-costs liability associated with the recognition of annual and long service leave liability is included in Note 3.1(b) 'Employee related provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs. See also Note 3.1(a) 'Employee benefits expense'.

(e) Mainly attributable to carbon offset expense.

**Supplies and services expenses** are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

**Accommodation expenses** include rental, repairs, maintenance, cleaning and security costs. Rental expenses include short-term leases with a lease term of 12 months or less, low-value leases with an underlying value of \$5,000 or less and variable lease payments recognised in the period in which the event or condition that triggers those payments occurs.

**Repairs, maintenance, cleaning and security costs** are recognised as expenses as incurred.

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

**Minor equipment** relates to purchases of equipment less than \$5,000 in value.

**Restoration costs** relates to cost of restoring leased premises to their original condition at the end of their respective lease terms. Expenses are also recognised to rehabilitate the Mt Walton East Intractable Waste Disposal Facility and restore the site for future land use. Please refer to Note 6.7 Other provisions.

**Expected credit losses** is an allowance of trade receivables, measured at the lifetime expected credit losses at each reporting date. The Department has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Please refer to Note 6.1.1. Movement in the allowance for impairment of trade receivables.

**Employee on-cost** includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at Note 3.1(b) Employee related provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

**Audit fees** are expenses paid to the Office of the Auditor General for audit services.

**Revaluation decrements** relates to the decline in fair value of the Department's land and buildings.

**Miscellaneous** is predominately for various expenses incurred to meet the Department's operational needs.

## 4 | Our funding sources

### How we obtain our funding

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

	Notes
Income from State Government	4.1
Commonwealth grants	4.2
Other income	4.3

### 4.1 Income from State Government

	2021 (\$000)	2020 (\$000)
Appropriation received during the period:		
Service appropriation	221,059	169,780
<b>Total appropriation received</b>	<b>221,059</b>	<b>169,780</b>
Income received from other public sector entities during the period <sup>(a)</sup> :		
Government office accommodation	267,058	268,653
Managed building works	779,304	753,189
Vehicle fleet lease rental	49,794	50,839
Fees	35,567	35,027
Other	3,695	1,866
<b>Total income provided</b>	<b>1,135,418</b>	<b>1,109,574</b>
Resources received from other public sector entities during the period:		
Department of Justice	1,594	1,502
Landgate	12,169	11,319
Department of Treasury	136	135
Department of Education	23	23
Department of Primary Industries and Regional Development	194	87
<b>Total resources received</b>	<b>14,116</b>	<b>13,066</b>
Royalties for Regions Fund:		
Regional Infrastructure and Headworks Account	105	1,644
<b>Total Royalties for Regions Fund</b>	<b>105</b>	<b>1,644</b>
<b>Total income from State Government</b>	<b>1,370,698</b>	<b>1,294,064</b>

(a) \$1,107,708,000 of user charges and fees and \$158,000 of interest revenue have been included in income from other public sector entities for 2019–20. \$924,000 of recoups and \$784,000 of other revenue have been reclassified to income from other public sector entities for 2019–20.



**Service Appropriations** are recognised as income at the fair value of consideration received in the period in which the Department gains control of the appropriated funds. The Department gains control of the appropriated funds at the time those funds are deposited in the bank account or credited to the holding account held at Treasury.

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

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

**The Regional Infrastructure and Headworks Account** is a sub-fund within the over-arching 'Royalties for Regions Fund'. The recurrent funds are used to fund district allowance payments for eligible regional public sector employees and are recognised as income when the Department receives the funds.

#### 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 2020–21 Budget Statements, the Department retained \$24.594 million in 2021 (\$14.234 million in 2020)<sup>(a)</sup> from the following:

- (i) proceeds from fees and charges;
- (ii) Commonwealth specific purpose grants;
- (iii) other departmental revenue.

(a) \$ 1,107,708,000 of user charges and fees, \$158,000 of interest revenue and \$1,708,000 of other income have been included in services provided to other public sector entities for 2019–20.

## 4.2 Commonwealth grants

	2021 (\$000)	2020 (\$000)
Recurrent grants	7,958	5,454
	<b>7,958</b>	<b>5,454</b>

Commonwealth funding is received for undertaking agreed maintenance and outgoings for buildings and for administering taxes on Christmas and Cocos Keeling islands.

Recurrent grants are recognised as income when the grants are receivable.

### 4.3 Other income

	2021 (\$000)	2020 (\$000)
Recoups <sup>(a)</sup>	2,639	2,291
Government vehicle schemes	67	66
Gain on termination	-	42
Other <sup>(a)(b)(c)</sup>	5,387	3,673
	<b>8,093</b>	<b>6,072</b>
<b>Net proceeds from disposal of non-current assets</b>		
Motor vehicles	31,747	33,510
<b>Carrying amount of non-current assets disposed</b>		
Motor vehicles	23,204	30,802
<b>Net gain/(loss) on disposal</b>	<b>8,543</b>	<b>2,708</b>
Revaluation gain	-	-
<b>Other gains/(losses)</b>	-	-
<b>Total other income</b>	<b>16,636</b>	<b>8,780</b>

(a) \$924,000 of recoups and \$784,000 of other revenue have been reclassified to income from other public sector entities for 2019–20.

(b) Recognised over time as and when the performance obligations are satisfied. Relates mainly to refunds from suppliers and recovery of corporate services provided to other agencies.

(c) Inclusive of \$4,212,000 in land tax enquiry fees for 2020–21 (\$2,576,000 for 2019–20).

**Realised and unrealised gains** are usually recognised on a net basis.

**Gains and losses on the disposal of non-current assets** are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in profit or loss in the statement of comprehensive income.

## 5 | Key assets

### Assets the Department utilises for economic benefit or service potential

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

	Notes
Property, equipment and vehicles	5.1
Right-of-use assets	5.2
Intangibles	5.3

## 5.1 Property, equipment and vehicles

Year ended 30 June 2021	Land (\$'000)	Buildings (\$'000)	Leasehold improvements (\$'000)	Office equipment (\$'000)	Computer equipment (\$'000)	Office fitout (\$'000)	Motor vehicles (\$'000)	Work in progress (\$'000)	Total (\$'000)
<b>1 July 2020</b>									
Gross carrying amounts	136,826	127,422	189,828	383	248	180,789	329,154	23,404	988,054
Accumulated depreciation	-	(3,250)	(58,400)	(286)	(248)	(100,637)	(99,271)	-	(262,092)
Accumulated impairment loss	-	-	-	-	-	-	-	-	-
<b>Carrying amount at start of period</b>	<b>136,826</b>	<b>124,172</b>	<b>131,428</b>	<b>97</b>	<b>-</b>	<b>80,152</b>	<b>229,883</b>	<b>23,404</b>	<b>725,962</b>
<b>2021</b>									
Additions	-	-	48	18	-	-	56,111	19,940	76,117
Transfers <sup>(a)</sup>	-	-	38,468	-	-	2,735	(302)	(41,203)	(302)
Other disposals	-	-	-	-	-	-	(23,204)	-	(23,204)
Revaluations	(1,154)	(400)	-	-	-	-	-	-	(1,554)
Depreciation	-	(3,430)	(15,280)	(48)	-	(11,396)	(36,447)	-	(66,601)
<b>Carrying amount at 30 June 2021</b>	<b>135,672</b>	<b>120,342</b>	<b>154,664</b>	<b>67</b>	<b>-</b>	<b>71,491</b>	<b>226,041</b>	<b>2,141</b>	<b>710,418</b>
Gross carrying amount	135,672	123,751	228,344	372	228	183,489	332,055	2,141	1,006,052
Accumulated depreciation	-	(3,409)	(73,680)	(305)	(228)	(111,998)	(106,014)	-	(295,634)
Accumulated impairment loss	-	-	-	-	-	-	-	-	-

(a) Work in Progress was transferred to Leasehold Improvements for \$38,468,490 and to Office Fitout for \$2,734,682. \$302,183 of motor vehicles were transferred to agencies through finance lease arrangements.



## 5.1 Property, equipment and vehicles (cntd)

Year ended 30 June 2020	Land (\$000)	Buildings (\$000)	Leasehold improvements (\$000)	Office equipment (\$000)	Computer equipment (\$000)	Office fitout (\$000)	Motor vehicles (\$000)	Work in progress (\$000)	Total (\$000)
<b>1 July 2019</b>									
Gross carrying amounts	137,194	131,231	150,591	339	2,993	180,466	329,697	2,367	934,878
Accumulated depreciation	-	(3,027)	(47,109)	(233)	(2,977)	(89,666)	(99,948)	-	(242,960)
Accumulated impairment loss	-	-	-	-	-	-	-	-	-
<b>Carrying amount at start of period</b>	<b>137,194</b>	<b>128,204</b>	<b>103,482</b>	<b>106</b>	<b>16</b>	<b>90,800</b>	<b>229,749</b>	<b>2,367</b>	<b>691,918</b>
<b>Additions</b>									
Transfers <sup>(a)</sup>	(297)	10	39,237	44	-	78	68,242	60,813	129,177
Other disposals	-	-	-	-	(15)	(33)	(30,836)	-	(30,884)
Revaluations	(71)	(659)	-	-	-	-	-	-	(730)
Depreciation	-	(3,383)	(11,291)	(53)	(1)	(11,222)	(37,038)	-	(62,988)
<b>Carrying amount at 30 June 2020</b>	<b>136,826</b>	<b>124,172</b>	<b>131,428</b>	<b>97</b>	<b>-</b>	<b>80,152</b>	<b>229,883</b>	<b>23,404</b>	<b>725,962</b>
Gross carrying amount	136,826	127,422	189,828	383	248	180,789	329,154	23,404	988,054
Accumulated depreciation	-	(3,250)	(58,400)	(286)	(248)	(100,637)	(99,271)	-	(262,092)
Accumulated impairment loss	-	-	-	-	-	-	-	-	-

(a) During the financial year, one parcel of land (\$200,000) was put up for sale and another parcel of land (\$97,000) was transferred to the Department of Communities. Work in Progress was transferred to Buildings for \$10,129 and to Leasehold Improvements for \$39,237,150 and to Office Fitout for \$528,854.

## 5.1 Property, equipment and vehicles (cntd)

### Initial recognition

Items of property and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no cost or significantly less than fair value, the cost is valued at its fair value at the date of acquisition. Items of property and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

### Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of:

- land; and
- buildings

Land is carried at fair value.

Buildings are carried at fair value less accumulated depreciation and accumulated impairment losses.

All other property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

**Land and buildings** are independently valued annually by the Western Australian Land Information Authority (Landgate) 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.

Land and buildings were revalued as at 1 July 2020 by Landgate. The valuations were performed during the year ended 30 June 2021 and recognised at 30 June 2021. In undertaking the revaluation, fair value was determined by reference to market values for land: \$58,825,200 (2020: \$58,803,000) and buildings: \$92,044,800 (2020: \$92,037,000). For the remaining balance, fair value of buildings was determined on the basis of current 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).

Significant assumptions and judgements: 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.

### 5.1.1 Depreciation and impairment Charge for the period

	2021 (\$000)	2020 (\$000)
<b>Depreciation</b>		
Office fitout	11,396	11,222
Computer equipment	-	1
Vehicles	36,447	37,038
Buildings	3,430	3,383
Leasehold improvements	15,281	11,292
Office equipment	47	52
<b>Total depreciation for the period</b>	<b>66,601</b>	<b>62,988</b>

As at 30 June 2021 there were no indications of impairment to property, equipment and vehicles.

All surplus assets at 30 June 2021 have either been classified as assets held for distribution to owners or have been written-off.

#### Finite useful lives

All property, equipment and vehicles having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. The exceptions to this rule include assets held for sale, land and investment properties.

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

Asset	Useful life: years
Buildings	30 to 40 years
Heritage assets	100 years
Office equipment	3 to 5 years
Software <sup>(a)</sup>	3 to 10 years
Office fitout and leasehold improvements	3 to 25 years or remaining lease term, whichever is lower
Motor vehicles	1 to 6 years

(a) Software that is integral to the operation of related hardware.

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

Office fitout and leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Land which is considered to have an indefinite life, is not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

### **Impairment**

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

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

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

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

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 asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

## 5.2 Right-of-use assets

### Year ended 30 June 2021

#### At 1 July 2020

Gross carrying amounts	1,595,673	373	1,596,046
Accumulated depreciation	(152,039)	(155)	(152,194)
Accumulated impairment loss	-	-	-
<b>Carrying amount at start of period</b>	<b>1,443,634</b>	<b>218</b>	<b>1,443,852</b>

Additions	137,555	422	137,977
Disposals	(35,254)	(116)	(35,370)
Impairment losses	-	-	-
Impairment losses reversed	-	-	-
Depreciation	(151,679)	(306)	(151,985)

#### Carrying amount at 30 June 2021

Gross carrying amount	1,680,778	342	1,681,120
Accumulated depreciation	(286,522)	(124)	(286,646)
Accumulated impairment loss	-	-	-

Commercial buildings (\$'000)	Residential buildings (\$'000)	Total (\$'000)
		-
		-
1,595,673	373	1,596,046
(152,039)	(155)	(152,194)
-	-	-
<b>1,443,634</b>	<b>218</b>	<b>1,443,852</b>
137,555	422	137,977
(35,254)	(116)	(35,370)
-	-	-
-	-	-
(151,679)	(306)	(151,985)
<b>1,394,256</b>	<b>218</b>	<b>1,394,474</b>
1,680,778	342	1,681,120
(286,522)	(124)	(286,646)
-	-	-

### Year ended 30 June 2020

#### At 1 July 2019

Gross carrying amounts	1,565,360	97	1,565,457
Accumulated depreciation	-	-	-
Accumulated impairment loss	-	-	-
<b>Carrying amount at start of period</b>	<b>1,565,360</b>	<b>97</b>	<b>1,565,457</b>

Additions	48,638	401	49,039
Disposals	(1,690)	-	(1,690)
Impairment losses	-	-	-
Impairment losses reversed	-	-	-
Depreciation	(168,674)	(280)	(168,954)

#### Carrying amount at 30 June 2020

Gross carrying amount	1,595,673	373	1,596,046
Accumulated depreciation	(152,039)	(155)	(152,194)
Accumulated impairment loss	-	-	-

Commercial buildings (\$'000)	Residential buildings (\$'000)	Total (\$'000)
1,565,360	97	1,565,457
-	-	-
-	-	-
<b>1,565,360</b>	<b>97</b>	<b>1,565,457</b>
48,638	401	49,039
(1,690)	-	(1,690)
-	-	-
-	-	-
(168,674)	(280)	(168,954)
<b>1,443,634</b>	<b>218</b>	<b>1,443,852</b>
1,595,673	373	1,596,046
(152,039)	(155)	(152,194)
-	-	-



## Initial recognition

Right-of-use assets are measured at cost including the following:

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

This includes all leased assets other than investment property right-of-use assets, which are measured in accordance with AASB 140 *Investment Property*.

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

## Subsequent measurement

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

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

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

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

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in Note 5.1.1.

The following amounts relating to leases have been recognised in the statement of comprehensive income:

	2021 (\$000)	2020 (\$000)
Depreciation expenses of right-of-use assets	151,985	168,954
Lease interest expense	49,365	46,621
Expenses relating to variable lease payments not included in lease liabilities	-	-
Short-term leases	-	-
Low-value leases	-	-
Gains or losses arising from sale and leaseback transactions	-	-

The total cash outflow for leases in 2021 was \$184,115,421 (2020: \$187,996,093).

The Department has leases for office and residential accommodations.

The Department has also entered into Memorandum of Understanding Agreements (MOU) with agencies across the sector for the leasing of office accommodation. These rental arrangements are not recognised as leases under AASB 16 because of substitution rights held by the Department and are accounted for as revenue over time.

The Department recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in Note 7.2.

The Department measures concessionary leases at cost at inception. During the financial year there were no rental charges for these category of leases. The Department has concessionary leases as part of its government office accommodation portfolio. The lease terms are varied and are for land and buildings utilised by government agencies to further their operational objectives.

### 5.3 Intangible assets

#### Year ended 30 June 2021

##### 1 July 2020

Gross carrying amount

Accumulated amortisation

**Carrying amount at start of period**

Additions

Transfers to computer software and licence

Other disposal

Amortisation expense

**Carrying amount at 30 June 2021**

<b>Licences (\$000)</b>	<b>Computer Software (\$000)</b>	<b>Work in Progress (\$000)</b>	<b>Total (\$000)</b>
13,782	209,556	5,284	228,622
(13,782)	(177,335)	-	(191,117)
-	<b>32,221</b>	<b>5,284</b>	<b>37,505</b>
-	-	6,469	6,469
-	2,208	(2,208)	-
-	-	-	-
-	(5,779)	-	(5,779)
-	<b>28,650</b>	<b>9,545</b>	<b>38,195</b>

#### Year ended 30 June 2020

##### 1 July 2019

Gross carrying amount

Accumulated amortisation

**Carrying amount at start of period**

Additions

Transfers to computer software and licence

Other disposal

Amortisation expense

**Carrying amount at 30 June 2020**

<b>Licences (\$000)</b>	<b>Computer Software (\$000)</b>	<b>Work in Progress (\$000)</b>	<b>Total (\$000)</b>
13,782	199,502	8,903	222,187
(13,782)	(171,917)	-	(185,699)
-	<b>27,585</b>	<b>8,903</b>	<b>36,488</b>
-	1,137	5,456	6,593
-	9,075	(9,075)	-
-	(58)	-	(58)
-	(5,518)	-	(5,518)
-	<b>32,221</b>	<b>5,284</b>	<b>37,505</b>

### **Initial recognition**

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.

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

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

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted above), are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income. Costs incurred in the research phase of a project are immediately expensed.

### **Subsequent measurement**

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

### 5.3.1 Amortisation and impairment Charge for the period

	2021 (\$000)	2020 (\$000)
Computer software	5,779	5,518
<b>Total amortisation for the period</b>	<b>5,779</b>	<b>5,518</b>

As at 30 June 2021 there were no indications of impairment to intangible assets.

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.

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

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

<b>Intangible asset</b>	<b>Useful life: years</b>
Computer software <sup>(a)</sup>	3 to 13 years
Licences	up to 10 years

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

#### Computer software

Software that is an integral part of the related hardware is recognised as part of the tangible asset. 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.

#### Licences

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

#### Impairment of intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually or when an indication of impairment is identified.

The policy in connection with testing for impairment is outlined in note 5.1.1



## 6 | Other assets and liabilities

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

	<b>Notes</b>
Receivables	6.1
Amounts receivable for services	6.2
Contract assets	6.3
Asset held for distribution to owners	6.4
Other assets	6.5
Payables	6.6
Other provisions	6.7
Contract liabilities	6.8
Other liabilities	6.9

### 6.1 Receivables

	<b>Notes</b>	<b>2021 (\$000)</b>	<b>2020 (\$000)</b>
Trade receivables		40,807	59,459
Allowance for impairment of trade receivables	6.1.1	(2)	(28)
GST receivable		5,402	4,660
Interest receivable		-	9
Trust account <sup>(a)</sup>		1,676	1,525
<b>Total current receivables</b>		<b>47,883</b>	<b>65,625</b>

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

### 6.1.1 Movement in the allowance for impairment of trade receivables

	2021 (\$000)	2020 (\$000)
<b>Reconciliation of changes in allowance for impairment of trade receivables</b>		
Opening balance at start of period	28	8
Expected credit losses expense	-	20
Reversal of impairment	(26)	-
Amounts written off during the period	-	-
<b>Balance at end of period</b>	<b>2</b>	<b>28</b>

The maximum exposure to credit risk at the end of the reporting period for trade receivables is the carrying amount of the asset inclusive of any allowance for impairment as shown in the table at Note 8.1(c) 'Credit risk exposure'.

The Department does not hold any collateral as security or other credit enhancements for trade receivables.

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

	2021 (\$000)	2020 (\$000)
Current	540	540
Non-current	684,989	615,325
<b>Balance at end of period</b>	<b>685,529</b>	<b>615,865</b>

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

Amounts receivable for services are considered not impaired (i.e. there is no expected credit loss of the holding accounts).

### 6.3 Contract assets

	2021 (\$000)	2020 (\$000)
<b>Reconciliation of changes in contract assets</b>		
Opening balance at start of period	51,856	48,142
Additions	51,357	51,856
Revenue recognised in the reporting period	(51,856)	(48,142)
<b>Balance at end of period</b>	<b>51,357</b>	<b>51,856</b>
Current	51,357	51,856
Non-current	-	-

Where the Department transfers either goods or services to a customer before the payment is due or before the customer provides consideration, then these are classified as contract assets. Contract assets exclude any amounts presented as a receivable.

## 6.4 Asset held for distribution to owners

	2021 (\$000)	2020 (\$000)
Land and building	39,700	200
	<b>39,700</b>	<b>200</b>

The Department has listed a parcel of land for sale through the Department of Planning, Lands and Heritage that is surplus to requirements. Another parcel of land and building in Midland is in the process of being sold to a private entity.

## 6.5 Other assets

	2021 (\$000)	2020 (\$000)
<b>Current</b>		
Prepayments	7,758	7,054
Other	31	34
<b>Total current</b>	<b>7,789</b>	<b>7,088</b>
<b>Non-current</b>		
Prepayments	159	238
<b>Total non-current</b>	<b>159</b>	<b>238</b>
<b>Balance at end of period</b>	<b>7,948</b>	<b>7,326</b>

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

## 6.6 Payables

	2021 (\$000)	2020 (\$000)
<b>Current</b>		
Trade payables	1,511	1,338
Accrued salaries	1,672	1,238
Accrued expenses	67,509	63,135
Other	64	90
<b>Total current</b>	<b>70,756</b>	<b>65,801</b>
<b>Balance at end of period</b>	<b>70,756</b>	<b>65,801</b>

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

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

The accrued salaries suspense account (See restricted cash disclosure in Note 7.5.1 'Reconciliation of cash') consists of amounts paid annually, from Department appropriations for salaries expense, into a Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

The Department does not have any amount due to the Treasurer.

## 6.7 Other provisions

	Notes	2021 (\$000)	2020 (\$000)
<b>Current</b>			
Make good	6.7.1	943	207
South West Native Title Settlement <sup>(a)</sup>		6,436	-
<b>Total current</b>		<b>7,379</b>	<b>207</b>
<b>Non-current</b>			
Make good	6.7.1	2,285	2,677
Restoration costs <sup>(b)</sup>	6.7.2	654	651
<b>Total non-current</b>		<b>2,939</b>	<b>3,328</b>
<b>Balance at end of period</b>		<b>10,318</b>	<b>3,535</b>

(a) See also Note 3.2 Grants and subsidies.

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

### 6.7.1 Make good (restoration) provision

Some leased premises are required to be restored to their original condition at the end of their respective lease terms. A provision needs to be recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs are capitalised as part of the cost of leasehold improvements or right-of-use assets and are amortised over the shorter of the lease term and the useful life of the assets.

Under certain lease agreements with landlords, the Department has a legal or constructive obligation to dismantle and restore office accommodation.

A restoration provision is recognised when:

- there is a present obligation as a result of exploration, development, production, transportation or storage activities undertaken;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the provision can be measured reliably.

The estimated future obligations include the costs of restoring the leased premises to original condition.

The provision for future make good costs is the best estimate of the present value of the expenditure required to settle the make good obligation at the reporting date [based on current legal and other requirements and technology]. Future make good costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.



As at 30 June 2021, the anticipated timing of payments for make good are as follows:

	<b>\$'000</b>
Within 1 year	943
Later than 1 year and not later than 5 years	1,936
Later than 5 years	349
	<b>3,228</b>

### 6.7.2 Provision for restoration

The Department has a legal or constructive obligation to decommission the Mt Walton East Intractable Waste Disposal Facility and restore the site for future land use.

A provision for restoration is recognised when:

- there is a present obligation as a result of intractable waste disposal activities undertaken;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the provision can be measured reliably.

The estimated future obligations include the costs of decommissioning and rehabilitating the site to a standard suitable for future land use. 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 2020–21 financial year. Calculations performed in assessing the restoration costs provisions incorporates a number of key estimates. Calculation of the provision will be conducted annually and adjusted using the most up-to-date information available. Please see Note 8.2 'Contingent assets and liabilities'.

### 6.7.3 Movements in provision

Movements in provision during the period, are set out below.

	<b>2021 (\$000)</b>	<b>2020 (\$000)</b>
<b>Make good provision</b>		
Carrying amount at start of period	2,884	5,574
Additional/(reversals of) provisions recognised	238	-
Payments	-	(2,840)
Unwinding of the discount	106	150
<b>Carrying amount at end of period</b>	<b>3,228</b>	<b>2,884</b>
<b>Restoration costs provision</b>		
Carrying amount at start of period	651	544
Additional/(reversals of) provisions recognised	-	100
Payments	-	-
Unwinding of the discount	3	7
<b>Carrying amount at end of period</b>	<b>654</b>	<b>651</b>
<b>South West Native Title Settlement</b>		
Carrying amount at start of period	-	-
Additional/(reversals of) provisions recognised	6,436	-
Payments	-	-
Unwinding of the discount	-	-
<b>Carrying amount at end of period</b>	<b>6,436</b>	<b>-</b>

## 6.8 Contract liabilities

	2021 (\$000)	2020 (\$000)
<b>Reconciliation of changes in contract liabilities</b>		
Opening balance	40,269	49,410
Additions	22,819	40,269
Revenue recognised in the reporting period	(40,269)	(49,410)
<b>Balance at end of period</b>	<b>22,819</b>	<b>40,269</b>
Current	22,819	40,269
Non-current	-	-

Contract liabilities, classified as amounts due to customers for services yet to be provided, primarily relate to when the Department has received consideration in advance of satisfying the performance obligation. Refer to Note 4.1 for details of the revenue recognition policy.

The Department expects to satisfy the performance obligations unsatisfied at the end of the reporting period within the next 12 months.

## 6.9 Other liabilities

	2021 (\$000)	2020 (\$000)
<b>Current</b>		
Unearned revenue	2,059	2,079
Lease incentives <sup>(a)</sup>	16,542	32,744
<b>Total current</b>	<b>18,601</b>	<b>34,823</b>
<b>Balance at end of period</b>	<b>18,601</b>	<b>34,823</b>

(a) Lease incentives that the Department has received from lessors are normally taken into account in the measurement of the associated right-of-use assets. However, where the lease has not commenced, a lease incentive received is shown as a liability until the commencement of the lease, at which time it is taken up in the measurement of the associated right-of-use asset.

## 7 | Financing

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

	<b>Notes</b>
Borrowings	7.1
Lease liabilities	7.2
Finance lease receivables	7.3
Finance costs	7.4
Cash and cash equivalents	7.5
Reconciliation of cash	7.5.1
Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities	7.5.2
Capital commitments	7.6

### 7.1 Borrowings

	<b>2021 (\$000)</b>	<b>2020 (\$000)</b>
<b>Current</b>		
Heritage Maintenance Payments	6,516	6,281
<b>Total current</b>	<b>6,516</b>	<b>6,281</b>
<b>Non-current</b>		
Heritage Maintenance Payments	52,255	51,513
<b>Total non-current</b>	<b>52,255</b>	<b>51,513</b>
<b>Balance at end of period</b>	<b>58,771</b>	<b>57,794</b>

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.

### 7.2 Lease liabilities

	<b>2021 (\$000)</b>	<b>2020 (\$000)</b>
Current	181,762	161,943
Non-current	1,538,366	1,514,797
	<b>1,720,128</b>	<b>1,676,740</b>

## Initial measurement

The Department measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Department uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options (where these are reasonably certain to be exercised);
- payments for penalties for terminating a lease, where the lease term reflects the Department exercising an option to terminate the lease.

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

Periods covered by extension or termination options are only included in the lease term by the Department if the lease is reasonably certain to be extended (or not terminated).

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

This section should be read in conjunction with Note 5.2.

## Subsequent measurement

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

Additional information on leases:

The Department of Finance on behalf of the Minister for Works (responsible for administering the *Public Works Act 1902*) is responsible for procuring and managing government office accommodation for all government agencies<sup>[1]</sup> in accordance with government policy and associated standards and guidelines.

The property leases are non-cancellable and have terms up to 25 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.

[1] As listed in State Budget Paper No. 3 - Economic and Fiscal Outlook, Composition of Sectors, General Government.

### 7.3 Finance lease receivables

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

At balance date, the term of existing finance lease contracts typically varies between four to ten 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 vehicles. Residual values are guaranteed by the relevant contracting agency or the entity.

	2021 (\$000)	2020 (\$000)
Gross investment in finance lease contracts	673	546
Less: Unearned finance income	(7)	(27)
<b>Net investment in finance lease contracts</b>	<b>666</b>	<b>519</b>
Less: Unguaranteed residual values of the finance leases at the balance date	-	-
<b>Present value of the future minimum lease payment receivables</b>	<b>666</b>	<b>519</b>
Accumulated allowances for unallocated minimum lease payment receivables	-	-
As at balance date, the gross investment and present value of receivables relating to the future minimum lease payments under non-cancellable finance lease arrangements were distributed as follows:		
Within 1 year	161	128
Later than 1 year and not later than 5 years	475	341
Later than 5 years	30	50
<b>Present value of finance lease receivables</b>	<b>666</b>	<b>519</b>
Included in the financial statements as:		
Current	161	128
Non-current	505	391
<b>TOTAL</b>	<b>666</b>	<b>519</b>

Finance lease rights are initially recognised, at the commencement of the lease term, as assets 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.

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.



## 7.4 Finance costs

	2021 (\$000)	2020 (\$000)
<b>Finance costs</b>		
Unwinding of discounts applied to provisions	109	157
Western Australian Treasury Corporation - interest on borrowings	-	25
Interest on Heritage Maintenance payments	7,258	7,130
Lease interest expense	49,365	46,621
<b>Finance costs expensed</b>	<b>56,732</b>	<b>53,933</b>

'Finance cost' includes costs incurred in connection with the borrowing of funds and includes interest on short term and long term borrowings, the interest component of lease liability repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

## 7.5 Cash and cash equivalents

### 7.5.1 Reconciliation of cash

	Notes	2021 (\$000)	2020 (\$000)
Cash at bank		157,723	81,846
Cash on hand		2	2
Restricted cash and cash equivalents	8.1 <sup>(b)</sup>		
– Indian Ocean Territories Trust Fund <sup>(a)</sup>		1,960	141
– Accrued salaries suspense account <sup>(b)</sup>		1,814	1,428
<b>Balance at end of period</b>		<b>161,499</b>	<b>83,417</b>

(a) Funds held predominantly for undertaking agreed maintenance and outgoings for buildings on Christmas and Cocos Keeling islands.

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

For the purpose of the statement of cash flows, cash and cash equivalents (and restricted cash and cash equivalents) 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.

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

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

	Notes	2021 (\$000)	2020 (\$000)
Net cost of services <sup>(a)</sup>		(1,337,788)	(1,298,081)
<b>Non-cash items</b>			
Depreciation and amortisation expense	5.1, 5.2 & 5.3	224,365	237,460
Expected credit losses expense	3.4	-	20
Services received free of charge	4.1	14,116	13,065
Restoration costs	3.4	238	100
Loss on revaluation decrement	3.4	1,554	730
Net gain on disposal of property, equipment and vehicles	3.3, 4.3	(8,543)	(2,602)
<b>(Increase)/decrease in assets</b>			
Current receivables <sup>(a)</sup>		1,323	4,193
Other current assets		(10)	-
<b>Increase/(decrease) in liabilities</b>			
Current payables <sup>(a)</sup>		16,256	(6,775)
Accrued salaries		542	761
Employee benefits		2,534	992
Net GST receipts/(payments) <sup>(b)</sup>		(3,978)	(365)
Change in GST in receivables/payables <sup>(c)</sup>		5,561	(85)
<b>Net cash provided by/(used in) operating activities</b>		<b>(1,083,830)</b>	<b>(1,050,587)</b>

(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.

### 7.6 Capital commitments

	Notes	2021 (\$000)	2020 (\$000)
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:			
Within 1 year		53,585	57,368
Later than 1 year and not later than 5 years		-	59
Later than 5 years		-	-
		<b>53,585</b>	<b>57,427</b>

## 8 | Risks and Contingencies

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

	Notes
Financial risk management	8.1
Contingent assets and liabilities	8.2
Fair value measurements	8.3

### 8.1 Financial risk management

Financial instruments held by the Department are cash and cash equivalents, restricted cash and cash equivalents, finance leases, Western Australian Treasury Corporation (WATC), borrowings, lease liabilities, 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 risks identified below.

#### (a) Summary of risks and risk management

##### 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.

Credit risk associated with the Department's financial assets is minimal because the main receivable is the amounts 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. Debt will be written-off against the allowance account when it is improbable or uneconomical to recover the debt. 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 drawdown of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

The Department has a facility agreement in place with the Western Australian Treasury Corporation (WATC) to borrow up to \$250,000,000 to meet State Fleet contractual requirements, purchase vehicles and provide working capital.

### 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. The Department's exposure to market risk for changes in interest rates relate 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 8.1(e), 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

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

	2021 (\$000)	2020 (\$000)
<b>Financial assets</b>		
Cash and cash equivalents	157,725	81,848
Restricted cash and cash equivalents	3,774	1,569
Financial assets at amortised cost - receivables <sup>(a)</sup>	42,481	60,965
Finance lease receivables	666	519
Financial assets at amortised cost - amounts receivable for services	685,529	615,865
<b>Total financial assets</b>	<b>890,175</b>	<b>760,766</b>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost - payables <sup>(b)</sup>	70,756	65,801
Financial liabilities at amortised cost - Heritage Maintenance Payments	58,771	57,794
Lease liabilities	1,720,128	1,676,740
<b>Total financial liability</b>	<b>1,849,655</b>	<b>1,800,335</b>

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

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

**(c) Credit risk exposure**

The following table details the credit risk exposure on the Department's trade receivables using a provision matrix.

	Days past due					
	Total (\$000)	Current (\$000)	<30 days (\$000)	30-60 days (\$000)	61-90 days (\$000)	>91 days (\$000)
<b>30 June 2021</b>						
Expected credit loss rate		0%	0%	0%	0%	0.35%
Estimated total gross carrying amount at default	<b>40,807</b>	32,017	6,841	497	795	657
Expected credit losses	<b>(2)</b>	-	-	-	-	(2)
<b>30 June 2020</b>						
Expected credit loss rate		0%	0%	0%	0%	4.66%
Estimated total gross carrying amount at default	<b>59,459</b>	53,696	4,540	380	235	608
Expected credit losses	<b>(28)</b>	-	-	-	-	(28)



#### (d) 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 %	Interest rate exposure				Maturity dates					
		Carrying amount (\$000)	Fixed interest rate (\$000)	Variable interest rate (\$000)	Non-interest bearing (\$000)	Nominal amount (\$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)
2021											
Financial assets											
Cash and cash equivalents	-	157,725	-	-	157,725	157,725	157,725	-	-	-	-
Restricted cash and cash equivalents	-	3,774	-	-	3,774	3,774	-	1,960	-	-	1,814
Receivables <sup>(a)</sup>	-	42,481	-	-	42,481	42,481	42,481	-	-	-	-
Finance lease receivables	1.77	666	666	-	-	694	15	29	128	491	31
Amounts receivable for services	-	685,529	-	-	685,529	685,529	-	-	540	2,160	682,829
		890,175	666	-	889,509	890,203	200,221	1,989	668	2,651	684,674
Financial liabilities											
Payables <sup>(b)</sup>	-	70,756	-	-	70,756	70,756	70,756	-	-	-	-
Heritage Maintenance Payments	12.46	58,771	58,771	-	-	172,727	538	1,076	4,902	28,603	137,608
Lease liabilities <sup>(c)</sup>	2.89	1,720,128	1,720,128	-	-	2,099,050	15,937	31,212	137,152	703,983	1,210,766
		1,849,655	1,778,899	-	70,756	2,342,533	87,231	32,288	142,054	732,586	1,348,374

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

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

(c) Lease liabilities primarily relate to leased office accommodation.

**(d) Liquidity risk and Interest rate exposure (cont.)**

Interest rate exposure and maturity analysis of financial assets and financial liabilities										
Interest rate exposure							Maturity dates			
Weighted average effective interest rate %	Carrying amount (\$'000)	Fixed interest rate (\$'000)	Variable interest rate (\$'000)	Non-interest bearing (\$'000)	Nominal amount (\$'000)		Up to 1 month (\$'000)	1-3 months to 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
<b>2020</b>										
<b>Financial assets</b>										
Cash and cash equivalents	81,848	-	-	81,848	81,848		81,848	-	-	-
Restricted cash and cash equivalents	1,569	-	-	1,569	1,569		-	141	-	1,428
Receivables <sup>(a)</sup>	60,965	-	-	60,965	60,965		60,965	-	-	-
Finance lease receivables	519	519	-	-	546		6	33	99	357
Amounts receivable for services	615,865	-	-	615,865	615,865		-	-	517	2,137
	<b>760,766</b>	<b>519</b>	<b>-</b>	<b>760,247</b>	<b>760,793</b>		<b>142,819</b>	<b>174</b>	<b>616</b>	<b>2,494</b>
										<b>614,690</b>
<b>Financial liabilities</b>										
Payables <sup>(b)</sup>	65,801	-	-	65,801	65,801		65,729	72	-	-
WATC borrowings	-	-	-	-	-		-	-	-	-
Heritage Maintenance Payments	57,794	57,794	-	-	179,008		519	1,037	4,725	27,569
Lease liabilities <sup>(c)</sup>	1,676,740	1,676,740	-	-	2,091,289		13,688	27,337	123,081	621,265
	<b>1,800,335</b>	<b>1,734,534</b>	<b>-</b>	<b>65,801</b>	<b>2,336,098</b>		<b>79,936</b>	<b>28,446</b>	<b>127,806</b>	<b>648,834</b>
										<b>1,451,076</b>

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

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

(c) Lease liabilities primarily relate to leased office accommodation.

### (e) 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.

	-100 basis points		+100 basis points		
	Carrying amount (\$000)	Surplus (\$000)	Equity (\$000)	Surplus (\$000)	Equity (\$000)
2021					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Total increase/(decrease)	-	-	-	-	-
2020					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Total increase/(decrease)	-	-	-	-	-

## 8.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate.

A range of significant infrastructure projects have reached or are reaching completion (such as the Perth Children's Hospital and Optus Stadium). There may be claims that arise in relation to works or activities associated with such projects. Claims will generally be subject to a period of negotiation and may either be withdrawn, subsequently settled (at a value agreed between the two parties), or proceed to some alternative process for resolution such as through legal action. Where costs are negotiated and claims settled, these are reflected in the financial statements. The Department is not able to disclose further details of these claims as it may prejudice the outcome for the State.

### Contaminated sites

Under the *Contaminated Sites Act 2003*, the Department is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the *Contaminated Sites Act 2003*, DWER 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 two suspected contaminated sites to DWER. The first site has been 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 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.

The second site has been classified as *contaminated – restricted use*. For this site, a restoration cost provision has been recognised to rehabilitate it to a standard suitable for future land use. Please see Note 6.7 'Other provisions'.

### 8.3 Fair value measurements

<b>Assets measured at fair value: 2021</b>	<b>Level 1 (\$000)</b>	<b>Level 2 (\$000)</b>	<b>Level 3 (\$000)</b>	<b>Fair value at end of period (\$000)</b>
Land (Note 5.1a)	-	58,825	76,847	135,672
Buildings (Note 5.1a)	-	92,045	28,297	120,342
	-	<b>150,870</b>	<b>105,144</b>	<b>256,014</b>

<b>Assets measured at fair value: 2020</b>	<b>Level 1 (\$000)</b>	<b>Level 2 (\$000)</b>	<b>Level 3 (\$000)</b>	<b>Fair value at end of period (\$000)</b>
Land (Note 5.1a)	-	58,803	78,023	136,826
Buildings (Note 5.1a)	-	92,037	32,135	124,172
	-	<b>150,840</b>	<b>110,158</b>	<b>260,998</b>

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

#### Valuation techniques to derive Level 2 fair values

Level 2 fair values of non-current assets held for distribution to owners, 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 distribution to owners have been written down to fair value less costs to sell. Fair value has been determined by reference to market evidence of sales prices of comparable assets.

## Fair value measurements using significant unobservable inputs (Level 3)

	Land (\$000)	Buildings (\$000)
<b>2021</b>		
Fair value at start of period	78,023	32,135
Additions	-	-
Transfers	-	-
Revaluation increments/(decrements) recognised in Profit or Loss	(1,176)	(3,377)
Revaluation increments/(decrements) recognised in Other Comprehensive Income	-	-
Depreciation expense	-	(461)
<b>Fair value at end of period</b>	<b>76,847</b>	<b>28,297</b>
Total losses for the period included in profit or loss, under 'Other expenses'	(1,176)	(3,377)
<b>2020</b>		
Fair value at start of period	78,137	36,074
Additions	-	10
Transfers	(97)	-
Revaluation increments/(decrements) recognised in Profit or Loss	(17)	(3,445)
Revaluation increments/(decrements) recognised in Other Comprehensive Income	-	-
Depreciation expense	-	(504)
<b>Fair value at end of period</b>	<b>78,023</b>	<b>32,135</b>
Total losses for the period included in profit or loss, under 'Other expenses'	(17)	(3,445)

## Valuation processes

There were no changes in valuation techniques during the period. However, the valuation processes have been significantly impacted by the COVID-19 pandemic.

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 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 Landgate 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 current replacement cost. 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, adjusted for obsolescence. Obsolescence encompasses physical deterioration, functional (technological) obsolescence and economic (external) obsolescence.

Valuation using current replacement cost utilises the significant Level 3 input, consumed economic benefit/obsolescence of asset which is estimated by the Landgate. 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.

**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.

## 9 | Other disclosures

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

	Notes
Events occurring after the end of the reporting period	9.1
Initial application of Australian Accounting Standards	9.2
Future impact of Australian Accounting Standards but not yet operative	9.3
Key management personnel	9.4
Related party transactions	9.5
Related and affiliated bodies	9.6
Remuneration of auditors	9.7
Non-current assets classified as assets held for sale	9.8
Equity	9.9
Special purpose account - controlled	9.10
Supplementary financial information	9.11
Service delivery arrangements Indian Ocean Territories	9.12
Explanatory statement (Controlled Operations)	9.13
Resources provided free of charge	9.14

### 9.1 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.

### 9.2 Initial application of Australian Accounting Standards

#### *AASB 1059 Service Concession Arrangements: Grantors*

This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector agency by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided.

The Department did not manage any public private partnership that is within the scope of the Standard.

### 9.3 Future impact of Australian Accounting Standards not yet operative

		Operative for reporting periods beginning on/after
AASB 17	<p><i>Insurance Contracts</i></p> <p>This Standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The Department has not assessed the impact of the Standard.</p>	1 Jan 2023
AASB 1060	<p><i>General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i></p> <p>This Standard sets out a new, separate disclosure standard to be applied by all entities that are reporting under Tier 2 of the Differential Reporting Framework in AASB 1053. There is no financial impact.</p>	1 Jan 2021
AASB 2020-1	<p><i>Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current</i></p> <p>This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. There is no financial impact.</p>	1 Jan 2023
AASB 2020-3	<p><i>Amendments to Australian Accounting Standards - Annual Improvements 2018–2020 and Other Amendments</i></p> <p>This Standard amends: (a) AASB 1 to simplify the application of AASB 1; (b) AASB 3 to update a reference to the Conceptual Framework for Financial Reporting; (c) AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability; (d) AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset; (e) AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and (f) AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value. There is no financial impact.</p>	1 Jan 2022
AASB 2020-5	<p><i>Amendments to Australian Accounting Standards - Insurance Contracts</i></p> <p>This Standard amends AASB 17 to reduce the costs of applying AASB 17 by simplifying some of its requirements. The Department has not assessed the impact of the Standard.</p>	1 Jan 2021

### 9.3 Future impact of Australian Accounting Standards not yet operative (cont.)

		Operative for reporting periods beginning on/after
AASB 2020-6	<p><i>Amendments to Australian Accounting Standards</i>  <i>- Classification of Liabilities as Current or Non-current</i>  <i>- Deferral of Effective Date</i></p> <p>This Standard amends AASB 101 to defer requirements for the presentation of liabilities in the statement of financial position as current or non-current that were added to AASB 101 in AASB 2020-1.</p> <p>There is no financial impact.</p>	1 Jan 2022
AASB 2020-7	<p><i>Amendments to Australian Accounting Standards - COVID-19-Related Rent Concessions: Tier 2 Disclosures.</i></p> <p>This Standard adds new disclosure requirements to AASB 1060.</p> <p>There is no financial impact.</p>	1 Jul 2021
AASB 2020-1	<p><i>Amendments to Australian Accounting Standards - Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities</i></p> <p>This Standard amends AASB 1060 to provide not-for-profit entities with optional relief from presenting comparative information in the notes to the financial statements where the entity did not disclose the comparable information in its most recent previous general purpose financial statements.</p> <p>There is no financial impact.</p>	1 Jul 2021
AASB 2021-2	<p><i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i></p> <p>This Standard amends: (a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; (b) AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies; (c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; (d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and (e) AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p> <p>There is no financial impact.</p>	1 Jan 2023
AASB 2021-3	<p><i>Amendments to Australian Accounting Standards</i>  <i>- Covid-19-Related Rent Concessions beyond 30 June 2021</i></p> <p>This Standard amends AASB 16 to extend by one year the application period of the practical expedient added to AASB 16 by AASB 2020-4.</p> <p>There is no financial impact.</p>	1 Apr 2021

## 9.4 Key management personnel

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

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

Compensation band (\$)	2021	2020
21,001 - 30,000 <sup>(a)</sup>	1	-
90,001 - 100,000	-	-
120,001 - 130,000	-	2
150,001 - 160,000	-	1
250,001 - 260,000	1	-
270,001 - 280,000	1	-
280,001 - 290,000	-	1
290,001 - 300,000	1	-
310,001 - 320,000	-	1
330,001 - 340,000	1	-
370,001 - 380,000	-	1
390,001 - 400,000	1	-
471,001 - 480,000	1	-
500,001 - 510,000	-	1
	<b>2021</b>	<b>2020</b>
	<b>(\$000)</b>	<b>(\$000)</b>
Short-term employee benefits	1,770	1,390
Post employment benefits	177	170
Other long term benefits	98	273
Termination benefits	-	65
<b>Total compensation of senior officers</b>	<b>2,045</b>	<b>1,898</b>

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

(a) Former Deputy Director General Building Management and Works resigned from the position on 31 July 2020.

## 9.5 Related party transactions

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

Related parties of the Department include:

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



## Significant transactions with Government-related entities

In conducting its activities, the Department is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Such transactions include:

- managed building works revenue for the planning, delivery, management and maintenance of government buildings (Note 4.1);
- vehicle fleet lease rental revenue from vehicle leasing arrangements (Note 4.1);
- revenue from government office accommodation (Note 4.1);
- provide vehicle finance leases (Note 7.3);
- remuneration for services provided by the Auditor General (Note 9.7);
- provide corporate services, accommodation leasing services and fitouts free of charge (Note 9.13);
- services received free of charge from Department of Justice, Landgate, Department of Treasury, Department of Education and Department of Primary Industries and Regional Development (Note 4.1);
- service appropriations (Note 4.1);
- insurance payments to the Insurance Commission of Western Australia (Note 3.4); and
- capital appropriations (Note 9.9).

## Material transactions with other related parties

During the year, the Department paid \$8,699,700 in employee superannuation contributions to the Government Employees Superannuation Board.

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

## 9.6 Related and affiliated bodies

The Department has no related bodies or affiliated bodies.

## 9.7 Remuneration of auditors

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

	2021 (\$000)	2020 (\$000)
Auditing the accounts, financial statements, controls, and key performance indicators	465	394

## 9.8 Non-current assets classified as assets held for sale

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

## 9.9 Equity

	2021 (\$000)	2020 (\$000)
<b>Contributed equity</b>		
Balance at start of period	1,041,907	1,068,039
<i>Contributions by owners</i>		
Capital appropriation	7,711	5,265
<i>Other contributions by owners</i>		
Cash transfer from State Supply Commission	378	-
Land and building transferred from Landgate	39,500	-
<b>Total contributions by owners</b>	<b>47,589</b>	<b>5,265</b>
<i>Distribution to owners</i>		
Transfer of land to the Department of Communities	-	(97)
Lease incentives transferred to consolidated account	-	(31,300)
<b>Total distributions to owners</b>	<b>-</b>	<b>(31,397)</b>
<b>Balance at end of period</b>	<b>1,089,496</b>	<b>1,041,907</b>

## 9.10 Special purpose account - controlled

State Fleet Operating Account

The purpose of the account is to capture any funds made available and any payments incurred in the performance of functions under a State Fleet agreement.

	2021 (\$000)	2020 (\$000)
Balance at start of period	24,708	22,548
Receipts	80,109	15,113
Payments	(104,817)	(12,953)
<b>Balance at end of period</b>	<b>-</b>	<b>24,708</b>

The State Fleet Operating account ceased to exist from 1 June 2021 due to the repeal of the *State Supply Commission Act* and the remaining funds were deposited to the Department of Finance operating bank account.

## 9.11 Supplementary financial information

### (a) Write-offs

During the year, \$4.621 million (2020: \$18.156 million) was written off by the Department under the authority of:

	2021 (\$000)	2020 (\$000)
The accountable authority	2,754	7,165
The Minister	450	3,747
Executive Council	1,417	7,244
	<b>4,621</b>	<b>18,156</b>

### (b) Write-offs by category

	2021 (\$000)	2020 (\$000)
Public assets	1,334	1,980
Debts due to the State	3,287	16,176
	<b>4,621</b>	<b>18,156</b>

## 9.12 Service delivery arrangements Indian Ocean Territories

	2021 (\$000)	2020 (\$000)
<b>Revenue</b>		
Commonwealth receipts	8,483	7,226
	<b>8,483</b>	<b>7,226</b>
<b>Expenditure</b>		
Consultants and contractors	6,078	6,579
Administration and other costs	462	489
Payroll Tax and business franchise	23	24
Duties	-	-
Land Tax	5	4
Compliance	96	11
	<b>6,664</b>	<b>7,107</b>
Surplus/(deficit) for the period	1,819	119
Balance brought forward	141	22
<b>Balance carried forward</b>	<b>1,960</b>	<b>141</b>

## 9.13 Explanatory statement (Controlled Operations)

All variances between annual estimates (original budget) and actual results for 2021, and between the actual results for 2021 and 2020 are shown below. Narratives are provided for key major variances, which are greater than 10% and 1% of prior year Total Cost of Services for the Statements of Comprehensive Income and Statement of Cash Flows, and are greater than 10% and 1% of prior year Total Assets for the Statement of Financial Position.

### 9.13.1 Statement of Comprehensive Income Variances

	Variance note	Estimate 2021 (\$000)	Actual 2021 (\$000)	Actual 2020 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2021 and 2020 (\$000)
<b>Expenses</b>						
Employee benefits expense		122,453	120,537	108,765	(1,916)	11,772
Supplies and services		1,008,995	915,937	870,998	(93,058)	44,939
Depreciation and amortisation expense	1	252,837	224,365	237,460	(28,472)	(13,095)
Finance costs		57,403	56,732	53,933	(671)	2,799
Accommodation expenses		33,840	32,954	35,918	(886)	(2,964)
Grants and subsidies		2,323	7,666	1,519	5,343	6,147
Loss on disposal of non-current assets		-	-	106	-	(106)
Other expenses		6,685	4,191	3,616	(2,494)	575
<b>Total cost of services</b>		<b>1,484,536</b>	<b>1,362,382</b>	<b>1,312,315</b>	<b>(122,154)</b>	<b>50,067</b>
<b>Income</b>						
Commonwealth grants		4,700	7,958	5,454	3,258	2,504
Other income <sup>(a)(b)</sup>		14,022	16,636	8,780	2,614	7,856
<b>Total revenue</b>		<b>18,722</b>	<b>24,594</b>	<b>14,234</b>	<b>5,872</b>	<b>10,360</b>
<b>NET COST OF SERVICES</b>		<b>1,465,814</b>	<b>1,337,788</b>	<b>1,298,081</b>	<b>(128,026)</b>	<b>39,707</b>
<b>INCOME FROM STATE GOVERNMENT</b>						
Service appropriation	2	221,059	221,059	169,780	-	51,279
Income from other public sector entities <sup>(b)</sup>		1,242,095	1,135,418	1,109,574	(106,677)	25,844
Services received		14,676	14,116	13,066	(560)	1,050
Royalties for Regions Fund		90	105	1,644	15	(1,539)
<b>Total income from State Government</b>		<b>1,477,920</b>	<b>1,370,698</b>	<b>1,294,064</b>	<b>(107,222)</b>	<b>76,634</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>12,106</b>	<b>32,910</b>	<b>(4,017)</b>	<b>20,804</b>	<b>36,927</b>
<b>TOTAL COMPREHENSIVE INCOME/ (DEFICIT) FOR THE PERIOD</b>						
		<b>12,106</b>	<b>32,910</b>	<b>(4,017)</b>	<b>20,804</b>	<b>36,927</b>

(a) \$2,708,000 of gains on disposal of non-current assets has been included in other income actual for 2019–20.

(b) \$1,107,708,000 of user charges and fees and \$158,000 of interest revenue have been included in income from other public sector entities for 2019–20. \$924,000 of recoups and \$784,000 of other revenue have been reclassified to income from other public sector entities for 2019–20.

#### Major Estimate and Actual (2021) Variance Narratives

- The 2021 estimate is higher as additional depreciation capacity was provided to allow for potential additional leases and estimates of lease extension activity.

#### Major Actual (2021) and Comparative (2020) Variance Narratives

- The 2021 actual is higher as this includes additional funding for COVID-19 personal protective equipment and non-cash appropriation for AASB16.

### 9.13.2 Statement of Financial Position Variances

	Variance note	Estimate 2021 (\$000)	Actual 2021 (\$000)	Actual 2020 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2021 and 2020 (\$000)
<b>Assets</b>						
<i>Current Assets</i>						
Cash and cash equivalents		94,571	157,725	81,848	63,154	75,877
Restricted cash and cash equivalents		138	1,960	141	1,822	1,819
Asset held for distribution to owners	1	200	39,700	200	39,500	39,500
Receivables		64,090	47,883	65,625	(16,207)	(17,742)
Finance lease receivables		128	161	128	33	33
Amounts receivable for services		540	540	540	-	-
Contract assets		49,711	51,357	51,856	1,646	(499)
Other current assets		7,089	7,789	7,088	700	701
<b>Total Current Assets</b>		<b>216,467</b>	<b>307,115</b>	<b>207,426</b>	<b>90,648</b>	<b>99,689</b>
<i>Non-Current Assets</i>						
Restricted cash and cash equivalents		1,828	1,814	1,428	(14)	386
Finance lease receivables		391	505	391	114	114
Amounts receivable for services	2	684,989	684,989	615,325	-	69,664
Property, equipment and vehicles		728,378	710,418	725,962	(17,960)	(15,544)
Right-of-use assets		1,415,453	1,394,474	1,443,852	(20,979)	(49,378)
Intangible assets		37,990	38,195	37,505	205	690
Other non-current assets		238	159	238	(79)	(79)
<b>Total Non-Current Assets</b>		<b>2,869,267</b>	<b>2,830,554</b>	<b>2,824,701</b>	<b>(38,713)</b>	<b>5,853</b>
<b>TOTAL ASSETS</b>		<b>3,085,734</b>	<b>3,137,669</b>	<b>3,032,127</b>	<b>51,935</b>	<b>105,542</b>
<b>Liabilities</b>						
<i>Current Liabilities</i>						
Payables		70,167	70,756	65,801	589	4,955
Borrowings		6,281	6,516	6,281	235	235
Lease liabilities		161,946	181,762	161,943	19,816	19,819
Employee related provisions		26,120	27,807	26,129	1,687	1,678
Contract liabilities		40,270	22,819	40,269	(17,451)	(17,450)
Other provisions		207	7,379	207	7,172	7,172
Other liabilities		34,837	18,601	34,823	(16,236)	(16,222)
<b>Total Current Liabilities</b>		<b>339,828</b>	<b>335,640</b>	<b>335,453</b>	<b>(4,188)</b>	<b>187</b>
<i>Non-Current Liabilities</i>						
Borrowings		51,513	52,255	51,513	742	742
Lease liabilities		1,532,476	1,538,366	1,514,797	5,890	23,569
Employee related provisions		4,924	5,862	4,928	938	934
Other provisions		3,472	2,939	3,328	(533)	(389)
<b>Total Non-Current Liabilities</b>		<b>1,592,385</b>	<b>1,599,422</b>	<b>1,574,566</b>	<b>7,037</b>	<b>24,856</b>
<b>TOTAL LIABILITIES</b>		<b>1,932,213</b>	<b>1,935,062</b>	<b>1,910,019</b>	<b>2,849</b>	<b>25,043</b>
<b>NET ASSETS</b>		<b>1,153,521</b>	<b>1,202,607</b>	<b>1,122,108</b>	<b>49,086</b>	<b>80,499</b>
<b>Equity</b>						
Contributed equity		1,061,211	1,089,496	1,041,907	28,285	47,589
Accumulated surplus/(deficit)		92,310	113,111	80,201	20,801	32,910
<b>Total Equity</b>		<b>1,153,521</b>	<b>1,202,607</b>	<b>1,122,108</b>	<b>49,086</b>	<b>80,499</b>



### **Major Estimate and Actual (2021) Variance Narratives**

- 1 The higher 2021 actual is due to the unplanned transfer of the land and building at 1 Midland Square, Midland to the Department.

### **Major Actual (2021) and Comparative (2020) Variance Narratives**

- 1 The higher 2021 actual is due to the unplanned transfer of the land and building at 1 Midland Square, Midland to the Department.
- 2 The 2021 actual is higher than 2020 as the Department received non-cash appropriation linked to the adoption of AASB16.

### 9.13.3 Statement of Cash Flows Variances

	Variance note	Estimate 2021 (\$000)	Actual 2021 (\$000)	Actual 2020 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2021 and 2020 (\$000)
<b>CASH FLOWS FROM STATE GOVERNMENT</b>						
Service appropriation		150,878	150,878	137,643	-	13,235
Capital appropriations		7,711	7,711	5,265	-	2,446
Funds from other public sector entities <sup>(a)(b)</sup>		1,247,264	1,130,638	1,093,610	(116,626)	37,028
Holding account drawdowns		517	517	517	-	-
Royalties for Regions Fund		1,640	1,655	94	15	1,561
Cash transfer from State Supply Commission		-	378	-	378	378
Distribution to owners	1	-	-	(31,300)	-	31,300
<b>Net cash provided by State Government</b>		<b>1,408,010</b>	<b>1,291,777</b>	<b>1,205,829</b>	<b>(116,233)</b>	<b>85,948</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<i>Payments</i>						
Employee benefits		(122,385)	(117,474)	(106,972)	4,911	(10,502)
Supplies and services	2	(1,005,103)	(893,731)	(865,529)	111,372	(28,202)
Finance costs		(56,426)	(55,646)	(52,711)	780	(2,935)
Accommodation		(34,684)	(32,879)	(35,016)	1,805	2,137
Grants and subsidies		(2,323)	(847)	(1,519)	1,476	672
GST payments on purchases		(130,624)	(119,011)	(122,549)	11,613	3,538
GST payments to taxation authority		(3,234)	(8,060)	(7,331)	(4,826)	(729)
Other payments		(7,968)	(2,312)	(1,799)	5,656	(513)
<i>Receipts</i>						
Commonwealth grants and contributions		4,700	8,482	7,226	3,782	1,256
GST receipts on sales		122,090	124,573	122,464	2,483	2,109
GST receipts from taxation authority		12,374	4,082	6,967	(8,292)	(2,885)
Other receipts <sup>(b)</sup>		15,699	8,993	6,182	(6,706)	2,811
<b>Net cash provided by/(used in) operating activities</b>		<b>(1,207,884)</b>	<b>(1,083,830)</b>	<b>(1,050,587)</b>	<b>124,054</b>	<b>(33,243)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<i>Payments</i>						
Purchase of non-current assets	3	(116,693)	(89,213)	(128,334)	27,480	39,121
<i>Receipts</i>						
Proceeds from sale of non-current assets	4	45,700	31,545	33,517	(14,155)	(1,972)
<b>Net cash provided by/(used in) investing activities</b>		<b>(70,993)</b>	<b>(57,668)</b>	<b>(94,817)</b>	<b>13,325</b>	<b>37,149</b>

### 9.13.3 Statement of Cash Flows Variances (cont.)

	Variance note	Estimate 2021 (\$000)	Actual 2021 (\$000)	Actual 2020 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2021 and 2020 (\$000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<i>Payments</i>						
Repayment of borrowings		-	-	(5,433)	-	5,433
Principal elements of lease		(141,939)	(134,708)	(141,375)	7,231	6,667
<i>Receipts</i>						
Proceeds from borrowings		-	-	-	-	-
Finance leases receipts		5,143	176	231	(4,967)	(55)
Receipts from lease incentives	5	20,783	62,335	86,076	41,552	(23,741)
<b>Net cash provided by/(used in) financing activities</b>		<b>(116,013)</b>	<b>(72,197)</b>	<b>(60,501)</b>	<b>43,816</b>	<b>(11,696)</b>
Net increase/(decrease) in cash and cash equivalents		13,120	78,082	(76)	64,962	78,158
Cash and cash equivalents at the beginning of the period		83,417	83,417	83,493	-	(76)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>96,537</b>	<b>161,499</b>	<b>83,417</b>	<b>64,962</b>	<b>78,082</b>

(a) \$1,091,211,000 of user charges and fees and \$202,000 of interest received have been included in funds from other public sector entities for 2019–20.

(b) \$2,197,000 of other receipts have been included in funds from other public sector entities for 2019–20.

#### Major Estimate and Actual (2021) Variance Narratives

- The estimate includes additional capacity for major capital projects as part of the COVID-19 WA Recovery Plan.
- Underspends compared to estimate were largely from lower than projected motor vehicle purchases for the whole of government fleet and reduced spend on some office fit-out including Kings Square Fremantle.
- The State Fleet motor vehicle sales was below the estimate due to lower than forecast turnover within the sector, partly as a result of supply chain issues resulting in retention of vehicles beyond typical life.
- The 2021 actual is higher compared to the estimate, reflecting the continued negotiation of lease incentives after the publication of estimates and as part of whole of government office lease negotiations.

#### Major Actual (2021) and Comparative (2020) Variance Narratives

- 2020 actual included a return of lease incentive cash to the consolidated account.
- Lower capital expenditure in 2021 is mainly due to the finalisation of the Kings Square Fremantle accommodation complex and less lease incentive funding received for the construction of office fit-out.
- Lease incentives received in 2021 were lower than 2020. Lease incentives received during any financial year will fluctuate as a result of lease negotiations undertaken across the whole of government leased accommodation portfolio.

## 9.14 Services provided free of charge

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

	2021 (\$000)	2020 (\$000)
Department of the Premier and Cabinet	3,144	3,221
Department of Transport	613	644
Office of the Auditor General	416	417
Department of Training & Workforce Development	325	328
Public Sector Commission	727	719
Western Australia Police	471	485
Department of Treasury	289	4,617
The Ombudsman	293	294
Department of Health	551	514
Department of Justice	2,841	2,368
Department of Planning, Lands and Heritage	727	1,036
Department of Communities	1,175	1,566
Department of Primary Industries and Regional Development	691	702
Department of Mines, Industry Regulation and Safety	605	640
Department of Local Government, Sports and Cultural Industries	430	478
Other Agencies <sup>(a)</sup>	1,814	2,831
	<b>15,112</b>	<b>20,860</b>

(a) Includes 28 agencies in 2021 and 29 agencies in 2020.

## 10 | Administered disclosures

This section sets out all of the statutory disclosures regarding the financial performance of the Department.

	Notes
Special purpose accounts - administered	10.1
Disclosure of administered income and expenses by service	10.2
Administered assets and liabilities	10.3
Explanatory statement for Administered items	10.4

### 10.1 Special purpose accounts – administered

	2021 (\$000)	2020 (\$000)
<b>Departmental Receipts in Suspense - State Revenue</b>		
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	-	-
<b>Balance at the end of period</b>	<b>1</b>	<b>1</b>
<b>Indian Ocean Territories</b>		
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	152	204
Receipts	2,954	2,346
Payments	(2,719)	(2,398)
<b>Balance at the end of period</b>	<b>387</b>	<b>152</b>

## 10.2 Disclosure of administered income and expenses by service

	2021 (\$000)	2020 (\$000)
<b>Revenue Assessment and Collection, and Grants and Subsidies Administration</b>		
<b>INCOME FROM ADMINISTERED ITEMS</b>		
<i>Income<sup>(a)</sup></i>		
Taxation	8,096,814	7,048,972
Other revenue	39,447	38,402
Appropriations	627,515	229,058
Collections raised on behalf of other agencies	64,885	52,142
<b>Total Administered Income</b>	<b>8,828,661</b>	<b>7,368,574</b>
<i>Expenses</i>		
Grants, subsidies and transfers	627,515	229,058
Other expenses	7,941,460	7,023,033
Collections transferred to other agencies	65,094	52,142
<b>Total Administered Expenses</b>	<b>8,634,069</b>	<b>7,304,233</b>

(a) Revenue 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.

## 10.3 Administered assets and liabilities

	2021 (\$000)	2020 (\$000)
<b>Current assets</b>		
Taxation receivable	702,579	507,993
Other receivables	55,372	49,178
Other current assets	693	138
<b>Total administered current assets</b>	<b>758,644</b>	<b>557,309</b>
<b>Non-Current Assets</b>		
Other receivables	51,300	51,300
<b>Total administered non-current assets</b>	<b>51,300</b>	<b>51,300</b>
<b>TOTAL ADMINISTERED ASSETS</b>	<b>809,944</b>	<b>608,609</b>
<b>Current liabilities</b>		
Other payables	56,065	49,316
<b>Total administered current liabilities</b>	<b>56,065</b>	<b>49,316</b>
<b>TOTAL ADMINISTERED LIABILITIES</b>	<b>56,065</b>	<b>49,316</b>



## 10.4 Explanatory statement for Administered Items

### For the year ended 30 June 2021

All variances between annual estimates and actual results for 2021, and between the actual results for 2021 and 2020 are shown below. Narratives are provided for key major variances, which are greater than 10% and 1% of Total Administered Income.

	Variance note	Estimate 2021 (\$000)	Actual 2021 (\$000)	Actual 2020 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2021 and 2020 (\$000)
<b>INCOME FROM ADMINISTERED ITEMS</b>						
<b>Income</b>						
Taxation						
Insurance duty		678,133	727,537	694,863	49,404	32,674
Land tax		771,325	755,930	793,263	(15,395)	(37,333)
Payroll tax		3,569,495	3,749,400	3,645,535	179,905	103,865
Transfer duty	1	1,121,351	1,862,374	1,189,968	741,023	672,406
Foreign Buyer Surcharge		18,562	17,263	19,000	(1,299)	(1,737)
Landholder duty	2	120,537	225,291	121,612	104,754	103,679
Vehicle licence duty	3	380,213	514,293	375,364	134,080	138,929
Other income <sup>(a)</sup>		216,839	244,726	209,368	27,887	35,358
Other revenue						
Other revenue		39,700	39,447	38,402	(253)	1,045
Appropriations						
First Home Owners Grant Act 2000		82,254	95,718	52,761	13,464	42,957
Administered grants and transfer payments <sup>(b)</sup>	4	524,367	531,797	176,298	7,430	355,499
Collections raised on behalf of other agencies		56,377	64,886	52,141	8,509	12,745
<b>Total administered income</b>		<b>7,579,153</b>	<b>8,828,662</b>	<b>7,368,574</b>	<b>1,249,509</b>	<b>1,460,088</b>
<b>Expenses</b>						
Grants and subsidies						
Administered grants, subsidies and other transfer payments <sup>(b)</sup>	4	524,367	531,797	176,298	7,430	355,499
First Home Owners Scheme		82,254	95,718	52,761	13,464	42,957
Other expenses	5	6,916,155	7,941,460	7,023,033	1,025,305	918,427
Collections transferred to other agencies		56,377	65,093	52,141	8,716	12,952
<b>Total administered expenses</b>		<b>7,579,153</b>	<b>8,634,068</b>	<b>7,304,233</b>	<b>1,054,915</b>	<b>1,329,835</b>

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

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

## Major Estimate and Actual (2021) Variance Narratives

- 1 Transfer duty in 2021 was \$741 million higher than the estimate due to a stronger than expected lift in both the number of residential property transactions and house prices over the year.
  - 2 Landholder duty in 2021 was \$105 million higher than the estimate, largely due to a higher than expected number of very high value commercial landholder transactions in 2021<sup>(a)</sup>.
  - 3 Vehicle licence duty in 2021 was \$134 million higher than the estimate due to a stronger than expected rise in the number of vehicle transactions and prices (across all vehicle types) over the year.
  - 5 This expense category largely relates to taxation revenue collected by the Department and then paid on to the Consolidated Account. Revenue collections paid to the Consolidated Account (up \$1,025 million relative to the estimate) largely reflects higher transfer duty, landholder duty, vehicle licence duty and higher payroll tax collections resulting from faster than anticipated recovery in overall labour market conditions, consistently strong activity in the resources sector and the impact on payrolls of bonuses paid during the year.
- (a) Landholder duty applies to certain acquisitions of land made through the purchase of interests in corporations and unit trust schemes. This differs from transfer duty which is paid by the purchaser on the basis of the dutiable value of property transferred. The number and value of these high value commercial transactions tend to be infrequent and volatile within and between years.

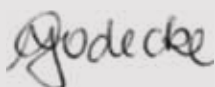
## Major Actual (2021) and Comparative (2020) Variance Narratives

- 1 Transfer duty in 2021 was \$672 million higher than in 2020 due to a strong lift in the number of residential property transactions and a moderate rise in house prices over the year.
  - 2 Landholder duty was \$104 million higher in 2021 compared to 2020, primarily due to a higher number of very high value commercial landholder transactions in 2021<sup>(a)</sup>.
  - 3 Vehicle licence duty in 2021 was \$139 million higher than 2020 due to a rise in the number of vehicle transactions and prices over the year. The lift in collections was primarily driven by increases in duty from 'light new' and 'used' vehicles over the year, with a smaller contribution recorded from 'heavy' vehicles.
  - 4 Grants and transfer payments in 2021 were \$355 million higher compared to 2020, mainly reflecting the State and Commonwealth responses to the COVID-19 pandemic. This was largely due to the combined impact of State initiatives, such as the Building Bonus grants and grants to small and medium-sized payroll tax paying businesses, together with spending on the administration of the Commonwealth's HomeBuilder National Partnership agreement.
  - 5 This expense category largely relates to taxation revenue collected by the Department and then paid on to the Consolidated Account. Revenue collections paid to the Consolidated Account (up \$918 million relative to 2020) largely reflects higher transfer duty, landholder duty, vehicle licence duty and higher payroll tax due to the combination of a broad economic recovery from the height of COVID-19 restrictions, ongoing activity in the mining sector and the end of policies such as the payroll tax waiver for small to medium businesses from March to June 2020.
- (a) Landholder duty applies to certain acquisitions of land made through the purchase of interests in corporations and unit trust schemes. This differs from transfer duty which is paid by the purchaser on the basis of the dutiable value of property transferred. The number and value of these high value commercial transactions tend to be infrequent and volatile within and between years.

# Certification of Key Performance Indicators

**For the year ended 30 June 2021**

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 2021.



**Nicki Godecke**  
Director General  
27 August 2021

# Performance Assessment

## Outcomes

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

Government goals	Desired outcomes	Services
<b>Sustainable finances</b> Responsible financial management and better service delivery.	Due and payable revenue is collected and eligible grants, subsidies and rebates paid.	Revenue assessment and collection, and grants and subsidies administration.
	Value for money from public sector procurement.	Development and management of common use contract arrangements, State Fleet leasing and disposal and providing facilitation service for agency specific contracts.
	Efficient and effective Corporate Services to client agencies.	Corporate services to client agencies.
	Value for money from the management of the Government's non-residential buildings and public works.	Leads the management of Government buildings including planning, project delivery, and maintenance thereof.

## 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

## RevenueWA

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### Outcome 1

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

The Department, through RevenueWA, 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 indicators for revenue collection and grant, subsidy and rebate payments provide a measure of the accuracy of the revenue assessment process, the level of compliance by taxpayers and the timeliness of processing assessments.





### Debt as a percentage of revenue raised<sup>(a)</sup>

2020–21 Actual	0.74 <sup>(1)</sup>
2020–21 Budget	1.08
2019–20 Actual	1.08
2018–19 Actual	1.11

- (a) This indicator is calculated by dividing the total outstanding debt on hand at 30 June by the total revenue raised for the year for all tax lines (land tax, duties, payroll tax, betting tax, insurance duty and other miscellaneous duties) and presented as a percentage.
- (1) The improved 2020–21 actual result compared to the 2019–20 actual and 2020–21 budget is due to increased revenue raised and lower debt levels due to payment measures implemented to financially assist taxpayers during COVID-19.



### Extent to which correct grants, subsidies and rebates are paid<sup>(b)</sup>

2020–21 Actual	100
2020–21 Budget	100
2019–20 Actual	100
2018–19 Actual	100

- (b) This indicator measures the accuracy of the revenue assessment process by RevenueWA. This indicator is calculated by dividing the 'number of grants, subsidy and rebate payments correctly paid' by the 'number of grants, subsidy and rebate payments made during the year', and presented as a percentage. The percentages are then averaged to derive the KPI result.

# Key Efficiency Indicators

## RevenueWA

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### Service 1

Revenue assessment and collection,  
and grants and subsidies administration.

This service involves the assessment and collection of a range of statutory based revenue, including duties, land tax and payroll tax, and those that are collected on behalf of other agencies (e.g. Perth Parking Licence fees on behalf of Department of Transport) or other jurisdictions (e.g. collection of a range of taxes for the Commonwealth in the Indian Ocean Territories). RevenueWA is also involved in the assessment and payment of a range of grants and subsidies under both statutory and administrative schemes. The major payments

relate to the First Home Owner Grant, Building Bonus, Homebuilder and payroll tax COVID-19 grants, as well as concessions on water rates, local government rates and the Emergency Services Levy for pensioners and seniors.

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



### Average cost per tax or duty determination<sup>(a)</sup>

2020–21 Actual	29.27 <sup>(1)</sup>
2020–21 Budget	32.35
2019–20 Actual	31.27
2018–19 Actual	30.54

- (a) This indicator is used to measure the cost to produce a tax or duty determination across all major tax lines administered by RevenueWA. It is calculated by dividing the 'total RevenueWA costs plus departmental overhead costs' by the 'total number of tax or duty determinations'. 2018–19 Actual and 2019–20 Budget/Target have been recast due to changes in the data collection methodology resulting in a decrease in land tax determinations and an increase in offline duties determinations.
- (1) The better than 2020–21 budget cost per assessment determination is largely due to the increase in the number of duties determinations made resulting from housing stimulus measures with stable costs.



### Average cost per grant or subsidy determination<sup>(b)</sup>

2020–21 Actual	17.04 <sup>(2)</sup>
2020–21 Budget	9.53
2019–20 Actual	10.90
2018–19 Actual	10.76

- (b) This indicator is used to measure the cost to produce a single determination across all grant and subsidy lines administered by RevenueWA. It is calculated by dividing the 'total RevenueWA grant and subsidy costs plus departmental overhead costs' by the 'total number of grant and subsidy determinations'.
- (2) The increased cost of grant or subsidy determinations compared to actual 2019–20 and budget 2020–21 is due to higher than expected costs to administer the more complex eligibility criteria of the housing construction grant schemes.

# Key Effectiveness Indicators

## Government Procurement

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### 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:

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



## Average annual vehicle net capital cost<sup>(a)</sup>

### Per passenger vehicle

2020-21 Actual	3,856 <sup>(1)</sup>
2020-21 Budget	4,800
2019-20 Actual	4,361
2018-19 Actual	4,995

### Per commercial vehicle

2020-21 Actual	3,738 <sup>(1)</sup>
2020-21 Budget	5,000
2019-20 Actual	5,021
2018-19 Actual	4,823

(a) This indicator measures the Department's effectiveness in minimising purchase prices and maximising sale proceeds, through pro-active fleet and procurement management. Splitting the measure into two categories minimises fluctuations attributed to a greater or lesser ratio of replacements from either category, allowing for better year to year comparative assessments to be made.

(1) The better than budget and prior year result is due to a combination of deferment of vehicle replacement programs and higher than anticipated sales proceeds on disposals as a result of supply chain issues arising from COVID-19 implications.



## Extent to which client agencies agree that their agency contracts and common use contract arrangements achieved value for money<sup>(b)</sup>

2020-21 Actual	96
2020-21 Budget	92
2019-20 Actual	95
2018-19 Actual	96

(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. In 2020-21, 927 surveys were issued with a response rate of 90% with 1.09% error sampling rate at the 95% confidence level.

# Key Efficiency Indicators

## Government Procurement

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### Service 2

Development and management of Common Use Contract Arrangements, State Fleet leasing and disposal and providing facilitation service for agency specific contracts.

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

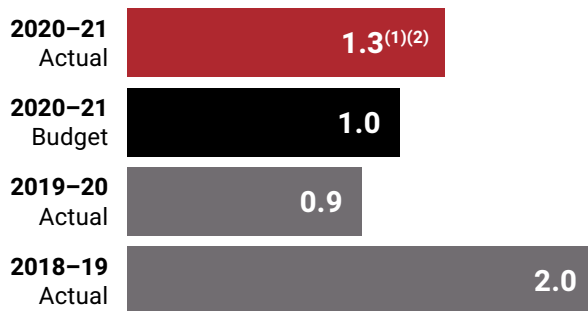
In facilitating the development and management of client agency contracts, State Fleet and CUAs, the Department needs to effectively manage the cost of delivering this service which ensures agencies achieve value for money outcomes.

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





**Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value<sup>(a)</sup>**



- (a) This indicator is used to measure how efficient the Department has been in facilitating the development and management of agency specific contracts.
- (1) A number of high value contracts scheduled to be delivered in 2020-21 have been pushed out to 2021-22, leading to a lower than anticipated total contract value reported. Furthermore, the procurement for a planned significant \$200 million services contract did not proceed.
- (2) There was a lower number of high value contracts awarded in 2020-21 compared to 2019-20.



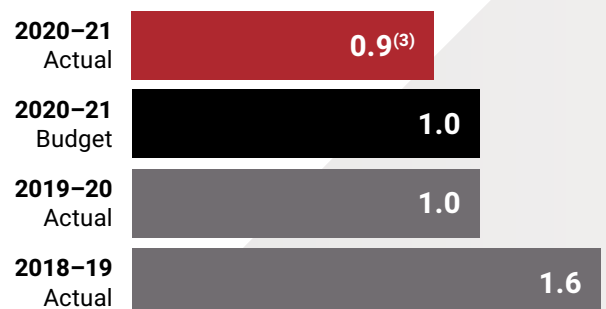
**Average administrative cost per vehicle for financing and managing the State Fleet service<sup>(b)</sup>**



- (b) This indicator measures State Fleet's administrative cost efficiency in financing and managing the leasing of government vehicles.



**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<sup>(c)</sup>**



- (c) This indicator is used to measure how efficient the Department has been in developing and managing whole-of-government Common Use Contract Arrangements.
- (3) Operational costs have reduced through efficiencies in resourcing.

# Key Effectiveness and Efficiency Indicators

## Corporate Services

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### Outcome 3

Efficient and effective corporate services to client agencies.

### Service 3

Corporate services to client agencies.

Effectiveness and efficiency indicators are not reported for this outcome as it relates to the corporate services provided directly by the Department to support the outcomes and activities of the Department of Treasury and the Government Employees Superannuation Board (GESB).

An exemption from the requirements of Treasurer's Instruction 904 (2)(iv) Key Performance Indicators, has been provided by the Under Treasurer.

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# Key Effectiveness Indicators

## Building Management and Works

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### 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.



**Percentage of new buildings projects within the Building Management and Works Program, valued over \$5 million, delivered within the approved budget<sup>(a)</sup>**

2020–21 Actual	100
2020–21 Budget	100
2019–20 Actual	94
2018–19 Actual	100

- (a) This indicator captures projects with an estimated total cost greater than or equal to \$5 million that reached handover in the financial year. The calculation compares the anticipated final cost for each project with its current approved budget. Achievement of projects on-budget is an important requirement for client agencies and is a key contributor to value for money outcomes.



**Average office accommodation floor space per work point<sup>(b)</sup>**

2020–21 Actual	13.74
2020–21 Budget	13.9
2019–20 Actual	14.07
2018–19 Actual	14.42

- (b) This indicator refers to the average workspace density across the office accommodation portfolio and calculated at the whole-of-government level.

# Key Efficiency Indicators

## Building Management and Works

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### Service 4

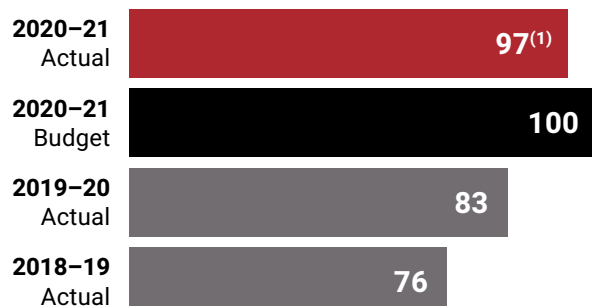
Leads the planning, delivery, management and maintenance of government buildings, projects and office accommodation.

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.





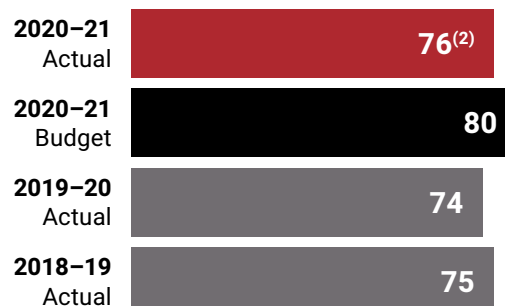
**Percentage of new buildings projects valued over \$5 million, delivered by the approved timeframe<sup>(a)</sup>**



- (a) 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 in the current financial year.
- (1) 29 of the 30 new building projects within the Buildings and Contracts program were delivered by the approved handover date. One project was delivered within six weeks of the approved handover date compared to three late projects in FY 2019-20.



**Percentage of high priority breakdown repairs completed within agreed timeframes<sup>(b)</sup>**



- (b) This indicator measures the percentage of high priority breakdown repairs attended to within 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.
- (2) Maintenance was affected by challenges with attending breakdown repair jobs during COVID-19 lockdown periods, with agencies restricting access to particular sites and contractors unable to travel outside of designated regions without a travel exemption.



**The cost of managing government buildings including the planning, project delivery, and maintenance thereof, as a percentage of services delivered<sup>(c)</sup>**



- (c) This indicator measures the costs of delivering BMW's services as a percentage of the Works Program Turnover (WPT) costs.
- (3) The higher than budgeted result is due to the recognition of costs associated with South West Native Title grants expenditure of \$6.7m.

# Disclosures

## Ministerial directives

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Treasurer's Instruction 903 (12) requires Finance 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 this financial year.

## Other legal requirements

### Unauthorised use of credit cards

Finance uses corporate credit cards as a purchasing tool to reduce the cost of invoice payments.

There is a strong control framework in place to support the use of purchasing cards including supervisor approval of all staff transactions. Processes are in place to ensure the early detection of inadvertent/accidental personal misuse of purchasing cards, and timely repayment of associated costs.

Seven employees inadvertently utilised the corporate purchasing card. The total credit card expenses accumulated to \$2.1 million of which \$436.16 was identified as not related to departmental operations. These transactions represent 0.02 per cent of our total purchasing card transactions completed during the year.

The matters were not referred for disciplinary action as the Chief Finance Officer noted prompt advice and settlement of the personal use amount, and, that the nature of the expenditure was immaterial and characteristic of an honest mistake.

Measure	2020–21 \$
Number of instances the Western Australian Government Purchasing Cards have been used for personal purposes	7
Aggregate amount of personal use expenditure for the reporting period	436.16
Aggregate amount of personal use expenditure settled by the due date (within 5 working days)	4
Aggregate amount of personal use expenditure settled after the period (after 5 working days)	3
Aggregate amount of personal use expenditure remaining unpaid at the end of the reporting period	0
Number of referrals for disciplinary action instigated by the notifiable authority during the reporting period	0

## Expenditure on advertising, market research, policy and direct mail

In accordance with section 175ZE of the *Electoral Act 1907*, Finance incurred the following expenditure in advertising, market research, policy and direct mail. Total expenditure for 2020–21 was \$87,901.

Agency/Organisation	Amount \$	Total \$
<b>Advertising agencies</b>		<b>41,901</b>
Initiative Media Australia	39,998	
State Law Publisher	1,903	
<b>Market research organisations</b>		<b>46,000</b>
Painted Dog Research	46,000	
<b>Polling organisations</b>	0	
<b>Direct mail organisations</b>	0	
<b>Media advertising organisations</b>	0	
<b>Total expenditure</b>		<b>87,901</b>

## Disability Access and Inclusion Plan (DAIP)

We are committed to building a culture of inclusion. Through our Disability Access and Inclusion Plan (DAIP), Finance seeks to ensure that people living with a disability have an equal level of inclusion and access to services and employment.

Finance's DAIP committee meets regularly to drive initiatives in the DAIP. To assist promoting a culture of inclusion, during 2020–21 the following DAIP initiatives were implemented:

- ▶ targeted recruitment of a graduate living with a disability
- ▶ celebrating events including:
  - 'Access Connection' to improve understanding of language and engagement around disability
  - 'Staff Olympics' to recognise the '2020 International Day of People with Disability' promoting awareness of access and inclusion
- ▶ recognising days such as 'Global Accessibility Awareness Day' to promote understanding on access and inclusion
- ▶ a review of information provided to staff to assist with increasing their awareness.

## **Compliance with public sector standards and ethical codes**

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

Over the year, Finance continued to provide proactive guidance to managers and staff to ensure that recruitment processes complied with public sector standards. We successfully completed 110 recruitment processes this year from which 2,057 applications were received.

Four breach of standard claims were lodged during the year. These claims related to a breach of the Employment Standard. Three claims were dismissed by the Public Sector Commission and the other claim was resolved internally. Three cases of non-compliance with the Code of Conduct were finalised.

Departmental policies, procedures and guidelines are maintained to satisfy legislative requirements. An updated Code of Conduct was published in July 2020 which increased the connection to our corporate values, provided further clarification on who should comply with the Code and the consequences of failing to comply.

## **Recordkeeping plans**

The State Records Commission approved Finance's Retention and Disposal Schedule in August 2020 and the Recordkeeping Plan in March 2021.

Our recordkeeping program has continued its digital focus, with 91 per cent of all file creations over the last year being entirely digital, and an upgrade to our Electronic Document and Records Management System scheduled for late 2021.

As Finance's workforce continues to work, communicate and collaborate across digital platforms, we are expanding our use of capability-extending technologies. To support identification of where technology may be applied, we have initiated an Enterprise Information Management project to holistically capture and manage functional and administrative information assets across Finance.

### **Recordkeeping training**

Our employee induction training program includes modules outlining employees' roles and responsibilities to comply with Finance's recordkeeping requirements. Our online user guides provide targeted training on the specific functionality of our Electronic Document Records Management System. Our intranet also provides staff access to our Recordkeeping Plan, Recordkeeping Policy, and a range of other useful resources.

## Freedom of information

### Accessing Finance information

#### *Freedom of Information Act 1992 (FOI Act)*

The overarching purpose of the Freedom of Information (FOI) legislation is to increase public participation in government decision making by allowing access to government held information. Wherever possible, Finance aims to allow FOI applicants access to the information requested at no additional cost.

Applicants can lodge FOI requests via Finance's online application platform or by post. Information about how to apply is available on [WA.gov.au](http://WA.gov.au).

In 2020–21, Finance received 27 new FOI requests and finalised 29. The nature of the access requests was reflective of Finance's business operations and included matters regarding State taxes and revenue, government building projects, procurement issues and several requests for personal information.

Further details are provided in the table below and in the Annual Report of the Office of the Information Commissioner of WA available on its website.

<b>Applications</b>	<b>2020–21</b>	<b>2019–20</b>
New applications received during the year	27	37
Decisions made during the year	26 <sup>[1]</sup>	31 <sup>[2]</sup>
Average time to process (days)	39	34
<b>Outcomes</b>	<b>2020–21</b>	<b>2019–20</b>
Full access	16	19
Edited access	4	5
Deferred access	0	0
Section 26 access	6	4
Section 28 access	0	0
Access refused	0	3
<b>Total decisions</b>	<b>26</b>	<b>31</b>
Transferred to other agencies	0	0
Withdrawn	3	2
<b>Total applications finalised</b>	<b>29</b>	<b>33</b>
<b>Reviews</b>	<b>2020–21</b>	<b>2019–20</b>
Internal reviews	0	1
External reviews - complaints	0	0

<sup>[1]</sup> Includes 8 applications carried over from 2019–20.

<sup>[2]</sup> Includes 3 applications carried over from 2018–19.



# Government policy requirements

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## Board and committee remuneration

In 2020–21, the Department of Finance had no board or committee costs and memberships.

## Occupational safety, and health and injury management

### Occupational Safety and Health

Finance is committed to providing a safe and healthy work environment for our employees and anyone involved with our operations. We do this in alignment with the Occupational Safety, Health (OSH) and Wellbeing Commitment Statement from the Director General, continued support from senior managers and consultation with employees.

In 2020–21 Finance had 10 Safety Health Representatives (SHR) available at our work locations. They met quarterly as part of the OSH Committee, conducted 38 site inspections, consulted with staff, monitored OSH issues and, where appropriate, conducted incident investigations.

There were 21 hazards and incidents reported last financial year and 19 were resolved. The two open issues relate to a noisy work environment and OSH information and inductions for non-employees such as consultants.

An OSH risk assessment was conducted and identified and assessed 48 unique hazard categories in accordance with the Department's Risk Management Framework.

We continue to work on managing and controlling the risks around these hazards, particularly higher rated risks including severe weather and COVID-19.

Finance has a cohort of 40 first aid officers appointed across different locations, including regional offices, to assist with providing immediate response to injured or ill employees.

We continue to offer preventative and proactive OSH programs to staff including ergonomic assessments, screen-based equipment subsidies, and a flu vaccine program. In 2020–21, 384 staff received their flu vaccination at one of Finance's onsite clinics and 17 employees claimed a reimbursement.

Finance published 42 intranet articles on various OSH topics to raise OSH awareness and promote opportunities to participate in OSH initiatives.

### **Injury management**

Finance remains committed to providing injury management and return to work service to all staff. Support is provided for work and non-work-related injuries in accordance with the Injury Management Policy and the requirements of the *Workers' Compensation and Injury Management Act 1981*. In 2020–21, we actively assisted 47 employees with the injury management process.

### **Wellbeing**

This year has seen a renewed focus on mental health and wellbeing. We rebranded the OSH team as 'Safe and Well', participated in the THRIVE program, developed a new Wellness Program and provided numerous opportunities for staff to participate in wellbeing sessions.

### **Employee Assistance Program**

Finance continues to offer and champion the use of the Employee Assistance Program (EAP) to assist staff and their families deal with work-related and personal issues.

In 2020–21, there were 71 new referrals and 208 hours of EAP utilised. This represents an annualised utilisation rate of 6.5 per cent, a decrease from the previous year's 10.7 per cent.

We use deidentified issues raised in EAP reports to inform some topics offered within our Wellbeing Program.

## Public Sector Commissioner's OSH performance requirements

Measure	Result 2018–19	Result 2019–20	Result 2020–21	Target	Comment on result
Number of fatalities	0	0	0	0	Target achieved
Lost time injury and disease incidence rate	0.43	0.22	0.19	0 or 10% reduction in incidence rate	Target achieved
Lost time injury and severity rate	75	0	50	0 or 10% reduction in severity rate	There were 2 lost time injuries of which 1 was considered severe
Percentage of injured workers returned to work within 13 weeks	100%	100%	100%	Greater than or equal to 80%	Target achieved
Percentage of injured workers returned to work within 26 weeks	100%	100%	100%	Greater than or equal to 80%	Target achieved
Percentage of managers trained in occupational safety, health and injury management responsibilities, including refresher training within 3 years	82%	61%	31%	Greater than or equal to 80%	OSH training for managers was on hold due to COVID-19. The program will recommence in 2021–22

## WA Multicultural Policy Framework

Finance developed a Multicultural Framework 2021–2025, which was submitted to the Office of Multicultural Interests in early 2021. With an initial focus on our workforce and culture, the Framework's strategies and actions demonstrate our continued commitment to embracing cultural and linguistic diversity to build a culture in line with our objective of being the best place to work.

# Contact Us

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