



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



Annual Report

21

22

Acknowledgement 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 Aboriginal communities and their cultures, and to Elders both past and present.

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.

Cover Images:

2021 Graduate cohort.
Minister for Finance
the Hon Tony Buti with
Professor Len Collard at
the renaming of Finance
head office to Djookanup.
Art Gallery of WA rooftop
venue (photo Acorn
Photography, Courtesy
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Image:

Kiara College upgrades,
photo Robert Frith.

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Department of Finance 2021–22 Annual Report

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ISN 2203-594X (Print)

ISN 2203-5958 (Online)



Statement of Compliance

For the year ended 30 June 2022

Hon Dr Tony Buti MLA
Minister for Finance

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 2022.

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



Jodi Cant
Director General
21 September 2022

About this report

Welcome to our 2021–22 Annual Report. The report outlines our operational, financial and business performance for the financial year.



Image: Staff member on a call, photo Travis Hayto.

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Overview

A message from our Director General, Jodi Cant



It has been a busy and exciting year returning to the Department of Finance after my secondment with the Department of Planning, Lands and Heritage. I'd like to thank Nicki Godecke who seamlessly transitioned into the Director General role and provided great leadership at Finance during this time.

Over the past year Finance has continued to add value to the public sector, providing strategic advice alongside exemplary project management and service delivery. As a central agency we play a vital role supporting the Western Australian Government to sustain and grow the economy while supporting the local community.

This financial year was particularly challenging as COVID-19 continued to affect our lives. Finance provided ongoing support to the State Government as part of its COVID-19 response. We purchased and distributed 25 million Rapid Antigen Tests (RATs) throughout Western Australia and our efforts helped the community to test and follow health advice, enabling the State to move into the next phase of its Safe Transition Plan. We also secured approximately 3,300 square metres of government accommodation for the Contact Tracing and Living with COVID-19 teams.

The building and construction sector played a significant role in maintaining the State's economic health and achieving record levels of employment throughout the State.

Our team delivered \$230 million worth of non-residential infrastructure projects this year, alongside more than \$300 million worth of maintenance works for the WA community as part of the McGowan Government's WA Recovery Plan.

The sector faced increased pressure due to the pandemic, global supply issues and labour shortages. We managed and introduced a range of COVID-19 mitigation strategies including a \$30 million scheme to provide financial relief to eligible head contractors working for the Department of Finance and the Department of Communities.

To ensure a sustainable pipeline of works, we reviewed our organisational structure and established the Major Projects directorate within Finance. This directorate is leading the delivery of key WA Government priority infrastructure projects over the next few years, including the \$152 million Inpatient Surge Facilities across metro and regional WA, the new \$1.8 billion Women and Newborn's Hospital north of Sir Charles Gairdner Hospital and the Casuarina Prison expansion.

This year the State and Federal governments continued economic support packages through the Building Bonus and HomeBuilder grants. Through RevenueWA we administered these grants and have paid a combined total of more than \$600 million to successful applicants.

RevenueWA enhanced its remit when the State's mining and petroleum royalty collection and administration functions transferred from the Department of Mines, Industry Regulation and Safety to Finance. On behalf of the State, during the year we collected \$21.5 billion in revenue, including \$11.1 billion in Royalties.

Enhancing confidence in government procurement remained a priority, and we introduced a range of initiatives this year to support ethical and strategic procurement. We launched Australia's first Debarment Regime, working to create transparent procurement policies and improving business practices. We also worked with customers from across government to develop and launch the Procurement Capability Strategy aimed at increasing training programs in purchasing for individuals and agencies.

We continue to play an important role in the growth and success of the Aboriginal business sector, working to achieve positive economic and social outcomes for Aboriginal people. We are extremely proud of the performance of the Aboriginal Procurement Policy (APP) and this year the policy was extended for a second three-year term.

Through the APP more than \$146 million worth of contracts were awarded to Aboriginal businesses across the State between 1 July – 31 December 2021.

Under our strong leadership, the ServiceWA Bunbury centre successfully offered more than 80 government services from five agencies under the single banner of ServiceWA. More than 75,000 customers visited the centre during the trial and positive customer feedback was extremely high, with 95 per cent of customers highly satisfied by the service. At the May State Budget, the ServiceWA Bunbury centre was flagged to continue operating for another three years from 1 July 2022.

As part of our strategic planning process, we identified a strategy to become the best place to work – a place where we celebrate diversity, inclusion, reconciliation and innovation. Throughout the year our staff championed a range of diversity initiatives and celebrated national and international days of significance alongside charitable events to encourage inclusivity, understanding and tolerance.

Finance is committed to reconciliation and in February 2022, we renamed our head office 'Djookanup', meaning 'place of young women harvesting food' in local Noongar language. The name honours those who first used the site to gather food at the surrounding freshwater lakes and was celebrated with Noongar elders and our Minister.

I'm proud of everything we have achieved this year. I'd also like to acknowledge the support of our exceptional Corporate Executive and leadership team.

The great work of Finance is only possible thanks to our people who continue to innovate and identify the best options for our State and our government.

Throughout this year we have worked on our future-focussed vision and mission and customer-centric strategies which will be launched next financial year as Strategic Directions 2022–26.

We look forward to the next four years and strengthening our position to deliver what is needed today to achieve a better tomorrow for Western Australia.

Jodi Cant

Director General

Performance highlights



\$21.5b

revenue collected on behalf
of the WA Government



\$2.5b

combined value of projects
managed by Major Projects



\$230m

worth of non-residential
infrastructure projects delivered



\$146m

contracts awarded under the
Aboriginal Procurement Policy across the
WA Government 1 July – 31 December 2021



1 Jan

Debarment Regime
introduced on
1 January 2022



\$600m

value of building
grants administered



\$14.6m

savings realised through office
accommodation strategies



80%

customer satisfaction score
across Finance



75,000

customers visited Bunbury's
trial ServiceWA centre

About us

We've built a well-respected reputation as a central agency that consistently delivers great outcomes for Western Australians. As a central service agency and public sector leader, we deliver key services efficiently and effectively.

Advise

We provide strategic advice to the WA Government and associated government departments and agencies.

We advise on reform projects, project and asset management, statutory approvals, procurement and policy.

Build

We deliver non-residential building infrastructure 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 payment of grants and subsidies to the WA community.

Operational structure

Last financial year, we completed the move to our new organisational structure with our people, customers, and values central to the transformation. We're committed to making sure our structure best supports our operations. This year we established a new Major Projects Directorate to lead the delivery of significant building infrastructure projects. Finance now has six directorates:

- ▶ Advisory Services
- ▶ Building and Contracts
- ▶ Customer Experience and Strategy
- ▶ Major Projects
- ▶ RevenueWA
- ▶ Service and Invest

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 Minister for Finance, the Hon Dr Tony Buti MLA.

Our mission and values

Mission

We drive practical, cost-effective and quality outcomes across government to benefit Western Australians by:

- ▶ placing customers at the centre of what we do
- ▶ being outcomes focused – collaborative, innovative and values-led
- ▶ being the best place to work with engaged, inspired and proud staff

Values

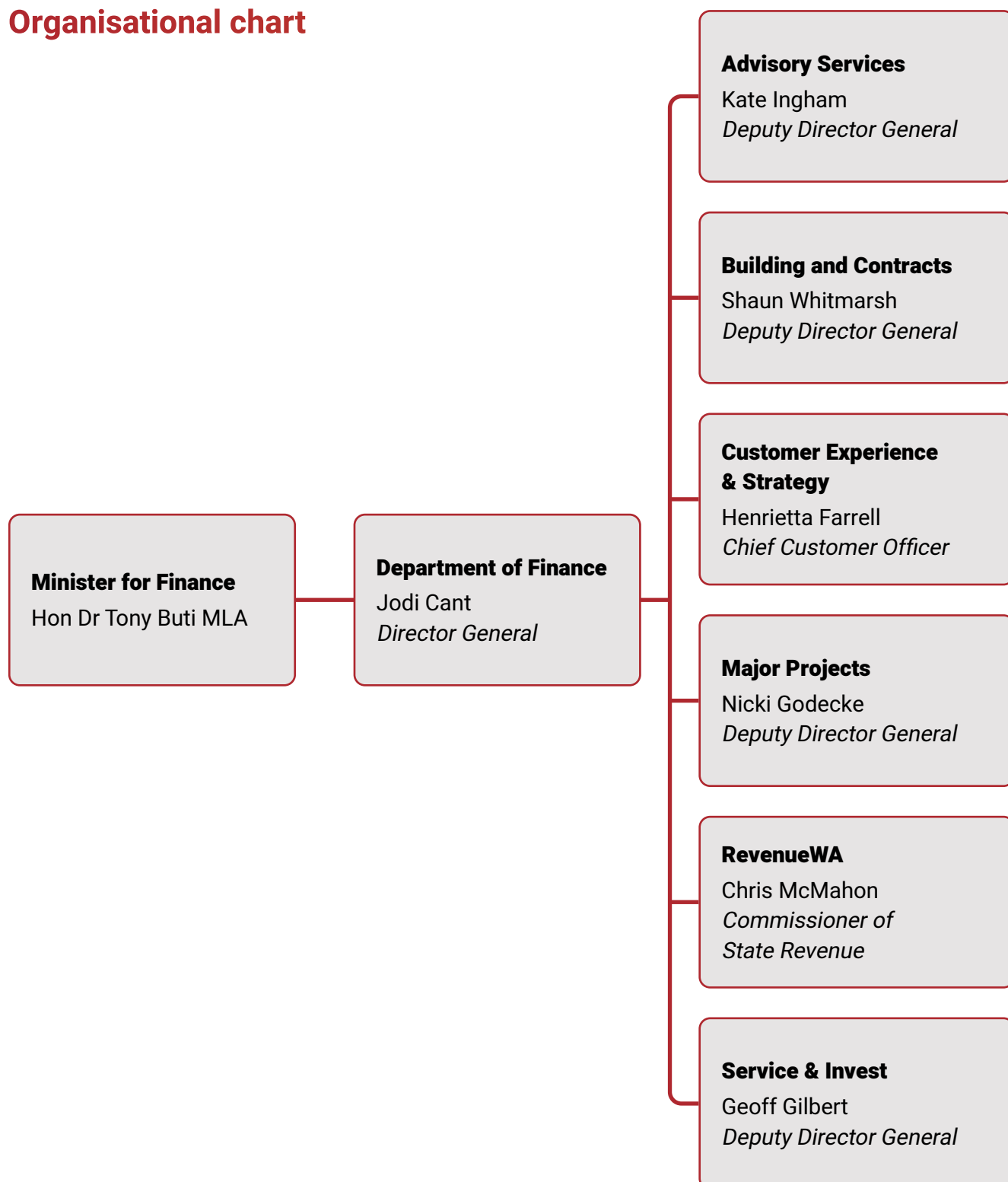
Our values are at the core of our business. We deliver services in a way that is:

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

Early next financial year, we're launching Finance's Strategic Directions 2022–26.

We're excited to share our future-focussed mission and blueprint for how we do business with our values at the core.

Organisational chart



Administered legislation

The Department of Finance assists the Minister for Finance, the Hon Dr Tony Buti MLA, to administer the following Acts:

- ▶ [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](#)
- ▶ [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](#) ^[a]
- ▶ [Procurement Act 2020](#)
- ▶ [Public Works Act 1902](#) ^[b]
- ▶ [Rates and Charges \(Rebates and Deferments\) Act 1992](#)
- ▶ [Stamp Act 1921](#)
- ▶ [Taxation Administration Act 2003](#)

[a] *Pay-Roll Tax Relief (COVID-19 Response) Act 2020* was repealed as at 21 April 2022.

[b] 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.

Other key legislation impacting on the Agency's activities

The Department of Finance complies with all relevant legislation that governs its functions. We're responsible for administering 18 Acts. During 2021–22, our legislation supported us to deliver services across our key areas of operations – Advise, Build, Buy and Collect.

Performance management framework

Outcome-based management framework

Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the agency's services and desired outcomes, and the government goal it contributes to. 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 outcome-based management framework did not change during 2021–22.

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 by 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
Strong and Sustainable Finances: Responsible, achievable, affordable 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.
<p>► Summary of key performance indicators Page 54 – 55</p> <p>► Details of key performance indicators Page 136 – 145</p>		



Image: Art Gallery of WA rooftop venue.

Agency **Performance**

Report on operations

This financial year, we're proud to report significant achievements across our key areas of operations.

Advise

We provide strategic advice to the WA Government.

During the 2021–22 financial year, our strong central leadership delivered quality outcomes across a diverse range of whole-of-government policies and programs. Highlights include administering the Aboriginal Procurement Policy, leading the ServiceWA program and developing the State's Asset Management Reform Program.



Prioritising the economic participation of Aboriginal businesses

Expanding the Aboriginal Procurement Policy

We administer the Aboriginal Procurement Policy (APP) on behalf of the WA Government.

Launched for an initial three-year term in July 2018, the APP leverages the WA Government's buying power to support economic participation of Aboriginal people. This is achieved by setting Aboriginal business contracting targets for WA Government agencies.

Between 1 July 2018 and 31 December 2021, nearly 780 contracts, with a combined value of almost \$623 million, have been awarded to 226 Aboriginal businesses across the WA Government. Two-thirds of these contracts have been awarded in regional areas.

During the first half of the 2021–22 financial year, 122 contracts across the WA Government were awarded to Aboriginal businesses with a combined value of more than \$146 million. This represents 5.2 per cent of all WA Government contracts for goods, services and works being awarded to Aboriginal businesses, meaning State agencies are tracking towards nearly double the 3 per cent target set in the APP for 2021–22.

Building on the success of its initial three-year term, the APP was extended on 1 July 2021 for a second three-year term and further updates went live on 1 January 2022. The extension and more progressive contracting targets include:

- ▶ Aboriginal participation requirements for contracts valued at more than \$5 million, in the following industries:
 - construction and maintenance
 - community and social services
 - education and training
 - public administration and finance, or
 - where a contract will be delivered predominantly to Aboriginal people or target the specific needs of Aboriginal people.
- ▶ This means government suppliers for these contracts must commit to a set percentage of Aboriginal employment or Aboriginal business contract subcontracting.
- ▶ a progressive increase in contracting targets from 3 per cent in 2021–22 to 4 per cent by 2023–24.

The additional requirements support the recently introduced Western Australian Aboriginal Empowerment Strategy 2021–29. They also deliver on the WA Government's commitments in its Closing the Gap Jurisdictional Implementation Plan. This is done by providing a mechanism for strong economic participation and development of Aboriginal people and communities.



\$146 million

**awarded to Aboriginal businesses
to December 2021**

Image: 2022 Aboriginal Business Expo, courtesy Wrapped Creations.



Images: 2022 Aboriginal Business Expo, courtesy Wrapped Creations.

Yarning together at the 2022 Aboriginal Business Expo

In October 2021, we welcomed a 400-strong crowd to Optus Stadium for the third Aboriginal Business Expo. The Expo has become a key event for both buyers and businesses, and reflects our commitment to optimising outcomes under the APP.

Guests enjoyed a warm Welcome to Country by Dr Richard Walley, a keynote addresses from Hon Stephen Dawson MLC and heard from representatives of Reconciliation WA.

The 2021 theme 'Yarn Together' celebrated the success of the APP's first three years and provided not-for-profit organisations, Government Trading Enterprises, industry suppliers and nearly 100 Aboriginal businesses with opportunities to attend one-on-one meetings, have a yarn and discuss future contracting opportunities.

Awarding contracts under the APP

In addition to administering the APP, as an agency we strive to exceed the prescribed targets for contracts awarded to Aboriginal businesses. We play a key role in the achievement of the APP's objectives through our facilitation of procurement and works delivery on behalf of other government agencies.

During the last financial year, we awarded a range of goods, services and works contracts to Aboriginal businesses across the State.

This included 38 regional construction contracts awarded to Aboriginal businesses with a total value of almost \$27 million.

Significantly, two regional construction contracts were awarded to Aboriginal head contractors:

- ▶ Broome TAFE Hospitality and Student Services New Building – \$10.6 million contract awarded to Broome based H&M Tracey in July 2021
- ▶ Northampton Volunteer Fire and Rescue Service Station – \$3.3 million contract awarded to Geraldton based GBSC Yurra in December 2021.

Promoting Aboriginal business forums in the regions

We're committed to supporting local Aboriginal businesses in the regions.

Since 1 July 2018, State agencies awarded 92 contracts to Aboriginal businesses in the Mid West, valued at more than \$68 million.

We were a key sponsor of the inaugural Mid West Aboriginal Business Forum which was organised in collaboration with the Yamatji Southern Regional Corporation, Mid West Chamber of Commerce and Industry and various State and Federal Government agencies and industry representatives.

Held in Geraldton on 9 June 2022, the Forum provided an opportunity for Aboriginal businesses to network with WA Government buyers and build local industry connections.

The well-attended Forum commenced with a keynote address from the Minister for Finance and Aboriginal Affairs, the Hon Dr Tony Buti MLA, and a lively discussion between panellists including our Director General Jodi Cant.



Image: Mid-West Aboriginal Business Forum.

Changing how the WA Government delivers community services

The State Commissioning Strategy (Strategy) and Implementation Plan (Plan) aims to improve the way the WA Government delivers community services across the State.

The Strategy aims to achieve a holistic and sustainable community services system through a commissioning approach. Placing service users at the heart of how community services are delivered, the Strategy looks beyond the procurement of services by focusing on longer-term outcomes for individuals and the community.

The Strategy and Plan were developed following extensive consultation with more than 100 representatives of the community services sector, peak bodies and government representatives. This approach aimed to ensure the Strategy and Plan are truly reflective of the needs of the community they're supporting.

It introduces a consistent framework for WA Government agencies and improves planning, accountability, transparency, and identifies opportunities to integrate service delivery across the public sector.

The Plan supports implementation of the Strategy by providing a two-year roadmap that highlights eight priority areas:

- ▶ **priority 1:** implement Agency Commissioning Plan framework
- ▶ **priority 2:** improve and increase contracting with Aboriginal Community Controlled Organisations
- ▶ **priority 3:** embed governance structure
- ▶ **priority 4:** supporting a sustainable system for commissioning community services
- ▶ **priority 5:** opportunities for integrated and place-based services
- ▶ **priority 6:** support organisational change to facilitate commissioning
- ▶ **priority 7:** develop commissioning education, training and guidance
- ▶ **priority 8:** options for data sharing and implement the outcomes measurement framework.

Each priority includes a central coordinating agency, clear actions, expected benefits, timeframes, and responsibilities for central agencies, line agencies and the community services sector.

We'll commence administering the State Commissioning Strategy and Implementation Plan on behalf of the WA Government on 9 August 2022.



Image: Procurement Capability Strategy 2022-25, photo Travis Hayto.

Developing procurement capabilities across government

Effective and strategic procurement is essential to WA's public sector.

In June 2021, the *Procurement Act 2020* and the Western Australian Procurement Rules (WAPR) commenced, bringing together all WA public sector procurement under a single governance framework.

As functional lead for procurement across the WA Government, we identified the need to expand procurement capability building initiatives across the sector, leading the development and implementation of the Procurement Capability Strategy 2022–25.

The Strategy is the first of its kind in WA. To inform its development, we consulted extensively during the 2021–22 financial year, including with senior leaders from more than 20 WA Government agencies through the Procurement Leaders Steering Group.

The Strategy prioritises the development of procurement leadership, workforce management, culture and performance. It provides a consistent and transparent approach to delivering a broad range of capability building initiatives, including:

- ▶ State-wide works procurement capability tools, guidance and training
- ▶ targeted initiatives to improve procurement professionalism across the sector
- ▶ enhancements to the Procurement Capability Indicator Tool
- ▶ establishing a Strategic Procurement Community of Practice to share learnings between procurement leaders
- ▶ tailored training programs for procurement risk management guidance to support the Social Procurement Framework.

In addition to capability building initiatives, the Strategy establishes standardised performance metrics and annual procurement capability plans across government.

The Strategy came into effect in June 2022. Progress will be measured through annual review cycles which will inform the priority of initiatives to be delivered.

Maintaining public confidence in government contracting

We're administering Australia's first debarment regime.

Established under the *Procurement (Debarment of Suppliers) Regulations 2021*, the Western Australian Debarment Regime (Regime) aims to improve business practices and enhance integrity in procurement. It covers a range of offences from fraud to breaches of occupational health and safety legislation and establishes grounds and processes through which suppliers with poor business practices can be excluded from government contracts in the worst cases of wrongdoing.

The Regime commenced on 1 January 2022 and is one tranche of wider measures that deliver on the McGowan Government's election commitment for procurement reform. It applies to suppliers who supply, or propose to supply, and subcontract to supply, goods, services, community services and works to the WA Government.

The Regime works to ensure that:

- ▶ suppliers can operate on a level playing field and do not need to adjust their own business practices to compete with competitors who are engaging in corruption
- ▶ WA Government agencies can act with increased confidence when working with suppliers who are not debarred
- ▶ public funds are protected by removing potential losses stemming from criminal activity by suppliers.

There are three categories of debarment conduct, and suppliers are encouraged to work with the WA Government to improve their business practices in instances of less serious conduct.

During 2021–22 we collaborated with other investigative agencies, including the Corruption and Crime Commission and Western Australian Police Force (WAPOL), to establish a framework for administering the Regime, including reaching data sharing arrangements with the Department of Justice and other integrity partners.

Facilitating Market-led Proposals

Market-led Proposals (MLPs) provide an innovative opportunity for the WA Government to work with the private and community sectors to create jobs, stimulate WA's economy and bring diverse benefits to the State.

Launched in 2019, we successfully administered the MLP Policy on behalf of the Government until March 2022.

Under our stewardship, 65 proposals were received across a diverse range of industries and two proposals were completed prior to the responsibility transferring to the Department of Planning, Lands and Heritage in March 2022. The first completed proposal was for locally manufactured SOLSAN hand sanitisation units. They were rolled out at busy locations across Perth, including Optus Stadium, and assisted with community safety during COVID-19. The second completed proposal was for a Mako SmartRobotics system. The first of its kind for WA public hospitals, the robotic technology assists surgeons to plan and perform joint replacement surgeries.

We also oversaw the release of seven Problem and Opportunity Statements (POS). Announced as an initiative under the WA Government's \$5.5 billion COVID-19 economic stimulus and recovery plan, the POS sought innovative solutions for a range of issues across a variety of sectors, including health, culture and arts, tourism and the environment.



Images: Departments of Finance and Transport staff at ServiceWA Bunbury.

Making it easier to connect with WA Government services

We continued to provide strong central leadership for ServiceWA - a State-wide reform program with a clear vision of making it easy for customers to connect and do business with the WA Government.

ServiceWA reached major milestones during the last financial year, including an extension of the Bunbury centre and the launch of the ServiceWA app.

Continuing the Bunbury ServiceWA centre

In October 2020, we established a trial ServiceWA centre in Bunbury, WA's second largest city. The trial gave us an opportunity to gain valuable insights from customers under this unified service delivery model.

Delivered on-time and under the project's \$6.9 million budget, the trial centre brought together over 80 transactional government services from five agencies under the single banner of ServiceWA. It was achieved through strong partnerships and significant collaboration between us and the Departments of Transport, Communities, Justice, Primary Industries and Regional Development, and the Western Australia Police Force. More than 75,000 customers visited the trial centre, with customer research demonstrating that:

- ▶ 95 per cent of customers were extremely satisfied with their in-centre experience
- ▶ 90 per cent of customers favour a one-stop-shop centre of excellence.

Customer feedback also indicated strong support and uptake for the centre's concierge service, which facilitates one-on-one sessions to educate customers in how to transact online. Benefits from the sessions include improved digital literacy, increased online adoption and broader digital inclusion across the community.

Following its success and strong citizen support, the ServiceWA centre will continue serving the local community until at least June 2025.

Launching the ServiceWA app

In addition to the Bunbury trial, ServiceWA also established important digital foundations to make it easier for agencies to bring more services online.

In January 2022, these foundations were leveraged by the Department of the Premier and Cabinet's Office of Digital Government to launch the ServiceWA app.

The app was integral to supporting community safety and minimising the transmission of COVID-19 following the easing of border restrictions under WA's Safe Transition Plan. It facilitated high-volume venue check-in, proof of vaccination, and interstate and international travel to WA, with a high degree of digital identity assurance that leveraged the Australian Government's myGovID.

Since its launch, the app has been adopted by more than 900,000 customers and is set to evolve with more WA Government services to be introduced over time.

Optimising government assets through strategic management

Our expertise in strategic asset management has been integral to the State's Asset Management Reform Program (AMRP). The AMRP aims to prioritise consistency across the sector, improve the management and optimise the value of State-owned building assets.

We're leading the AMRP's progressive implementation across the WA Government-owned non-residential building asset portfolio.

During 2022 we reached a significant AMRP milestone in developing and trialling the Building Asset Management Framework (BAMF) across a selection of Finance-owned office buildings and Department of Education-owned schools. The BAMF includes an Asset Information Strategy and core data standards that aim to embed asset management capabilities, processes, standards, and systems across the State Government.

Following the trial's success, the BAMF will be progressively implemented across the State-owned office and school building portfolio. Its implementation will assist agencies to fully adopt the Department of Treasury's Strategic Asset Management Framework and improve the quality of their Strategic Asset Plans.

We also progressed work to develop the Building Asset Data and Information platform (BADI). Core asset data reported by agencies under the BAMF will be captured in the platform, ultimately providing State-wide portfolio level insights to enable the WA Government to make better long-term property investment decisions.

Providing corporate services to client agencies

We provide corporate services, including information communication and technology, records management, human resources and financial management to the Department of Treasury and Energy Policy WA. We also provide information communication and technology services to the Government Employees Superannuation Board. Leveraging our expertise provides a range of benefits across State Government including enhanced efficiencies, reduced duplication of effort and economies of scale.

To support the continuation of service delivery during COVID-19, we provided a range of enhancements to our technology services that aimed to support flexible working. Enhancements over the last financial year included:

- ▶ increasing the capacity of Virtual Private Network (VPN) servers
- ▶ purchasing additional Citrix licenses to increase remote working capacity
- ▶ implementing VPN Split Tunnel to improve the network performance of Office 365 products and virtual meetings
- ▶ updated business continuity planning to ensure uninterrupted delivery of critical services.

In addition to these corporate services, we extend the provision of our Financial Management Information System (FMIS) to the Department of the Premier and Cabinet, the Public Sector Commission, Economic Regulation Authority, Infrastructure WA and the Salaries and Allowances Tribunal.

Extending the FMIS increases efficiency across the public sector and allows supported agencies to leverage our expertise and investment in a central financial platform. Next financial year we'll be upgrading the FMIS to provide a modernised, vendor-supported platform to supported agencies.

Build

We deliver non-residential infrastructure projects, maintenance programs and manage office accommodation on behalf of the WA Government.

Over the 2021–22 financial year, we delivered 178 non-residential infrastructure projects with a total value of \$230 million on behalf of the WA Government and the Western Australian community. We also delivered maintenance works across the State valued at approximately \$300 million.



Navigating COVID-19 industry challenges

The building and construction sector has played a significant role in keeping WA's economy strong through the COVID-19 pandemic.

In preparation for the re-opening of the State's travel borders in February 2022, we examined COVID-19 learnings from other jurisdictions and undertook scenario planning to proactively explore COVID-19 risk mitigation strategies on our significant capital works program.

Experiences elsewhere suggested significantly higher than normal levels of workplace absences, with substantial impacts on productivity. The sector has experienced major impacts from global supply chain disruptions, significantly impacting head contractors.

To address these issues, we introduced a range of mitigation strategies, including:

Minimising COVID-19 impacts on time-critical projects

In conjunction with client agencies and Ministers, we identified the most time-critical projects across the State's portfolio of non-residential works to support contractors, prioritise efforts and, if required, remobilise workforces. Through the development of clear criteria for the prioritisation of projects, we were able to engage in dialogue with the relevant Minister's and agree a clear set of priorities for the State. These projects, which included hospitals, schools and prisons, were all under construction and required to ensure the ongoing wellbeing of the community.

This clarity enabled us to direct our contractors to apply the WA Government's Critical Workers Furloughing Policy on these sites - minimising the impact of COVID-19 isolation requirements, while still maintaining safety for the community. We also registered 64 of our own employees as critical workers to ensure ongoing oversight.

Increased engagement with contractors and consultants

During the 2021–22 financial year, we wrote to our contractors and consultants on several occasions. To minimise delays for priority projects, we provided information and updates regarding COVID-19 and engaged with them to identify their own back-up resources and business continuity planning.

Most recently, we wrote to:

- ▶ lead consultants (the State's representative on-site) requesting back-up resources and key personnel to be identified
- ▶ head contractors requesting them to urgently outline their business continuity plans.

Providing financial relief for head contractors

In mid-2020, concerns were raised about the potential impact of COVID-19 on the building and construction industry, including its forecast pipeline of works, the financial stability and solvency of head contractors, and rising unemployment rates.

To help drive social and economic recovery, the WA Government subsequently announced the WA Recovery Plan, which included a record \$5.5 billion investment across a range of sectors.

While achieving its objectives, the Plan's construction activity has coincided with a sharp increase in demand for natural resources and unanticipated constraints in global supply chains.

The current conditions have impacted many head contractors who were locked into fixed price contracts on government projects with increased costs for labour and materials, as well as time pressures due to supply chain disruptions.

Concerned about financial distress on an industry with the highest levels of insolvency in Australia, we advised the WA Government to take a proactive approach to help stabilise the industry. As a result, the Government established a \$30 million scheme to provide financial relief to eligible head contractors hit with unforeseen additional costs, immediately prior to the significant change in market conditions.

We administer the scheme on behalf of the WA Government, with eligible contractors now able to claim supplementary funds to meet demonstrable cost increases on eligible contracts.

We also support the Department of Communities to review eligibility for cost relief under the Scheme.

Providing financial relief to head contractors supports sustainability of the construction industry, and in turn subcontractors, while ensuring that essential government projects continue to be delivered to the WA community.

Additionally, since 16 May 2022, rise and fall provisions have been included in construction contracts tendered by Finance with an estimated duration exceeding six months. These provisions more equitably assign cost risks between government and head contractors.



84%

WA recovery projects delivered or in construction

Leading WA recovery projects

The WA Government outlined capital works commitments across a variety of areas, including education, health, emergency services, sport and culture as part of the WA Recovery Plan.

Recovery Plan projects were a key component to rebuilding business confidence and creating employment opportunities following the impacts of COVID-19.

We were tasked with delivering 104 COVID-19 Recovery projects and four programs of work (comprising a further 32 individual projects) across WA, with a collective value of \$1.36 billion. The works include:

- ▶ 76 individual projects in the metropolitan area worth \$844.6 million
- ▶ 60 projects in regional WA worth \$516.3 million.

Market conditions in the building and construction industry have been challenging, with a significant increase in pricing over the last 12 months and further trade shortages and supply chain issues expected. We have worked with government agencies to coordinate the delivery of these projects to create a sustainable pipeline of employment and encourage participation of local subcontractors and builders.

To date, we have delivered 65 stimulus projects worth \$131 million, with 49 projects worth more than \$638 million under construction. A further 19 individual projects worth \$570 million are in the planning, design or documentation phases, with three on hold.

As part of creating jobs for WA businesses across the State, we've awarded:

- ▶ 157 metropolitan construction contracts and spent \$273.5 million for projects in the metropolitan area
- ▶ 70 regional construction contracts and spent \$114 million for projects in regional areas.



Image: Artists' impression of Perth Zoo redevelopment.



Image: His Majesty's Theatre restoration and upgrade, photo Kat Wilson.

Recovery projects delivered, or under construction, during 2021–22 include:

State Football Centre

As a joint investment from the Federal and WA Governments, the \$39.57 million project will revitalise the land at Queens Park Open Space and provide a world-class sporting facility that will cater to all levels of football – from grassroots to high-performance development.

The new State Football Centre will house up to 700 spectators through permanent seating with the ability to expand its capacity to up to 2,000 spectators through temporary seating for occasional special events. The facility will include two floodlit pitches capable of high-performance and high-intensity use, including supporting infrastructure such as change rooms, a gym and administration facilities for Football West.

We awarded the main works contract to Broad Construction in December 2021 and works are underway. It is due for completion in mid-2023, in time to be used as a training venue for international teams travelling to Perth for the FIFA Women's World Cup 2023 five group-stage matches.

Karratha Senior High School

Karratha-based Decmil Australia commenced construction on the \$31.7 million Karratha Senior High School upgrades in May 2022. Works will extend the existing administration building for student services, construct a new technologies building, refurbish the food technology and trade training areas, and establish covered hardcourts.

Perth Zoo café and function centre

This \$21.8 million project will deliver a contemporary café and function centre at Perth Zoo, enhancing the reputation of the Zoo as one of the premier tourist destinations in Perth.

We awarded the main works contract to Crothers Construction Pty Ltd in May 2022. Works commenced in June 2022 and are due for completion in mid-2023.

His Majesty's Theatre restoration and upgrade Stage 3

Comprised of two major elements, the \$15.65 million project will enhance His Majesty's Theatre, one of the State's leading performing arts venues, and improve the amenity of the surrounding King Street precinct.

The main works contract involves reinstating the heritage balconies that were removed in 1953, refurbishing Level 2 of the theatre, and upgrading the external lighting. We awarded this contract to Built Pty Ltd in March 2021 and it is scheduled to reach completion in late 2022.

The second contract involves replacing the cooling towers that are reaching the end of their life. We awarded the contract to Mech2 Pty Ltd in May 2022 and the works are anticipated to reach completion in early 2023.



Image: Kalgoorlie Core Library expansion.



Images above & top: Ern Halliday Recreation Camp - Spinnaker Precinct redevelopment.

Australind Senior High School

A new \$15 million double storey teaching block will increase the permanent capacity of the school by 300 students. Construction is underway and includes relocating the dental therapy unit from the senior high school to the primary school site, as well as additions to the industrial workshop and modifications to student services. We awarded the main contract to Bunbury based Perkins Builders and we are closely monitoring progress on this project.

Kalgoorlie Core Library expansion

The \$7 million expansion was opened on 24 November 2021 by the Minister for Mines and Petroleum.

We delivered a world-class facility to store core samples that contain valuable geoscientific information for exploration companies and others seeking new petroleum and mineral discoveries. Researchers and explorers can inspect the samples and review results to reduce the technical and financial risk of exploration activities. The extension will provide better access, more space and improved facilities to view and analyse the drill cores.

Ern Halliday Recreation Camp - Spinnaker Precinct redevelopment

To commemorate the 45-year anniversary of the camp opening, the Premier officially opened the \$3.7 million state-of-the-art redevelopment on 17 November 2021. Delivered on time and on budget, the redevelopment refreshed the much-loved camp in time for summer and delivered improved accessibility across the camp. Upgrades included:

- ▶ a new 72-bed dormitory facility designed to support adult users, adequate segregation to support child safeguarding and improved universal access
- ▶ inclusion of an accessible 'Changing Places' facility into the accommodation area
- ▶ fully refurbished ablution block and laundry area
- ▶ upgraded kitchen facility to support onsite catering and self-catering
- ▶ a new dining hall that connects clients with the natural beauty of the site
- ▶ designated vehicle and pedestrian access, and
- ▶ new landscaping.

Supporting public health

Construction of hospitals and other health related infrastructure has long been part of our business operations. This year, we completed extensive upgrades to public health facilities, including:

Newman Health Service redevelopment

We delivered the first stage of the \$61.4 million project in May 2022 comprising six emergency bays, including two new resuscitation bays, three treatment bays, a procedure room, and 12 inpatient beds with increased capacity to treat critically ill and injured patients. The new emergency department opened on 18 May 2022, with the remaining stages expected to be completed in early 2023.

Royal Perth ICU

We delivered this \$28.9 million project, which became fully operational in March 2022. It includes 24 single rooms, including one positive pressure room, four negative pressure rooms and two rooms equipped to accommodate bariatric patients. The unit has been developed so it can be optimised for COVID-19 conditions, including frequent air changes throughout the unit, separate rooms fitted with switchglass for privacy, and a ventilation system that enables the safe accommodation of both COVID-19 and non-COVID-19 patients. The new ICU accommodates a dedicated simulation training room where training exercises can be observed from behind a one-way mirror. The facility includes a new clinical information system to capture, record and collate patient data electronically.

Carnarvon Residential Aged Care facility

We delivered this \$19.9 million project on-time and on-budget in October 2021. The completed facility, named 'Gnullingoo Mia Residential Care' was opened by the former Minister for Health on 7 December 2021.

This new aged care home has been integrated with the existing hospital to ensure residents have access to skilled aged care assessment, older patient initiatives and subacute programs, education and telegeriatric services, while feeling comfortable, supported and at home.

The new building has more than doubled the capacity of the original aged care home, has the capacity for up to 38 beds and provides on-site accommodation for couples and family members visiting their loved ones. Gnullingoo Mia Residential Care also provides culturally appropriate palliative care for residents with life-limiting conditions, with a \$5 million contribution from the End of Life and Palliative Care initiative to ensure the facilities match the needs of people with advanced stage illnesses.

Royal Perth Mental Health Unit

The \$11 million project, comprised of a mental health emergency centre (completed in October 2019) and a mental health unit, reached practical completion in May 2022. The new unit called 'Dabakarn', meaning 'slowly, slowly' in the Wadjuk Noongar language, accepted its first patients on 14 June 2022. The new unit is a low stimulus environment, which was developed in consultation with stakeholders, and each of 12 single rooms has its own ensuite and built-in desk.

Sir Charles Gairdner Hospital upgrade to catheter laboratories and interventional radiology rooms

The \$9.8 million project reached practical completion in May 2022 and included refurbishing Interventional Radiology Rooms 19 and 20 and Cardiac Catheter Laboratories 1 and 3, including supporting rooms and services, to meet current standards. The refurbishment of these rooms was triggered by the need to upgrade specialist equipment. The new equipment changed from floor mounted to ceiling mounted and this involved a major reconfiguration of services.



Image: Art Gallery of Western Australia rooftop venue, courtesy TAG + FJMT Studio – Accorn Photo Image.



Images above & top: Department of Primary Industries and Regional Development laboratory upgrade, photos ADCO.

Transforming the Art Gallery of WA's rooftop

We delivered a \$14 million project that transformed the Art Gallery of WA's rooftop into a 500-capacity multipurpose arts space and bar – Perth's biggest rooftop venue.

Opened on 6 November 2021, the refurbished space offers stunning 360-degree views from the heart of the Perth Cultural Centre to the Perth skyline, Northbridge, Matagarup Bridge and the Perth hills. The rooftop includes a bar, entertainment facilities, gallery space and an open-air rooftop sculpture walk featuring works from the State Art Collection.

The venue's centrepiece is the 34-metre long, five-metre-high light-based artwork *Targets* by Minang/Wardandi/Bibbulmun artist Christopher Pease, which wraps the rooftop exterior. It's the largest artwork the Gallery has ever commissioned.

Upgrading laboratories

In partnership with the Department of Primary Industries and Regional Development (DPIRD), we delivered a \$13.1 million laboratory upgrade.

The new Physical Containment Level 2 laboratories were completed under budget and on time in March 2022.

The laboratories act as the State's front line of defence for local agriculture and native flora and fauna by performing a wide range of testing and certification services.

The existing laboratory facilities at the Kensington site required urgent replacement to ensure the continuation of this essential service to safeguard WA from potential harm from overseas and interstate biosecurity risks.

Finance and DPIRD adopted the team phrase 'strength in collaboration' for this project, which ultimately ensured the successful delivery of the project. The motto now stands proudly on a poster in the main building.



Image: Designing open spaces and improved ventilation in schools, photo Robert Frith.

Supporting education outcomes

Ventilating schools

The health, safety and wellbeing of staff and students in schools is one of the highest priorities.

Due to the health risk associated with the spread of COVID-19 and potential impacts in the school environment, the Department of Education assisted schools to develop management plans, which also included controls such as social distancing and cleaning.

In line with public health advice, a key part of the management plan to assist schools in providing a COVID-19 safe environment was the provision of adequate fresh air in occupied areas.

We supported the development of these plans by working with Education to survey in excess of 900 education sites.

We assessed the suitability of building infrastructure and services to determine:

- ▶ suitability and operability of windows to provide adequate natural ventilation
- ▶ existing mechanical services (air conditioning systems).

Where required, Finance arranged and managed rectification works through its maintenance and service contracts, expediting works to make windows safe and operable for use by schools to provide natural ventilation where required from the first day of Term 1 2022.

We used the survey results to inform the development of guidelines for ventilating rooms, and assist with the allocation of air-purifiers across the Education portfolio helping improve air quality in rooms.

Delivery of the ventilation program was underpinned by health advice. It enabled the WA Government to release a safe return to school plan on 25 January 2022 in preparedness for the commencement of term.

Improving primary and secondary school facilities

As part of the WA Government's commitment to improving education outcomes, we granted Development Approval to 81 education projects under delegation from the Western Australian Planning Commission.

We delivered four new primary schools, a redeveloped primary school and two upgrades to secondary schools for the 2022 school year.

The projects were all delivered on budget and on time for day one of the school year.



\$109.7 million

of improved school facilities delivered for the start of 2022 school year

New and redeveloped primary schools



\$18.3m

Burns Beach Primary School

Completed by Universal Construction

Image: Burns Beach Primary School, courtesy of Voytek, Elisa Markes-Young, artist.

Secondary school upgrades



\$22.9m

Shorehaven Primary School (Alkimos)

Completed by Crothers Construction

Image: Shorehaven Primary School (Alkimos), photo TAG Architects.



\$21.8m

Riva Primary School (Forrestdale South East)

Completed by Crothers Construction

Image: Riva Primary School (Forrestdale South East).



\$17.9m

Treeby Primary School (Southern River)

Completed by Universal Construction

Image: Treeby Primary School (Southern River).



\$16.8m

Mt Lockyer Primary School (Albany)

Redevelopment completed by Wauters Enterprises

Image: Mt Lockyer Primary School.



Coastal Lakes Senior High School Stage 2 (Lakelands)

Delivered through the WA Schools Public Private Partnership

Image: Coastal Lakes Senior High School.



\$12m

Kiara College Upgrades

Completed by EMC Building

Image: Kiara College upgrades, photo Robert Frith.



Images: Muresk Institute Campus expansion opening and artists' impression.

Revitalising TAFE Colleges

As part of the WA Recovery Plan, the WA Government announced a significant investment package for TAFE Colleges across the State. The package includes upgrades to TAFE campuses, a new campus on a greenfield site in Armadale and refurbishments to the vessel, *Masterclass*, at the Geraldton campus.

This financial year, we successfully delivered a number of TAFE upgrades and are continuing to oversee the construction phase of several more.

TAFE projects completed

► Central Regional TAFE – Geraldton Campus

We completed the \$4 million refurbishment of the Visual Arts Block in May 2022.

► Central Regional TAFE – Northam Campus Workshop upgrade

The \$2 million project included upgrading the metals and construction workshops to meet contemporary industry standards and current work practices. The project was completed by AE Hoskins Building Services.

► Muresk Institute Campus expansion

We achieved practical completion of the \$800,000 Shearing Shed, which is crucial to Muresk's role as a working farm and agricultural training provider.

TAFE projects underway

► North Regional TAFE – Pundulmarra Campus

TAFE expansion, \$43.2 million

► South Metropolitan TAFE Mandurah Campus

Hospitality, Hair and Beauty Training Centre, \$16.7 million

► North Regional TAFE Broome Campus

Hospitality and Student Services Centre, \$11.8 million

► Central Regional TAFE Kalgoorlie Campus

Heavy Plant – Engineering Trades Workshop, \$10 million

► North Regional TAFE – Roebourne (Minurmarghali) Campus

New classroom block, \$7.9 million

► North Regional TAFE – Kununurra Campus

Health and Hospitality Trade Training Centre, \$6 million

Buying local

We remain committed to supporting regional businesses.

One way we support regional economies is by incentivising head contractors to use local subcontractors and locally manufactured or supplied building materials on regional government projects.

Under the Western Australian Buy Local Policy 2022, head contractors are required to report on their local content commitments on projects valued at more than \$1.5 million.

Reporting as at 30 June 2022 indicates that 37 of the 45 contracts under construction in regional WA were awarded to regionally based head contractors with a total contract value of \$391 million. These businesses committed to more than 558 local supplier engagements at a total value of \$121.3 million and, so far, payments worth \$55.7 million have been made to 588 local suppliers. This represents 31 per cent of the commitment by value and 105 per cent by number of suppliers.

Establishing the Major Projects directorate

This year, we established a new Major Projects directorate to lead the delivery of significant building infrastructure projects in close partnership with client agencies. The new directorate comprises the Infrastructure Delivery Unit and multiple dedicated project teams of highly experienced experts that deliver high value and high risk non-residential major projects.

Nicki Godecke was appointed Deputy Director General following a competitive nationwide recruitment process. Several key leadership and project delivery roles were also filled through a combination of existing internal resources and external recruitment processes. Recruitment pools for project delivery roles were established, and others are progressing, to support prompt mobilisation of resources to scale up as projects move from the business case to project definition and delivery phases.

Infrastructure Delivery Unit

The Infrastructure Delivery Unit (IDU) was established in 2020 to oversee delivery of the State's Asset Investment Program, which includes more than 1,900 projects and programs of work worth \$33.9 billion over four years.

During 2021–22, the IDU worked closely with the Department of Treasury to support the WA Government's Major Projects Expenditure Review Sub-Committee (MPERSC), chaired by the Premier. The MPERSC is responsible for monitoring the delivery of priority infrastructure projects in the State.

Delivering major projects

The new directorate is managing key WA Government priority projects, including:

- ▶ new Women and Newborns Hospital (\$1.8 billion)
- ▶ Bunbury Hospital redevelopment (\$200.1 million)
- ▶ Casuarina Prison expansion – Stage Two (\$183 million)
- ▶ Peel Health Campus redevelopment (\$152 million)
- ▶ Inpatient Surge Facilities comprising four 30-bed modular hospital units across metro and regional WA (\$152 million)
- ▶ Geraldton Health Campus redevelopment (\$122.7 million).



\$2.5b

combined value of projects managed by Major Projects



Image: Inpatient Surge facilities, courtesy Multiplex.

Inpatient Surge Facilities

In partnership with the Department of Health, we're managing the planning and construction of four 30-bed modular ward facilities at Osborne Park Hospital, Rockingham General Hospital, Bunbury Regional Hospital and Bentley Health Service.

Announced in November 2021 as part of the WA health system's COVID-19 response, the \$152 million project is the first of its kind for WA and will be used for patients who don't need acute care.

Site works commenced in December 2021, with the first ward due to be practically completed by 1 July 2022. The remaining wards are expected to progressively become operational through the second half of 2022.

Delivering dynamic public sector workplaces

Creating flexible, modern workplaces is a priority of our office accommodation strategy.

On behalf of the WA Government, we assist State agencies with:

- ▶ planning, procuring and managing office accommodation
- ▶ financial modelling and business case preparation
- ▶ office accommodation design and project delivery and
- ▶ relocation change management.



Image: Boorloo Campus.

This financial year, we realised \$14.6 million in savings across accommodation relocation projects. A significant achievement was optimising the WA Government's Perth Central Business District office footprint through the Departments of Communities, Education and Health Relocation Project.

This project relocated and consolidated nearly 800 Communities staff from five premises, including two WA Government-owned buildings located at 151 and 189 Royal Street, East Perth, to Boorloo Campus. Located at 130 Stirling Street, Perth, Boorloo Campus is a 7,900 square metre workplace with a three-floor modern fit-out that supports flexible and activity-based working.

This relocation enabled the space at the Department of Education's head office building, 151 Royal Street, East Perth, to be occupied by Education staff who were previously located across various premises.

Additionally, we were able to optimise the usage of 189 Royal Street, East Perth to support the Department of Health's COVID-19 short-medium accommodation needs. The space was occupied by Health staff from multiple premises, who were relocated to the single, central location, previously considered too full to accommodate this requirement.

These consolidations reduced government leased space by approximately 7,000 square metres and are projected to realise ongoing savings of \$2.5 million per annum from 2025.



Image: Boorloo Campus.

Securing short-term facilities to deliver COVID-19 services

During the 2021–22 financial year, we used our leasing expertise to secure approximately 3,300 square metres of space to support the WA Government in delivering COVID-19 related services to the community.

We delivered spaces for essential services, including:

- ▶ Contact tracing – space was sourced at Level 3 and 7 of the GPO Building, Perth for the Department of Health Contact Tracing team. To accommodate urgent time frames, we leveraged a space with existing fit-out and government IT infrastructure
- ▶ Living with COVID-19 support team – 140 temporary staff were located at Level 2 GPO Building, Perth for the Department of Health Living with COVID-19 Support Services team
- ▶ Rapid Antigen Tests for vulnerable Western Australians – Rapid Antigen Tests were stored and distributed by the Department of Communities from a State-owned site in Kensington.

Enabling the consolidation of parliamentary functions

We're alleviating long-standing office accommodation pressures at Parliament House by consolidating various parliamentary functions into a single building that will provide fit-for-purpose office accommodation over an initial 15-year term.

The project was previously approved under the WA Recovery Plan and construction of the new development commented in September 2021.

The building is being developed by the Pivot Group, with practical completion of 2 Parliament Place due in late 2022. A staged-relocation is planned for mid-2023.

The innovative 3,578 square metre solution will accommodate the Legislative Assembly, Legislative Council, Parliamentary Services Department, the Leader of the Opposition Party and the Leader of the Non-Government Party, as well as four Parliamentary Electorate Offices.

Improving accessibility at Parliamentary Electorate Offices

We manage around 100 Parliamentary Electorate Office (PEO) leases in line with the 4-year election cycle.

Following the March 2021 State Election, and in consultation with the Department of the Premier and Cabinet, we conducted a strategic review of all PEO leases. The leases were either renewed, terminated or relocated, with 11 PEOs being moved to new facilities that better support Members of Parliament to deliver services to their local community.

In addition to the approximate \$2.5 million in savings projected to 2025–26, we successfully negotiated a range of landlord works that prioritise universal access and improve facilities for both staff and visiting members from the community.

Buy

We're the functional lead for procurement across the WA public sector.

Effective procurement enables the supply of goods and services that keep our State running, delivering social, economic and environmental outcomes.

During the 2021–22 financial year, we managed 36 whole-of-government Common Use Arrangements and awarded more than \$2 billion in goods and services contracts on behalf of the WA Government.



Facilitating procurement across government

Our procurement expertise is sought after by client agencies purchasing goods and services, with value for money client satisfaction surveys achieving a combined total of 97.2 per cent satisfaction.

During 2021–22, we supported procurement processes across a diverse range of sectors including:

Education

We facilitated procurement processes with the Department of Education to establish 44 contracts worth approximately \$316 million, including more than \$2.3 million worth of contracts awarded to Aboriginal businesses.

Notably, in December 2021 we supported the establishment of a \$240 million panel arrangement for Professional Learning Programs. The arrangement provides teachers and their schools with streamlined access to quality programs developed and delivered by external providers. The panel arrangement will also provide opportunities for nine small businesses to deliver programs.



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**procurement processes facilitated
with total value of \$2.1 billion**

Health

We assisted in the 68 procurement processes for the Department of Health, as well as their health support services, with a total value in excess of \$883 million. This includes the following contracts:

Emergency department wearable technology

We assisted East Metropolitan Health Service with the \$2.1 million procurement of wearable technology for emergency departments. Staff at Royal Perth and Armadale hospitals are trialling the devices, which monitor patients' vital signs. The technology is being adopted to circumvent an adverse medical event while patients are waiting for treatment in emergency units.

State-wide pharmaceutical contract refresh

We assisted Health Support Services review Health's State-wide pharmaceutical contract. This targeted procurement took advantage of changing market conditions and was completed in five weeks, achieving a price reduction of 90 per cent and saving the WA health system around \$1 million.

Training

We supported the WA training sector to establish 27 contracts worth approximately \$57 million.

This included supporting the WA Government's election commitment of investing \$25 million in new equipment for WA TAFE Colleges by facilitating the procurement of \$5.4 million in equipment to date. We're continuing to support further procurements from this election commitment.

Work is also continuing with North Regional TAFE to establish a five-year contract with a local Aboriginal business for gardening services at Halls Creek TAFE campus.



Image: 'Spot' WA Police Bomb Response Unit's robotic dog, courtesy WAPOL.

Law enforcement

We facilitated and supported the Western Australian Police Force (WAPOL) to establish 28 contracts worth approximately \$113 million.

Projects included:

Vehicle towage, storage and release services

In collaboration with WAPOL, we helped establish a contract for a panel of contractors. The \$65 million contract services metropolitan and regional WA, and includes court ordered vehicle impounding or confiscation, and other tows authorised by WAPOL, including those in crashes or requiring forensic examination.

Supply and delivery of Quadruped Positioning Robot

We facilitated the procurement of a \$350,000 cutting edge robot dog for WAPOL's Tactical Response Group. Known as 'Spot', the four-legged yellow robot dog allows officers to respond to bomb threats more safely and efficiently. Spot can go up and down stairs at a fast pace, move in all directions, open doors and complete 'pick up and carry' tasks.

Emergency services

Helicopter and crew services for the Emergency Rescue Helicopter Service (ERHS)

The ERHS is a dedicated helicopter service based in Jandakot and Bunbury that operates 24 hours a day, 7 days a week. We supported the Department of Fire and Emergency Services to establish a contract with CHC Helicopter Australia to significantly upgrade this service. The estimated \$246.9 million contract expands the range by 75 per cent and replaces helicopters with newer models that can operate within a 350-kilometre radius of their bases, including offshore rescue and night operations.

Leveraging whole of government buying power

Common Use Arrangements (CUAs) are whole-of-government buying arrangements that harness the WA Government's buying power and use well-established terms and conditions to mitigate financial, legal and reputational risk.

During the 2021–22 financial year we managed 36 CUAs on behalf of the WA Government. Approximately \$1.3 billion in spending was recorded, achieving approximately \$314.1 million in savings.

More than 500 suppliers, including many local and small WA businesses, are represented across the 36 arrangements. Our annual client satisfaction surveys achieved a combined total of 97.3 per cent satisfaction, demonstrating the value CUA purchasing provides to both government and industry.

Distributing Rapid Antigen Tests

In 2022, we distributed 25 million Rapid Antigen Tests (RATs) across WA.

RATs are considered an effective alternative to polymerase chain reaction (PCR) testing to detect COVID-19 and are fundamental to managing COVID-19 in WA.

We used our procurement expertise, whole-of-government CUAs and existing WA Government stock to secure and distribute large quantities of RATs at critical stages of COVID-19 transmission across the State.

In addition to distributing RATs to the WA public, we identified and distributed RATs to key stakeholder groups including schools, community centres and WA Government agencies to ensure critical services were maintained.

Most recently, we distributed over 12 million RATs to all government and non-government schools and childcare centres State-wide.

In close collaboration with the Departments of Health and the Premier and Cabinet, we successfully created a sustainable supply chain of RATs across the state and ensured the public have sufficient and ongoing access to RATs.

Supporting a mobile public sector

We use the Telecommunications Expense Management System (TEMS) to inform client-focused, data driven advice to agencies to maximise savings and outcomes under the Telecommunications Services CUA.

Since 2019, TEMS data has been used to develop agency-level procurement strategies. We developed a CUA Engagement Program and initiated nearly 60 audits for key stakeholders, providing data-based recommendations to agencies including recontracting mobile plans, increasing inclusions and consolidating accounts to significantly reduce lower costs per service.

Between 2019 and 2021, despite more than doubling their data usage, our Engagement Program achieved agency savings of around 30 per cent, with a combined value of more than \$6 million per annum.

During the 2021–22 financial year, we expanded the Engagement Program to smaller agencies with limited expertise or oversight of their mobile fleets. Saving opportunities of 40–65 per cent were identified, and actual realised savings included:

- ▶ South Regional TAFE – 60 per cent
- ▶ Department of Jobs, Tourism, Science and Innovation – 62 per cent.

In addition to the Engagement Program, our strategic and proactive approach to contract management delivered significant benefits to client agencies. They included:

- ▶ negotiating more than \$700,000 in overcharge credits
- ▶ identifying and resolving billing issues
- ▶ avoiding over \$1 million in excess data charges by providing data optimisation advice and recontracting high usage services
- ▶ driving volume-based savings for additional solutions, including SMS Gateway services, enhancing the transparency of reporting for almost 75,000 mobile services across the WA Government.

Anticipated to commence in October 2022, we've embedded the success of the Engagement Program into the new Telecommunications Solution CUA. It will include a strong focus on client engagement and data analytics.

Additionally, it will include expanded TEMS reporting and an overarching hardware management methodology that includes the Computing and Mobile Devices CUA. This will deliver a case-study for how multi-CUA optimisation can broaden the scope of savings opportunities.

Championing zero emissions

We promote zero or low emission transport solutions through our management of the WA Government's 8,700 passenger and light commercial vehicle fleet.

This diverse fleet supports the operational requirements of State agencies, including towing marine vessels, regional off-road travel, regional school buses, fire emergency management, transporting museum exhibitions, supporting the COVID-19 vaccine rollout, and delivering at-home healthcare.

In December 2021, we procured more than 45,000 tonnes of carbon offsets valued at more than \$500,000 to fully offset the fleet's yearly emissions.

Over the last financial year, we commenced work on the delivery of two key initiatives of the WA State Electric Vehicle (EV) Strategy. By 2025–26 we're targeting 25 per cent of all eligible new light and small passenger fleet vehicles, and small and medium SUV WA Government fleet vehicles to be EV. We're also investing \$800,000 to install EV charging stations in WA Government buildings.

To date, we've supported the installation of 19 EV charging stations in WA Government buildings across the State. We've also proactively engaged with agencies on ways to incorporate EVs into their existing fleets. Currently there are 32 active EVs, representing a total investment of approximately \$1.5 million, across the State fleet. A further 38 are on order, and many agencies have shown a keen interest in exploring how EVs can support their operations.

Collect

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

During the 2021–22 financial year, we collected \$21.5 billion on behalf of the WA Government, including \$11.1 billion in Royalties.

We administered more than \$859 million in grants and subsidies to the community, including \$312 million in Building Bonus grants, and \$290 million under the Australian Government's HomeBuilder Grant program.



Relocating royalties

In October 2021, the State's mining and petroleum royalty collection and administration functions were transferred from the Department of Mines, Industry Regulation and Safety (DMIRS) to Finance.

This move aligns WA with other jurisdictions and will enhance the royalty collection and auditing process by integrating the existing function with our advanced information technology revenue systems.

Since the move we've continued to collaborate closely with DMIRS, who will continue to oversee the royalties policy functions.



\$855.4 million

worth of WA and Australian
Government housing grants paid
across the life of the schemes.

Administering HomeBuilder and Building Bonus grants

We administered \$312 million in Building Bonus grants and \$290 million worth of Home Builder grants this financial year.

On 7 June 2020, the WA Government announced a \$444 million housing stimulus package to boost the State's COVID-19 economic recovery and support the residential construction sector.

A \$20,000 Building Bonus grant is available to eligible applicants who enter into a building contract or purchase a home off-the-plan in a single-tier development between 4 June 2020 and 31 December 2020.

On 12 May 2022 the scheme's timeframes were extended to support builders affected by material and labour shortages by allowing a further 12 months to commence construction. The extension allows approximately 2,500 grant applicants who have been affected by building delays to remain eligible for the grant.

We've continued to administer the HomeBuilder grant on behalf of the Australian Government. Announced on 4 June 2020, grants of \$25,000 are available for owner-occupiers who enter into a contract to build a home, substantially renovate their home or purchase a new home off-the-plan between 4 June and 31 December 2020. A \$15,000 grant is available for contracts signed between 1 January and 31 March 2021. Applications for the grant closed on 14 April 2021.

Image: RevenueWA customer service officer,
photo Travis Hayto.

Extending the transfer duty rebate

On 23 October 2019, the McGowan Government introduced a two-year scheme to provide a 75 per cent rebate of duty on eligible purchases of off-the-plan apartments, capped at \$50,000. The scheme was introduced to stimulate investment in WA's residential multi-tiered apartment market and support jobs in the construction industry.

In September 2021, the rebate was extended to pre-construction contracts signed between 24 October 2021 and 24 October 2023 at a rate of 50 per cent of the duty paid, capped at \$50,000.

The scheme was amended as part of the 2022–23 State Budget to help smooth the pipeline of work for the construction sector and improve housing affordability. For contracts signed between 1 June 2022 and 24 October 2023 the rebate, capped at \$50,000, is:

- ▶ 100 per cent of the duty paid for apartments valued at \$500,000 or less
- ▶ 100 per cent of the duty paid for apartments valued at \$500,000 and reducing on a sliding scale to 50 per cent of the duty paid for apartments valued at \$600,000
- ▶ 50 per cent of the duty paid for apartments valued at \$600,000 or more.

We've received 305 applications and made 268 payments, with a combined value of more than \$4.8 million. We anticipate an increase in rebate payments from 2023 to 2027, with homeowners to receive an estimated \$30 million across the life of the scheme.

Advancing business intelligence capabilities

Taxation compliance remains a priority, and we've been improving our business intelligence systems to address taxation and grant compliance issues more efficiently.

As part of our Digital Transformation Program, we've improved our data matching and risk analysis used to identify compliance anomalies.

Using advanced business intelligence systems, we can now automatically identify and contact non-compliant employers and individuals to request they complete an online questionnaire in place of a full audit. The information is reviewed by one of our investigators to determine if any liability exists.

This financial year, we've contacted 780 landowners who may have an incorrect land tax residential exemption and 281 employers who aren't registered for payroll tax or have a discrepancy with their payroll tax return.

Our digital-first approach delivers on benefits under the Digital Strategy for the Western Australian Government 2021–25 and benefits taxpayers by allowing them to first resolve compliance issues through a digital light touch approach. Next financial year we'll be focusing on developing automation capabilities to contact employers with outstanding payroll tax returns and vehicle purchasers who may have underpaid vehicle licence duty.



Image: RevenueWA customer service office, photo Travis Hayto.

Expanding digital services

We're committed to providing convenient and cost-effective services to our customers.

For the 2021–22 assessment year, we introduced electronic land tax assessment notices. More than 15,000 taxpayers have registered for the service, with 5,500 of these taxpayers also registering for our full Online Services Portal to access our digital services.

Digitising this service supports our Strategic Directions 2018–22, which envisions transitioning services to be online by design, and the Digital Strategy for the Western Australian Government 2021–25, which promotes a digital-first approach that gives citizens the option to transact with government online.



15,000

**taxpayers have registered for
electronic land tax assessments.**



Our people

Our values-based culture is reflected in how we go about our business.

We're committed to being a contemporary and diverse agency that delivers customer-focused outcomes, celebrates diversity, and strives to become the best place to work.

Becoming the best place to work

At Finance, becoming the best place to work is a strategic priority that focuses on our most valuable resource – our people. Our values drive our behaviour, and the collective behaviours of all staff plays an important role in building our culture.

During the 2021–22 financial year, we worked with staff to better understand what becoming best place to work means to them, and how individual contributions can create a positive, inclusive and diverse workplace.

We held workshops and, in November 2021, invited all staff to complete an engagement survey. The survey helped us better understand:

- ▶ how engaged staff were at work
- ▶ how connect they felt with their team
- ▶ what the best place to work meant to them
- ▶ what we needed more or less of to become the best place to work.

Results indicated that more collaboration, transparency, and clearer communications would help Finance become the best place to work. Our Corporate Executive engaged with this feedback by sharing the aggregated survey results with all staff as an opportunity to increase trust and transparency across our entire workforce.

Additionally, the results have been used to inform the development of our 2022–26 Strategic Directions and will continue to be used to inform upcoming people and culture related initiatives that support our journey to become the best place to work.

Providing development opportunities

One of our priorities to becoming the best place to work is providing staff opportunities for continuous growth by building their skills, knowledge and learning from shared experiences.

We prioritise investing in our staff to develop their leadership skills.

Our two bespoke leadership programs, Leadership in Finance Teams (LiFT) and Aspiring Leaders, have supported the development of more than 140 current and emerging leaders.

During the 2021–22 financial year, we also supported staff to participate in external leadership development programs including Leadership WA's Rising and Signature Leadership Program, CEDA's Copland Leadership Program, Public Sector Management Program run by the Queensland University of Technology, ANZSOG's Executive Master of Public Administration and the Public Sector Commission's Elevate Program.

We also offered a range of other training, including cultural awareness training, which was participated in by 1,029 staff, and Diverse WA training, participated in by 136 staff.

Image: Finance staff at Djookanup, photo Travis Hayto.



Image:
2022 Graduate cohort.

Recruiting new talent

Eight new graduates join Finance

Since 2011, more than 163 graduates have been recruited through our award-winning graduate program, with 114 remaining in the public sector.

In December 2021, all eight graduates recruited in the 2021 program secured permanent positions at the end of their graduate year.

On 7 February 2022 we welcomed eight new graduates as part of the 2022 program.

The graduates rotate three times during the 12-month program and receive a structured training program to develop their technical and interpersonal skills.

We're proud of our approach to values-based recruitment and encourage all university students who share our values to apply for the program. The successful applicants for the 2022 program completed a diverse range of degrees including anthropology, economics, human resources, law, marketing, biomedical science, mathematics and statistics, natural resource management, and management and retail.

In February 2022 our program was again ranked as one of Australia's Top Graduate Employers on the Australian Association of Graduate Employees list.

Participating in Public Sector Traineeship Programs

During 2021–22, we recruited and supported trainees from Public Sector Traineeship Programs. Trainees rotate through different business areas and gain exposure to the diverse career opportunities available at Finance.

School-Based Traineeship Program

We continued to support three school-based trainees who were recruited for the program in February 2021. The 18-month program concludes in August 2022, and at completion, all three trainees will have completed a Certificate II in Government.

Aboriginal Traineeship Program

In February 2022, we recruited one trainee as part of the Public Sector Commission's 12-month Aboriginal Traineeship Program. Participation in the program reinforces our commitment to increasing Aboriginal and Torres Strait Islander representation in our workforce. At graduation, the trainee will have completed a Certificate III in Government.

Hosting university interns

During the last financial year, we accommodated three university students to each complete 100-hour internship placements in our Customer Experience and Strategy and Building and Contracts directorates.

Two students were completing the University of Western Australia McCusker Program, and one was representing Curtin University of Technology.

By hosting these interns, we gained assistance with key projects, were exposed to fresh perspectives, and potentially supported the recruitment of future employees.

Image: National Reconciliation Week.



Managing COVID-19

COVID-19 posed unforeseen challenges to the community and our workforce.

The Department's Critical Incident Team (CIT), which comprises representatives from across Finance, provides governance and strategic management of critical incidents at an agency-wide level.

During the 2021–22 financial year the CIT undertook critical service and business continuity planning in the event of significantly higher than normal levels of workplace absence as a result of COVID-19.

It developed a suite of workplace responses to outline how to manage COVID-19 positive cases at both employee and workplace levels. Following consultation, the information assisted staff and managers on how to stay safe and respond to COVID-19.

Documents included:

- ▶ COVID-19 Safety Plan
- ▶ COVID-19 Manager Response document
- ▶ COVID-19 Response Communications Plan, which included regular communications to staff.

The CIT also developed a COVID-19 reporting tool for staff to easily notify their manager, Safe and Well team, and Facilities, of a COVID-19 positive or close contact case, plus confirm if they are unable to work. The data is presented in a dashboard showing the absentee rate from COVID-19 above the baseline in the business continuity planning document.

Celebrating diversity

We're passionate about fostering a diverse and inclusive workplace. During 2021–22 we celebrated a range of events, including:

- ▶ International Women's Day – In March 2022, led by our Gender Equity Committee, 43 staff watched the virtual screening of the United Nations Women Australia International Women's Day event together and all staff were invited to a free online breast cancer screening awareness session.
- ▶ National Reconciliation Week (NRW) – Commencing on 27 May 2022, led by our Reconciliation Action Plan Committee and in partnership with Department of Training and Workforce Development, we celebrated the theme of 'Be Brave, Make Change' by hosting a NRW Reconciliation WA Virtual Breakfast at Djookanup. We also participated in an Acknowledgement to Country training session and held a Reconciliation Walk at Herdsman Lake.
- ▶ Wear it Purple Day – In August 2021, and in partnership with the Department of Training and Workforce Development, we hosted a LGBTIQ Awareness and Inclusion Workshop presented by Living Proud WA.
- ▶ International Day for People with Disabilities – In December 2021, led by our Disability Access and Inclusion Committee, we hosted an event that challenged staff to carry out activities including completing a course in using a wheelchair, completing daily tasks blindfolded, simulated dyslexia, and typing using a Braille machine.



Images: Staff from Finance and the Department of Training and Workforce Development at the Djookanup renaming ceremony.

Renaming head office 'Optima' to 'Djookanup'

On 10 February 2022, our shared head office with the Department of Training and Workforce Development in Osborne Park was renamed 'Djookanup', which means the 'place of young women harvesting food' in the local Noongar language.

'Djookanup' was selected in consultation with local Noongar business Moodjar Consultancy following engagement with Traditional Owners, representatives from each agency and the building owners, Charter Hall.

The name honours those first to use the site, the Whadjuk Noongar people, who gathered food at the area's freshwater lakes – a task typically carried out by young women.

The renaming was celebrated with a Welcome to Country and Smoking Ceremony conducted by Len Collard, Director Moodjar Consultancy.

The building features impressive signage design created by Pinjarup-Whadjuk Artist Chloe Calyon that tells Djookanup's story and celebrates the area's rich history.

It was unveiled at the renaming ceremony by the Hon Dr Tony Buti, and Acting Director General Nicki Godecke and Director General Karen Ho.

Understanding our customers

In June 2021, we launched the Finance Customer Experience Project with two clear objectives:

- ▶ to better understand who our customers are, what's important to them, what we're doing well and identify any areas for improvement
- ▶ to develop and embed a staff culture of customer advocacy and systematic continuous improvement.

This project is supporting the pillars of the 2020–21 One Finance Program – outcomes-focused, customer-centric and best place to work – and supports the WA Government in building a customer-centric public sector.

By developing our understanding of who our customers are, and their experience and interactions with us, we can anticipate their needs and meaningfully engage to deliver better services across the WA Government.



Image: Department of Finance staff, photo Travis Hayto.

Between July and October 2021, nearly 2,000 customers participated in our customer research, revealing an 80 per cent customer satisfaction score. We used insights from the research to:

- ▶ produce high level recommendations on services, transactions and channels that can be improved or retired
- ▶ develop baseline key performance indicators
- ▶ build our agency's identity and purpose around our customers' voice.

In May 2022, we launched a new Customer Service Charter which guides our staff when they interact with customers. It outlines the standards we strive to achieve when delivering services and the ways our partners and customers perceive and engage with us.

In late 2022, we will launch a Customer-Centric Strategy, which will include a range of initiatives to improve our services and further align our business to what's important for our customers.

Defining our new strategic direction

This year, we reached the end of the 2018–22 Strategic Directions. We're proud of our significant achievements over the past four years and are committed to building on our successes, continuing to innovate, and achieving the best outcomes for Western Australians.

During the 2021–22 financial year, we managed a carefully designed process to develop the 2022–26 Strategic Directions in a way that embeds the voice of our customers, our values and our staff in Finance's identity and purpose.

Our Corporate Executive reflected on the evolution of Finance, analysed past successes, and engaged in strategic dialogue to consider what would most effectively shape and contribute to the future of Finance.

In addition to our Finance Customer Experience Project research, we facilitated consultation with other WA Government agencies, peak bodies, and Finance staff to identify and understand the issues, challenges, opportunities, and trends that will shape and affect our strategic directions.

The 2022–26 Strategic Directions will launch in early in the 2022–23 financial year. It will reflect the collective commitment of all staff, plus identify the enabling strategies and commitments that will help us live our values and deliver outcomes to benefit Western Australians.



Actual results versus budget targets

Financial targets

	2022 Target ⁽¹⁾ \$000	Actual \$000	Variance ⁽²⁾ \$000
Total cost of services (expense limit)	1,549,169	1,591,774	(42,605) ^(a)
Net cost of services	1,530,921	1,552,526	(21,605) ^(b)
Total equity	1,203,490	1,238,250	34,760 ^(c)
Net increase/(decrease) in cash held	(6,822)	51,182	58,004 ^(d)
Approved salary expense level	120,211	108,622	11,589 ^(e)
Agreed borrowing limit	57,794	57,794	-

(1) As specified in the Budget Statements.

(2) Further explanations are contained in Note 10.1 Explanatory Statements to the financial statements.

(a) Actuals are higher due to the costs associated with the procurement and distribution of Rapid Antigen Tests on behalf of government.

(b) Actuals are higher partly due to the costs associated with the procurement and distribution of Rapid Antigen Tests on behalf of government.

(c) Actuals are higher due to higher cash balance offset by increased lease liabilities.

(d) Cash balances are higher as a result of State Fleet operations.

(e) Actuals are lower than Target due to additional fee funded positions approved for COVID-19 response measures remaining unfilled due to difficult labour market conditions.

Working cash targets

	2022 Agreed limit \$000	2022 Actual ⁽¹⁾ \$000	Variance \$000
Agreed working cash limit	72,767	74,874	(2,107)

Image: Revenue WA staff, photo Travis Hayto.

Summary of Key Performance Indicators

	2022 Target ⁽¹⁾	2022 Actual	Variation ⁽²⁾
Key Effectiveness Indicators			
Outcome 1: Due and payable revenue is collected and eligible grants, subsidies and rebates paid.			
Debt as a percentage of revenue raised.	0.96%	0.72%	(0.24%)
Extent to which correct grants, subsidies and rebates are paid.	100%	100%	-
Outcome 2: Value-for-money from public sector procurement.			
Average annual vehicle net capital cost:			
Per passenger vehicle	\$4,600	\$3,086	\$1,514 ^(a)
Per commercial vehicle.	\$4,800	\$3,004	\$1,796 ^(a)
Extent to which client agencies agree that their agency contracts and common use agreements achieved value for money.	92%	97%	5%
Outcome 3: Efficient and effective corporate services to client agencies.			
Key effectiveness 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 Employee Superannuation Board (GESB). An exemption from the requirements of Treasurer's Instruction 904 (3)(iv)(a) Key Effectiveness Indicator, has been provided by the Under Treasurer.			
Outcome 4: Value-for-money from the management of the Government's non-residential buildings and public works.			
Percentage of new building projects, valued over \$5 million, delivered within the approved budget.	100%	100%	-
Average office accommodation floor space per work point.	13.70sqm	13.55sqm	0.15sqm

(1) As specified in the Budget Statements.

(2) Further explanations are contained in Note 10.1 Explanatory Statements to the financial statements.

(a) Actuals are lower than target due to the continued elevated resale price of used vehicles as a result of global vehicle shortages.

	2022 Target ⁽¹⁾	2022 Actual	Variation ⁽²⁾
Key Efficiency Indicators			
Service 1: Revenue assessment and collection, and grants and subsidies administration.			
Average cost per tax or duty determination.	\$30.99	\$29.56	\$1.43
Average cost per grant or subsidy determination.	\$25.54	\$23.26	\$2.28 ^(a)
Service 2: Development and management of common use contract arrangements, State Fleet leasing and disposal, and providing facilitation service for Agency-specific contracts.			
Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value.	1.2%	0.9%	0.3% ^(b)
Average administrative cost per vehicle for financing and managing the State Fleet service.	\$114	\$115	(\$1)
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.	0.9%	0.8%	0.1%
Service 3: Corporate services to client agencies.			
The Department is assessing the appropriateness of Service 3 in its future Outcome Based Management Framework or if an exemption should be sought.			
Service 4: Leads the management of government buildings including planning, project delivery, and maintenance thereof.			
Percentage of new buildings projects valued over \$5 million, delivered by the approved timeframe.	100%	96%	(4%) ^(c)
Percentage of high priority breakdown repairs completed within agreed timeframes.	75%	72%	(3%)
The cost of managing government buildings including the planning, project delivery, and maintenance thereof, as a percentage of services delivered.	8.87%	8.49%	0.38% ^(d)

(1) As specified in the Budget Statements.

(2) Further explanations are contained in Note 10.1 Explanatory Statements to the financial statements.

(a) Actual is lower than target due to lower salary expenditure to deliver on-budget determinations.

(b) The 2021–22 Actual is lower than 2021–22 Budget and 2020–21 Actual due to operational efficiencies combined with the actual number of contracts awarded being higher.

(c) 1 project, from a total of 23 projects, was not delivered with the approved timeframe.

(d) The 2021–22 Actual is lower than 2020–21 Actual and 2021–22 Budget largely due to an increase in Capital and Maintenance related works program turnover.

Disclosures and Legal Compliance

Certification of financial statements

For the reporting period ended 30 June 2022

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 2022 and the financial position as at 30 June 2022.

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
21 September 2022



Jodi Cant
Director General
21 September 2022



Auditor General

INDEPENDENT AUDITOR'S REPORT

2022

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 (the Department) which comprise:

- the Statement of Financial Position at 30 June 2022, and the Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended
- Administered schedules comprising the Administered assets and liabilities at 30 June 2022 and the Administered income and expenses by service for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Department of Finance for the year ended 30 June 2022 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 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.

Page 1 of 5

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.

Report on the audit of controls

Basis for Qualified Opinion

I identified significant weaknesses in controls over inventory specifically related to the receiving, recording and distribution of Rapid Antigen Tests at the Department of Finance. These weaknesses could result in misappropriation of inventory and the misstatement of inventory balances in the financial statements. Our audit did not identify any instances of misappropriation or material misstatement.

Qualified 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 Director General are those policies and procedures established to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

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

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, 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 2022.

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 2022. 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 2022.

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 report on financial statements, controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with 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 2022, but not the financial statements, key performance indicators and my auditor's report.

My opinions on the financial statements, controls and key performance indicators do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, controls and key performance indicators, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report

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

This auditor's report relates to the financial statements and key performance indicators of the Department of Finance for the year ended 30 June 2022 included in the annual report on the Department's website. The Department's management is responsible for the integrity of the Department's website. This audit does not provide assurance on the integrity of the Department's website. The auditor's report refers only to the financial statements, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version.



Caroline Spencer
Auditor General for Western Australia
Perth, Western Australia
21 September 2022

Financial **Statements**

**For the reporting period
ended 30 June 2022**

Statement of Comprehensive Income

For the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
COST OF SERVICES			
Expenses			
Employee benefits expense	3.1(a)	122,102	120,537
Supplies and services	3.5	1,014,214	915,937
Depreciation and amortisation expense	5.1, 5.2, 5.3	232,547	224,365
Finance costs	7.4	57,313	56,732
Accommodation expenses	3.5	34,132	32,954
Grants and subsidies	3.2	14	7,666
Loss on disposal of non-current assets	3.3	332	-
Cost of inventories held for distribution	3.4	128,580	-
Other expenses	3.5	2,540	4,191
Total cost of services		1,591,774	1,362,382
Income			
Commonwealth grants	4.2	7,016	7,958
Other income	4.3	32,232	16,636
Total income		39,248	24,594
NET COST OF SERVICES		1,552,526	1,337,788
Income from State Government			
Service appropriation	4.1	295,523	221,059
Income from other public sector entities	4.1	1,330,218	1,135,418
Resources received	4.1	14,877	14,116
Royalties for Regions Fund	4.1	106	105
Total income from State Government		1,640,724	1,370,698
SURPLUS/(DEFICIT) FOR THE PERIOD		88,198	32,910
TOTAL COMPREHENSIVE INCOME/(DEFICIT) FOR THE PERIOD		88,198	32,910

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

Statement of Financial Position

As at 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Assets			
Current Assets			
Cash and cash equivalents	7.5	206,395	157,725
Restricted cash and cash equivalents	7.5	4,084	1,960
Inventories held for distribution	3.4	9,455	-
Asset held for distribution to owners	6.4	-	39,700
Receivables	6.1	36,096	47,883
Finance lease receivables	7.3	185	161
Amounts receivable for services	6.2	540	540
Contract assets	6.3	42,697	51,357
Other current assets	6.5	8,718	7,789
Total Current Assets		308,170	307,115
Non-Current Assets			
Restricted cash and cash equivalents	7.5	2,202	1,814
Finance lease receivables	7.3	594	505
Amounts receivable for services	6.2	745,251	684,989
Property, equipment and vehicles	5.1	716,384	710,418
Right-of-use assets	5.2	1,409,618	1,394,474
Intangible assets	5.3	37,747	38,195
Other non-current assets	6.5	103	159
Total Non-Current Assets		2,911,899	2,830,554
TOTAL ASSETS		3,220,069	3,137,669
Liabilities			
Current Liabilities			
Payables	6.6	82,722	70,756
Borrowings	7.1	6,761	6,516
Lease liabilities	7.2	195,497	181,762
Employee related provisions	3.1(b)	27,446	27,807
Contract liabilities	6.8	31,641	22,819
Other provisions	6.7	7,481	7,379
Other current liabilities	6.9	2,950	18,601
Total Current Liabilities		354,498	335,640
Non-Current Liabilities			
Payables	6.6	297	-
Borrowings	7.1	52,868	52,255
Lease liabilities	7.2	1,566,069	1,538,366
Employee related provisions	3.1(b)	5,556	5,862
Other provisions	6.7	2,531	2,939
Total Non-Current Liabilities		1,627,321	1,599,422
TOTAL LIABILITIES		1,981,819	1,935,062
NET ASSETS		1,238,250	1,202,607
EQUITY			
Contributed equity	9.8	1,036,941	1,089,496
Accumulated surplus/(deficit)		201,309	113,111
TOTAL EQUITY		1,238,250	1,202,607

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 2022

		Contributed equity	Accumulated surplus/ (deficit)	Total equity
	Notes	\$'000	\$'000	\$'000
Balance at 1 July 2020		1,041,907	80,201	1,122,108
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:	9.8			
Capital appropriations		7,711	-	7,711
Other contributions by owners		39,878	-	39,878
Distributions to owners		-	-	-
Total		47,589	-	47,589
Balance at 30 June 2021		1,089,496	113,111	1,202,607
Balance at 1 July 2021		1,089,496	113,111	1,202,607
Surplus/(Deficit)		-	88,198	88,198
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	88,198	88,198
Transactions with owners in their capacity as owners:	9.8			
Capital appropriations		8,072	-	8,072
Other contributions by owners		5,531	-	5,531
Distributions to owners		(66,158)	-	(66,158)
Total		(52,555)	-	(52,555)
Balance at 30 June 2022		1,036,941	201,309	1,238,250

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 2022

	Notes	2022 \$'000	2021 \$'000
Cash flows from State Government			
Service appropriation		234,721	150,878
Capital appropriations		8,072	7,711
Funds from other public sector entities		1,359,717	1,130,638
Holding account drawdowns		540	517
Royalties for Regions Fund		106	1,655
Cash transfer from State Supply Commission		-	378
Distribution to owners		(26,458)	-
Net cash provided by State Government		1,576,698	1,291,777
<i>Utilised as follows:</i>			
Cash flows from operating activities			
Payments			
Employee benefits		(123,036)	(117,474)
Supplies and services		(1,131,159)	(893,731)
Finance costs		(56,292)	(55,646)
Accommodation		(34,386)	(32,879)
Grants and subsidies		16	(847)
GST payments on purchases		(144,184)	(119,011)
GST payments to taxation authority		(4,098)	(8,060)
Other payments		(2,658)	(2,312)
Receipts			
Commonwealth grants		10,011	8,482
GST receipts on sales		132,244	124,573
GST receipts from taxation authority		15,830	4,082
Other receipts		8,707	8,993
Net cash provided by/(used in) operating activities	7.5.2	(1,329,005)	(1,083,830)
Cash flows from investing activities			
Payments			
Purchase of non-current assets		(82,684)	(89,213)
Receipts			
Proceeds from sale of non-current assets		33,380	31,545
Net cash provided by/(used in) investing activities		(49,304)	(57,668)
Cash flows from financing activities			
Payments			
Repayment of borrowings		-	-
Principal elements of lease		(149,968)	(134,708)
Receipts			
Proceeds from borrowings		-	-
Finance leases receipts		182	176
Receipts from lease incentives		2,579	62,335
Net cash provided by/(used in) financing activities		(147,207)	(72,197)
Net increase/(decrease) in cash and cash equivalents		51,182	78,082
Cash and cash equivalents at the beginning of the period		161,499	83,417
Cash and cash equivalents at the end of the period	7.5	212,681	161,499

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

Administered schedules

Administered income and expenses by service

Revenue Assessment and Collection, and Grants and Subsidies Administration

INCOME FROM ADMINISTERED ITEMS

Income^(a)

	2022 \$'000	2021 \$'000
Taxation	9,475,097	8,096,814
Royalties ^(b)	11,090,800	-
Other revenue	40,998	39,447
Appropriations	859,992	627,515
Collections raised on behalf of other agencies ^(c)	60,934	58,718
Total Administered Income	21,527,821	8,822,494

Expenses

Grants, subsidies and transfers	859,992	627,515
Other expenses ^(d)	21,091,415	7,941,460
Collections transferred to other agencies ^(c)	60,876	58,927
Total Administered Expenses	22,012,283	8,627,902

	DoF Actual 2022 \$'000	DMIRS Actual 2021 \$'000
Alumina	110,531	90,850
Copper	90,145	70,448
Gold	425,916	406,909
Iron Ore	9,917,452	11,354,765
Lithium	261,432	49,717
Nickel	118,903	85,748
Petroleum - State Component	10,039	2,670
Other	156,382	119,577
	11,090,800	12,180,684

Administered assets and liabilities

Current Assets

Taxation receivable	1,001,472	702,579
Royalties receivable	3,025,883	-
Other receivables ^(c)	113	28
Other current assets	656	693
Total administered current assets	4,028,124	703,300

Non-Current Assets

Other receivables	51,300	51,300
Total administered non-current assets	51,300	51,300
TOTAL ADMINISTERED ASSETS	4,079,424	754,600

Current Liabilities

Other payables ^(c)	769	720
Total administered current liabilities	769	720
TOTAL ADMINISTERED LIABILITIES	769	720

(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.

(b) The Royalties function resided in the Department of Mines, Industry Regulation and Safety (DMIRS) in 2020-21. As a result of a Machinery of Government change, the function was transferred to the Department of Finance in 2021-22. The 2020-21 Actual Royalties Revenue recorded in DMIRS has been provided below for comparative purposes.

(c) A change to the Perth Parking Levy revenue recognition for the 2021-22 financial year led to a reclassification of the 2020-21 comparative in order to provide more meaningful year on year comparisons.

(d) This expense category relates to revenue collected by the Department that is then paid on to the Consolidated Account.

Administered schedules

Contingent Liabilities - Administered

Barrow Island Royalty Variation

Under certain circumstances, the *Barrow Island Royalty Variation Agreement Act 1985* can require royalties to be refunded equal to approximately 40% of the net value (i.e. the value of production less eligible rehabilitation and well abandonment costs) in the final year of active operations and the subsequent three years. If triggered, the cost of any such refund would be split between the Commonwealth and Western Australian Governments in line with the split of royalty income. The State is assessing any estimated potential financial effects.

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Notes to the Financial Statements

1. Basis of preparation

The Department of Finance is a WA Government entity, 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 21 September 2022.

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.

Accounting for Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST) except that the:

- (a) amount of GST incurred by the Department as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- (b) receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Contributed equity

Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, 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.

Administered items

The Department administers, but does not control, certain activities and functions for and on behalf of Government that do not contribute to the Department's services or objectives. It does not have discretion over how it utilises the transactions in pursuing its own objectives.

Transactions relating to the administered activities are not recognised as the Department's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Administered income and expenses', and 'Administered assets and liabilities'.

The accrual basis of accounting and applicable AASs have been adopted.

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:

	Note
Department objectives	2.1
Schedule of Income and Expenses by Service	2.2
Schedule of Assets and Liabilities 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:

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.

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 Administered financial information, Note 9.10 'Special purpose account - administered' and Note 10.2 'Explanatory statement for administered items'.

2.2 Schedule of income and expenses by service

	Service 1		Service 2		Service 3		Service 4		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cost of services										
<u>Expenses</u>										
Employee benefits expense	41,720	38,813	22,685	24,841	3,317	3,670	54,380	53,213	122,102	120,537
Supplies and services	20,478	19,176	35,772	21,180	2,381	1,882	955,583	873,699	1,014,214	915,937
Depreciation and amortisation expense	8,235	7,708	37,755	38,313	118	114	186,439	178,230	232,547	224,365
Finance costs	383	437	538	571	40	42	56,352	55,682	57,313	56,732
Accommodation expenses	249	1,132	688	398	208	113	32,987	31,311	34,132	32,954
Grants and subsidies	4	11	2	910	4	1	4	6,744	14	7,666
Loss on disposal of non-current assets	-	-	-	-	-	-	332	-	332	-
Cost of inventories held for distribution	-	-	128,580	-	-	-	-	-	128,580	-
Other expenses	429	474	771	728	275	155	1,065	2,834	2,540	4,191
Total cost of services	71,498	67,751	226,791	86,941	6,343	5,977	1,287,142	1,201,713	1,591,774	1,362,382
<u>Income</u>										
Commonwealth grants	135	60	-	-	-	-	6,881	7,898	7,016	7,958
Other income	4,564	4,239	14,335	11,012	589	290	12,744	1,095	32,232	16,636
Total income	4,699	4,299	14,335	11,012	589	290	19,625	8,993	39,248	24,594
Net cost of services	66,799	63,452	212,456	75,929	5,754	5,687	1,267,517	1,192,720	1,552,526	1,337,788
Income from State Government										
Service appropriation	67,831	56,987	119,204	49,646	5,754	5,356	102,734	109,070	295,523	221,059
Income from other public sector entities	1,026	1,328	143,580	52,203	-	332	1,185,612	1,081,555	1,330,218	1,135,418
Services received free of charge	14,111	13,166	127	118	-	-	639	832	14,877	14,116
Royalties for Regions Fund	-	-	-	-	-	-	106	105	106	105
Total income from State Government	82,968	71,481	262,911	101,967	5,754	5,688	1,289,091	1,191,562	1,640,724	1,370,698
Surplus/(deficit) for the period	16,169	8,029	50,455	26,038	-	1	21,574	(1,158)	88,198	32,910

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 2022	Service 1		Service 2		Service 3		Service 4		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Assets										
Current assets	67,360	48,460	97,543	72,087	-	-	143,267	186,568	308,170	307,115
Non-current assets	249,968	236,387	367,928	373,239	-	-	2,294,003	2,220,928	2,911,899	2,830,554
Total assets	317,328	284,847	465,471	445,326	-	-	2,437,270	2,407,496	3,220,069	3,137,669
Liabilities										
Current liabilities	18,226	31,006	17,331	23,006	-	-	318,941	281,628	354,498	335,640
Non-current liabilities	2,263	2,016	1,137	1,438	-	-	1,623,921	1,595,968	1,627,321	1,599,422
Total liabilities	20,489	33,022	18,468	24,444	-	-	1,942,862	1,877,596	1,981,819	1,935,062
NET ASSETS	296,839	251,825	447,003	420,882	-	-	494,408	529,900	1,238,250	1,202,607

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
Cost of inventories held for distribution	3.4
Other expenditure	3.5

3.1(a) Employee benefits expense

	2022 \$'000	2021 \$'000
Employee benefits	110,391	109,831
Termination benefits	155	-
Superannuation - defined contribution plans	11,556	10,706
Total employee benefits expenses	122,102	120,537
Add: AASB 16 Non-monetary benefits (not included in employee benefits expense)	395	308
Less: Employee contributions (per the statement of comprehensive income)	(92)	(118)
Net employee benefits	122,405	120,727

Employee benefits include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, and non-monetary benefits recognised under accounting standards other than AASB 16 (such as medical care, housing, cars and free or subsidised goods or services) for employees.

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Department is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Superannuation is the amount recognised in profit or loss of the Statement of comprehensive income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, other GESB schemes or other superannuation funds.

AASB 16 non-monetary benefits are non-monetary employee benefits predominantly relating to the provision of vehicle and housing benefits that are recognised under AASB 16 which are excluded from the employee benefits expense.

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

3.1(b) Employee related provisions

	2022 \$'000	2021 \$'000
Current		
<u>Employee-benefits provisions</u>		
Annual leave	13,790	13,502
Long service leave	13,432	14,046
Deferred salary scheme	148	187
Purchased leave	27	22
	27,397	27,757
<u>Other provisions</u>		
Employment on-costs	49	50
Total current employee related provisions	27,446	27,807
Non-current		
<u>Employee-benefits provisions</u>		
Long service leave	5,546	5,851
<u>Other provisions</u>		
Employment on-costs	10	11
Total non-current employee related provisions	5,556	5,862
Total employee related provisions	33,002	33,669

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.

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

	2022 \$'000	2021 \$'000
Within 12 months of the end of the reporting period	8,645	8,675
More than 12 months after the end of the reporting period	5,145	4,827
	13,790	13,502

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.

3. Use of our funding (continued)
 3.1(b) Employee related provisions (continued)

Long service leave liabilities are 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:

	2022 \$'000	2021 \$'000
Within 12 months of the end of the reporting period	4,746	5,569
More than 12 months after the end of the reporting period	14,232	14,328
	18,978	19,897

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

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

	2022 \$'000	2021 \$'000
Within 12 months of the end of the reporting period	82	120
More than 12 months after the end of the reporting period	66	67
	148	187

Employment on-costs involve settlements 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 3.5 (apart from the unwinding of the discount (finance cost))' and are not included as part of the Department's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

Employment on-costs provision

	2022 \$'000	2021 \$'000
Carrying amount at start of period	61	56
Additional/(reversals of) provisions recognised	13	45
Payments/other sacrifices of economic benefits	(15)	(40)
Carrying amount at end of period	59	61

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

	2022 \$'000	2021 \$'000
<u>Recurrent</u>		
Sponsorship	14	29
Community and social services	-	904
<u>Capital</u>		
South West Native Title Settlements ^(a)	-	6,733
Total grants and subsidies	14	7,666

Transactions in which the Department provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as 'Grant or subsidy expenses'. These payments or transfers are recognised at fair value at the time of the transaction and are recognised as an expense in the reporting period in which they are paid. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

The Department is not responsible for administering a government subsidy scheme.

- (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

	2022 \$'000	2021 \$'000
Office equipment	2	-
Buildings ^(a)	330	-
Total loss on disposal of non-current assets	332	-

- (a) Demolished due to redevelopment of parliamentary precinct.

3.4 Cost of inventories held for distribution

	2022 \$'000	2021 \$'000
Opening inventory	-	-
Purchases	138,035	-
Cost of inventories distributed	(128,580)	-
Closing inventory	9,455	-
Closing inventory comprises:		
<u>Current inventories</u>		
Rapid Antigen Tests	9,455	-
Total current inventories	9,455	-

Inventories held for distribution are measured at cost. As a general rule, the cost of inventories are assigned using the first-in, first-out basis.

There is no loss of service potential of inventories held for distribution as the Rapid Antigen Tests are not past their expiry date.

3.5 Other expenditure

	2022 \$'000	2021 \$'000
Supplies and services		
Managed contracts ^(a)	916,261	841,298
Communications	389	288
Consultants and contractors	47,580	46,149
Consumables	32,117	18,256
Repairs and maintenance	250	21
Travel	235	264
Legal costs	12,984	6,128
Other ^(b)	4,398	3,533
Total supplies and services expenses	1,014,214	915,937
Accommodation expenses		
Repairs and maintenance buildings	31,862	30,663
Cleaning and security ^(a)	2,243	2,262
Rental	27	29
Total accommodation expenses	34,132	32,954
Other expenses		
Minor equipment	1,185	1,192
Restoration costs	34	238
Expected credit losses expense	10	-
Employment on-costs ^(c)	-	13
Audit fees	483	447
Revaluation decrements	-	1,554
Miscellaneous ^(d)	585	645
Loss on termination	243	102
Total other expenses	2,540	4,191
Total other expenditure	1,050,886	953,082

(a) Includes variable outgoings.

(b) During the period the Department paid \$805,699 (2021: \$967,135) for insurance to the Insurance Commission of Western Australia.

(c) 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'.

(d) Mainly attributable to carbon offset expense.

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

Accommodation expenses include rental, repairs, maintenance, cleaning and security costs. Rental expenses include residential 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, 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 recognised for movement in allowance for impairment of trade receivables. Please refer to Note 6.1.1. Movement in the allowance for impairment of trade receivables for more details.

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

	2022 \$'000	2021 \$'000
Appropriation received during the period		
- Service appropriation	295,523	221,059
Total service appropriation received	295,523	221,059
Income received from other public sector entities during the period:		
- Government office accommodation	274,676	267,058
- Managed building works	873,893	779,304
- Vehicle fleet lease rental	48,703	49,794
- Fees	37,456	35,567
- Other ^(a)	95,490	3,695
Total income from other public sector entities	1,330,218	1,135,418
(a) Includes \$69,490,000 of funding for purchase and distribution of rapid antigen test kits. See Note 3.4 Cost of inventories held for distribution.		
Resources received free of charge from other public sector entities during the period:		
- Department of Justice	376	1,594
- State Solicitor's Office	925	-
- Landgate	13,225	12,169
- Department of Treasury	135	136
- Department of Education	21	23
- Department of Primary Industries and Regional Development	192	194
- Main Roads Western Australia	3	-
Total resources received	14,877	14,116
Royalties for Regions Fund:		
- Regional Infrastructure and Headworks Account	106	105
Total Royalties for Regions Fund	106	105
Total income from State Government	1,640,724	1,370,698

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 is recognised as income equivalent to the fair value of assets received or the fair value of services received that can be reliably determined and which would have been purchased if not donated.

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.

4. Our funding sources (continued)

4.1 Income from State Government (continued)

Summary of Consolidated Account Appropriations For the year ended 30 June 2022

	2022 Budget \$'000	2022 Supple- mentary Funding \$'000	2022 Revised Budget \$'000	2022 Actual \$'000	2022 Variance \$'000
<u>Delivery of Services</u>					
Item 39 Net amount appropriated to deliver services	225,976	82,200	308,176	293,916	(14,260)
Amount Authorised by Other Statutes:					
- <i>Salaries and Allowances Act 1975</i>	1,607	-	1,607	1,607	-
Total appropriations provided to deliver services	227,583	82,200	309,783	295,523	(14,260)
<u>Capital</u>					
Item 118 Capital appropriations	6,181	1,891	8,072	8,072	-
<u>Administered Transactions</u>					
Community service obligation payments:					
Item 40 Amount provided for Administered grants, subsidies and other transfer payments	1,008,355	-	1,008,355	774,240	(234,115)
Amount Authorised by Other Statutes:					
- <i>First Home Owner Grant Act 2000</i>	95,385	-	95,385	85,752	(9,633)
- <i>Petroleum (Submerged Lands) Act 1982</i>	446	-	446	-	(446)
Total administered transactions	1,104,186	-	1,104,186	859,992	(244,194)
GRAND TOTAL	1,337,950	84,091	1,422,041	1,163,587	(258,454)

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 2021-22 Budget Statements, the Department retained \$39.248 million in 2022 (\$24.594 million in 2021) from the following:

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

4.2 Commonwealth grants

	2022 \$'000	2021 \$'000
Recurrent grants	7,016	7,958
	7,016	7,958

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

	2022 \$'000	2021 \$'000
Recoups	2,254	2,639
Government vehicle schemes	73	67
Gain on termination	-	-
Employee contributions ^{(a)(b)}	92	118
Other ^{(b)(c)}	6,379	5,269
	8,798	8,093
<u>Net proceeds from disposal of non-current assets</u>		
Motor vehicles	33,201	31,747
<u>Carrying amount of non-current assets disposed</u>		
Motor vehicles	20,932	23,204
Net gains/(losses) on disposal of non-current assets	12,269	8,543
Revaluation gain	11,165	-
Other gains/(losses)	11,165	-
Total other income	32,232	16,636

(a) Income received by the Department from subleasing of right-of-use assets relates to lease payments received from operating leases. The Department has leased a number of right-of-use assets from the Government Regional Officer Housing (GROH), which it subleases out to employees at a subsidised rate. Information on the Department's leasing arrangements with GROH can be found in note 3.1(a).

(b) \$118,000 of recoups from Government Regional Officer Housing leased to employees have been reclassified from Other to employee contributions for 2020-21.

(c) Relates mainly to land tax enquiry fees, refunds from suppliers and recovery of corporate services provided to other agencies.

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

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 2022	Land	Buildings	Leasehold improve-ments	Office equipment	Computer equipment	Office fitout	Motor vehicles ^(a)	Motor vehicles leased out ^(b)	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1 July 2021										
Gross carrying amounts	135,672	123,751	228,344	372	228	183,489	1,829	330,226	2,141	1,006,052
Accumulated depreciation	-	(3,409)	(73,680)	(305)	(228)	(111,998)	(795)	(105,219)	-	(295,634)
Accumulated impairment loss	-	-	-	-	-	-	-	-	-	-
Carrying amount at start of period	135,672	120,342	154,664	67	-	71,491	1,034	225,007	2,141	710,418
Additions	-	-	-	28	-	-	408	58,267	20,170	78,873
Transfers ^(c)	5,291	-	16,732	-	-	2,138	85	(383)	(18,869)	4,994
Other disposals	-	(90)	-	(2)	-	-	(129)	(20,804)	-	(21,025)
Revaluations	4,797	6,368	-	-	-	-	-	-	-	11,165
Depreciation	-	(3,486)	(17,792)	(34)	-	(10,950)	(190)	(35,589)	-	(68,041)
Carrying amount at 30 June 2022	145,760	123,134	153,604	59	-	62,679	1,208	226,498	3,442	716,384
Gross carrying amount	145,760	126,932	245,076	300	192	185,626	1,952	338,674	3,442	1,047,954
Accumulated depreciation	-	(3,798)	(91,472)	(241)	(192)	(122,947)	(744)	(112,176)	-	(331,570)
Accumulated impairment loss	-	-	-	-	-	-	-	-	-	-

(a) Motor vehicles owned and used by the Department.

(b) Motor vehicles on operating leases to public sector entities. See Note 7.7 Maturity analysis of lease receipts.

(c) During the financial year, one parcel of land (\$2,800,000) was transferred from the Parliamentary Services Department. One parcel of land (\$2,490,909) was transferred from the Department of Planning Lands & Heritage. Work in Progress was transferred to Leasehold Improvements for \$16,730,977 and to Office Fitout for \$2,138,077. \$298,113 of motor vehicles were transferred to agencies through finance lease arrangements. Two motor vehicles of value \$84,871 were transferred from other agencies to the Department.

5. Key assets (continued)

5.1 Property, equipment and vehicles (continued)

Year ended 30 June 2021	Land	Buildings	Leasehold improvements	Office equipment	Computer equipment	Office fitout	Motor vehicles ^{(a)(b)}	Motor vehicles leased out ^{(a)(c)}	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1 July 2020										
Gross carrying amounts	136,826	127,422	189,828	383	248	180,789	1,873	327,281	23,404	988,054
Accumulated depreciation	-	(3,250)	(58,400)	(286)	(248)	(100,637)	(728)	(98,543)	-	(262,092)
Accumulated impairment loss	-	-	-	-	-	-	-	-	-	-
Carrying amount at start of period	136,826	124,172	131,428	97	-	80,152	1,145	228,738	23,404	725,962
Additions	-	-	48	18	-	-	147	55,964	19,940	76,117
Transfers ^(d)	-	-	38,468	-	-	2,735	(26)	(276)	(41,203)	(302)
Other disposals	-	-	-	-	-	-	(36)	(23,168)	-	(23,204)
Revaluations	(1,154)	(400)	-	-	-	-	-	-	-	(1,554)
Depreciation	-	(3,430)	(15,280)	(48)	-	(11,396)	(196)	(36,251)	-	(66,601)
Carrying amount at 30 June 2021	135,672	120,342	154,664	67	-	71,491	1,034	225,007	2,141	710,418
Gross carrying amount	135,672	123,751	228,344	372	228	183,489	1,829	330,226	2,141	1,006,052
Accumulated depreciation	-	(3,409)	(73,680)	(305)	(228)	(111,998)	(795)	(105,219)	-	(295,634)
Accumulated impairment loss	-	-	-	-	-	-	-	-	-	-

(a) Motor vehicles had been reduced by the amounts indicated in Motor vehicles leased out for 2020-21. The reclassification is to distinguish between motor vehicles owned and used by the Department and motor vehicles leased to public sector entities.

(b) Motor vehicles owned and used by the Department.

(c) Motor vehicles on operating leases to public sector entities. See Note 7.7 Maturity analysis of lease receipts.

(d) 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. Key assets (continued)

5.1 Property, equipment and vehicles (continued)

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 2021 by Landgate. The valuations were performed during the year ended 30 June 2022 and recognised at 30 June 2022.

In undertaking the revaluation, fair value was determined by reference to market values for land: \$65,043,000 (2021: \$58,825,200) and buildings: \$96,402,000 (2021: \$92,044,800). 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. Key assets (continued)

5.1 Property, equipment and vehicles (continued)

5.1.1 Depreciation and impairment

Charge for the period

	2022 \$'000	2021 \$'000
Depreciation		
Office fitout	10,949	11,396
Vehicles	35,780	36,447
Buildings	3,486	3,430
Leasehold improvements	17,792	15,281
Office equipment	34	47
Total depreciation for the period	68,041	66,601

As at 30 June 2022 there were no indications of impairment to property, equipment and vehicles.

All surplus assets at 30 June 2022 have either been classified as assets held for distribution to owners or have been written-off.

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 ^(a)	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.

- 5. Key assets (continued)
 - 5.1 Property, equipment and vehicles (continued)
 - 5.1.1 Depreciation and impairment (continued)

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 2022

At 1 July 2021

	Commercial buildings \$'000	Residential buildings \$'000	Total \$'000
Gross carrying amounts	1,680,778	342	1,681,120
Accumulated depreciation	(286,522)	(124)	(286,646)
Accumulated impairment loss	-	-	-
Carrying amount at start of period	1,394,256	218	1,394,474

Additions	172,770	598	173,368
Disposals	(156)	-	(156)
Impairment losses	-	-	-
Impairment losses reversed	-	-	-
Depreciation	(157,677)	(391)	(158,068)
Carrying amount at 30 June 2022	1,409,193	425	1,409,618
Gross carrying amount	1,844,014	572	1,844,586
Accumulated depreciation	(434,821)	(147)	(434,968)
Accumulated impairment loss	-	-	-

Year ended 30 June 2021

At 1 July 2020

	Commercial buildings \$'000	Residential buildings \$'000	Total \$'000
Gross carrying amount	1,595,673	373	1,596,046
Accumulated depreciation	(152,039)	(155)	(152,194)
Accumulated impairment loss	-	-	-
Carrying amount at start of period	1,443,634	218	1,443,852

Additions	102,403	422	102,825
Disposals	(102)	(116)	(218)
Impairment losses	-	-	-
Impairment losses reversed	-	-	-
Depreciation	(151,679)	(306)	(151,985)
Carrying amount at 30 June 2021	1,394,256	218	1,394,474
Gross carrying amounts	1,680,778	342	1,681,120
Accumulated depreciation	(286,522)	(124)	(286,646)
Accumulated impairment loss	-	-	-

5. Key assets (continued)

5.2 Right-of-use assets (continued)

Initial recognition

At the commencement date of the lease, the Department recognises right-of-use assets are measured at cost comprising of:

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

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

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

The Department has elected to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) on a class-to-class basis. All 'Commercial Buildings' are recognised as right-of-use assets irrespective of the lease term, in accordance with AASB 16 *Leases*. With the exception of 'Commercial Buildings', the Department has elected not to recognise right-of-use assets and lease liabilities for short term (with a term of 12 months or less) and low value lease (with an underlying value of \$5,000). 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:

	2022 \$'000	2021 \$'000
Depreciation expenses of right-of-use assets	158,068	151,985
Lease interest expense	49,776	49,365
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	-	-

5. Key assets (continued)
 5.2 Right-of-use assets (continued)

The total cash outflow for leases in 2022 was \$200,361,043 (2021: \$184,115,421). As at 30 June 2022 there were no indications of impairment to right-of-use assets.

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 2022

1 July 2021

	Licences	Computer Software	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000
Gross carrying amount	13,782	211,764	9,545	235,090
Accumulated amortisation	(13,782)	(183,114)	-	(196,895)
Carrying amount at start of period	-	28,650	9,545	38,195
Additions	-	-	5,990	5,990
Transfers to computer software and licence	-	4,659	(4,659)	-
Other disposal	-	-	-	-
Amortisation expense	-	(6,438)	-	(6,438)
Carrying amount at 30 June 2022	-	26,871	10,876	37,747

Year ended 30 June 2021

1 July 2020

	Licences	Computer Software	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000
Gross carrying amount	13,782	209,556	5,284	228,622
Accumulated amortisation	(13,782)	(177,335)	-	(191,117)
Carrying amount at start of period	-	32,221	5,284	37,505
Additions	-	-	6,469	6,469
Transfers to computer software and licence	-	2,208	(2,208)	-
Other disposal	-	-	-	-
Amortisation expense	-	(5,779)	-	(5,779)
Carrying amount at 30 June 2021	-	28,650	9,545	38,195

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**

	2022 \$'000	2021 \$'000
Computer software	6,438	5,779
Total amortisation for the period	6,438	5,779

As at 30 June 2022 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.

5. Key assets (continued)
 5.3 Intangible assets (continued)
 5.3.1 Amortisation and impairment (continued)

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

Intangible asset	Useful life: years
Computer software ^(a)	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.

	Notes
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

	Note	2022 \$'000	2021 \$'000
Trade receivables		26,595	40,807
Allowance for impairment of trade receivables	6.1.1	(1)	(2)
GST receivable		7,857	5,402
Interest receivable		-	-
Trust account ^(a)		1,645	1,676
Total current receivables		36,096	47,883

(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 initially recognised at their transaction price or, for those receivables that contain a significant financing component, at fair value. The Department holds the receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

The Department recognises a loss allowance for expected credit losses (ECLs) on a receivable not held at fair value through profit or loss. The ECLs based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate. Individual receivables are written off when the Department has no reasonable expectations of recovering the contractual cash flows.

For trade receivables, the Department recognises an allowance for ECLs measured at the lifetime expected credit losses at each reporting date. The Department has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Please refer to note 3.5 for the amount of ECLs expensed in this financial year.

6.1.1 Movement in the allowance for impairment of trade receivables

	2022 \$'000	2021 \$'000
Reconciliation of changes in allowance for impairment of trade receivables		
Opening balance	2	28
Expected credit losses expense	10	-
Reversal of impairment	-	(26)
Amounts written off during the period	(11)	-
Allowance for impairment at end of period	1	2

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) 'Financial instruments disclosures'.

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

6.2 Amounts receivable for services (Holding Account)

	2022 \$'000	2021 \$'000
Current	540	540
Non-current	745,251	684,989
Total amounts receivable for services at end of period	745,791	685,529

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

The amounts receivable for services are financial assets at amortised cost, and are not considered impaired (i.e. there is no expected credit loss of the holding accounts).

6.3 Contract assets

	2022 \$'000	2021 \$'000
Reconciliation of changes in contract assets		
Opening balance	51,357	51,856
Additions	42,697	51,357
Revenue recognised in the reporting period	(51,357)	(51,856)
Total contract assets at end of period	42,697	51,357
Current	42,697	51,357
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

	2022 \$'000	2021 \$'000
Land and building	-	39,700
	-	39,700

The Department has disposed of land and building through the Department of Planning, Lands and Heritage that are surplus to requirements.

6.5 Other assets

	2022 \$'000	2021 \$'000
<u>Current</u>		
Prepayments	8,562	7,758
Other	156	31
Total current	8,718	7,789
<u>Non-current</u>		
Prepayments	103	159
Total non-current	103	159
Total other assets at end of period	8,821	7,948

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

	2022 \$'000	2021 \$'000
<u>Current</u>		
Trade payables	1,436	1,511
Accrued salaries	2,035	1,672
Accrued expenses	79,194	67,509
Other	57	64
Total current	82,722	70,756
<u>Non-current</u>		
Accrued expenses	297	-
Total non-current	297	-
Total payables at end of period	83,019	70,756

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

		2022 \$'000	2021 \$'000
<u>Current</u>			
Make good	6.7.1	1,045	943
South West Native Title Settlement ^(a)		6,436	6,436
Total current		7,481	7,379
<u>Non-current</u>			
Make good	6.7.1	1,804	2,285
Restoration costs ^(b)	6.7.2	727	654
Total non-current		2,531	2,939
Total other provisions at end of period		10,012	10,318

(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 2022, the anticipated timing of payments for make good are as follows:

	\$'000
Within 1 year	1,045
Later than 1 year and not later than 5 years	1,443
Later than 5 years	361
	<u>2,849</u>

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 2021-22 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

	2022 \$'000	2021 \$'000
Movements in each class of provision during the period, are set out below		
<u>Make good provision</u>		
Carrying amount at start of period	3,228	2,884
Additional/(reversals of) provisions recognised	(159)	238
Payments	(310)	-
Unwinding of the discount	90	106
Carrying amount at end of period	2,849	3,228
<u>Restoration costs provision</u>		
Carrying amount at start of period	654	651
Additional/(reversals of) provisions recognised	-	-
Payments	-	-
Unwinding of the discount	73	3
Carrying amount at end of period	727	654
<u>South West Native Title Settlement</u>		
Carrying amount at start of period	6,436	-
Additional/(reversals of) provisions recognised	-	6,436
Payments	-	-
Unwinding of the discount	-	-
Carrying amount at end of period	6,436	6,436

6.8 Contract liabilities

	2022 \$'000	2021 \$'000
Reconciliation of changes in contract liabilities		
Opening balance	22,819	40,269
Additions	31,641	22,819
Revenue recognised in the reporting period	(22,819)	(40,269)
Total contract liabilities at end of period	31,641	22,819
Current	31,641	22,819
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

	2022 \$'000	2021 \$'000
<u>Current</u>		
Unearned revenue	2,950	2,059
Lease incentives ^(a)	-	16,542
Total current	2,950	18,601
Total other liabilities at end of period	2,950	18,601

(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.

	Notes
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 used in operating activities	7.5.2
Capital commitments	7.6
Maturity analysis of lease receipts	7.7

7.1 Borrowings

	2022 \$'000	2021 \$'000
<u>Current</u>		
Heritage Maintenance Payments	6,761	6,516
Total current	6,761	6,516
<u>Non-current</u>		
Heritage Maintenance Payments	52,868	52,255
Total non-current	52,868	52,255
Total borrowings at end of period	59,629	58,771

Borrowings refer to interest bearing liabilities.

Interest bearing financial liabilities are classified at amortised cost are initially recognised at fair value of the consideration received less directly attributable transactions costs.

Subsequent to initial recognition the borrowings are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

The Department designates the financial instruments at fair value through profit or loss upon initial recognition when the designation eliminates, or significantly reduces, measurement or recognition inconsistency that would otherwise arise.

The Department has not designated any financial liabilities as at fair value through profit or loss.

The changes in fair value of financial liabilities designated at fair value through profit or loss are recognised in profit or loss with movements in fair value due to changes in the Department's own credit risk recognised in other comprehensive income.

7.2 Lease liabilities

	2022 \$'000	2021 \$'000
Current	195,497	181,762
Non-current	1,566,069	1,538,366
	1,761,566	1,720,128

Initial measurement

At the commencement date of the lease, the entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Department uses the incremental borrowing rate provided by Western 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 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.

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.

	2022 \$'000	2021 \$'000
Gross investment in finance lease contracts	787	673
Less: Unearned finance income	(8)	(7)
Net investment in finance lease contracts	779	666
Less: Unguaranteed residual values of the finance leases at the balance date	-	-
Present value of the future minimum lease payment receivables	779	666
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	185	161
Later than 1 year and not later than 5 years	492	475
Later than 5 years	102	30
Present value of finance lease receivables	779	666
Included in the financial statements as:		
Current	185	161
Non-current	594	505
TOTAL	779	666

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

	2022 \$'000	2021 \$'000
Finance costs		
Interest on Heritage Maintenance payments	7,374	7,258
Lease interest expense	49,776	49,365
Total interest expenses	57,150	56,623
Other finance costs		
Unwinding of discounts applied to provisions	163	109
Total finance costs expensed	57,313	56,732

'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	2022 \$'000	2021 \$'000
Cash at bank		206,393	157,723
Cash on hand		2	2
Restricted cash and cash equivalents	8.1(b)		
- Indian Ocean Territories Trust Fund ^(a)		4,084	1,960
- Accrued salaries suspense account ^(b)		2,202	1,814
Balance at end of period		212,681	161,499

(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 the Department's 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 used in operating activities

	Notes	2022 \$'000	2021 \$'000
Net cost of services		(1,552,526)	(1,337,788)
Non-cash items			
Depreciation and amortisation expense	5.1, 5.2 & 5.3	232,547	224,365
Expected credit losses expense	3.5	10	-
Services received free of charge	4.1	14,877	14,116
Restoration costs	3.5	34	238
Loss on revaluation decrement	3.3	330	1,554
Gain on revaluation increment	4.3	(11,165)	-
Net gain on disposal of property, equipment and vehicles	3.3, 4.3	(12,267)	(8,543)
(Increase)/decrease in assets			
Current receivables ^(a)		2,679	1,323
Current inventories	3.4	(9,766)	-
Other current assets		-	(10)
Increase/(decrease) in liabilities			
Current payables ^(a)		7,393	16,256
Accrued salaries		368	542
Employee benefits		(1,311)	2,534
Net GST receipts/(payments) ^(b)		11,732	(3,978)
Change in GST in receivables/payables ^(c)		(11,940)	5,561
Net cash used in operating activities		(1,329,005)	(1,083,830)

(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

	2022 \$'000	2021 \$'000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	93,544	53,585
Later than 1 year and not later than 5 years	919	-
Later than 5 years	-	-
	94,463	53,585

7.7 Maturity analysis of lease receipts

	2022 \$'000	2021 \$'000
Maturity analysis of lease receipts are the undiscounted lease receipts to be received ^(a) .		
Within 1 year	38,152	40,994
Later than 1 year and not later than 2 years	25,156	26,193
Later than 2 years and not later than 3 years	15,671	17,459
Later than 3 years and not later than 4 years	8,342	9,424
Later than 4 years and not later than 5 years	3,478	3,744
Later than 5 years	768	910
	91,567	98,724

(a) Relates to collections from motor vehicle leases. See Note 5.1 Motor vehicles leased out.

8. Risks and Contingencies

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

	Note
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, receivables, payables, Western Australian Treasury Corporation (WATC)/bank borrowings, finance leases, and Treasurer's advances. 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:

	2022 \$'000	2021 \$'000
Financial assets		
Cash and cash equivalents	206,395	157,725
Restricted cash and cash equivalents	6,286	3,774
Financial assets at amortised cost - receivables ^(a)	28,239	42,481
Finance lease receivables	779	666
Financial assets at amortised cost - amounts receivable for services	745,791	685,529
Total financial assets	987,490	890,175
Financial liabilities		
Financial liabilities at amortised cost - payables ^(b)	82,722	70,756
Financial liabilities at amortised cost - Heritage Maintenance Payments	59,629	58,771
Lease liabilities	1,761,566	1,720,128
Total financial liabilities	1,903,917	1,849,655

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

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

(c) Credit risk exposure

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

	Total \$'000	Days past due				
		Current \$'000	<30 days \$'000	30-60 days \$'000	61-90 days \$'000	>91 days \$'000
30 June 2022						
Expected credit loss rate		0%	0%	0%	0%	0.69%
Estimated total gross carrying amount at default	26,595	21,707	2,750	959	1,008	171
Expected credit losses	(1)	-	-	-	-	(1)
30 June 2021						
Expected credit loss rate		0%	0%	0%	0%	0.35%
Estimated total gross carrying amount at default	40,807	32,017	6,841	497	795	657
Expected credit losses	(2)	-	-	-	-	(2)

(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 interest rate %	Interest rate exposure			Nominal amount \$'000	Maturity dates				
		Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000	Up to 1 month \$'000	1-3 months to 1 year \$'000	1-5 years \$'000	More than 5 years \$'000	
2022										
Financial assets										
Cash and cash equivalents	-	206,395	-	-	206,395	206,395	-	-	-	-
Restricted cash and cash equivalents	-	6,286	-	-	6,286	-	4,084	-	2,202	-
Receivables ^(a)	-	28,239	-	-	28,239	28,239	-	-	-	-
Finance lease receivables	1.60	779	779	-	-	17	34	512	105	
Amounts receivable for services	-	745,791	-	-	745,791	-	-	2,160	743,091	
		987,490	779	-	986,711	234,651	4,118	4,874	743,196	
Financial liabilities										
Payables ^(b)	-	82,722	-	-	82,722	82,720	-	-	-	-
Heritage Maintenance Payments	12.46	59,629	59,629	-	-	558	1,116	29,676	129,774	
Lease liabilities ^(c)	3.05	1,761,566	1,761,566	-	-	17,608	35,207	755,188	1,188,151	
		1,903,917	1,821,195	-	82,722	100,886	36,323	784,864	1,317,925	

(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.

8. Risks and Contingencies (continued)
8.1 Financial risk management (continued)

(d) Liquidity risk and Interest rate exposure (continued)

Interest rate exposure and maturity analysis of financial assets and financial liabilities										
	Weighted average effective interest rate %	Carrying amount \$'000	Interest rate exposure			Nominal amount \$'000	Maturity dates			
			Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000		Up to 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000
2021										
Financial assets										
Cash and cash equivalents	-	157,725	-	-	157,725	157,725	-	-	-	-
Restricted cash and cash equivalents	-	3,774	-	-	3,774	3,774	-	1,960	-	1,814
Receivables ^(a)	-	42,481	-	-	42,481	42,481	-	-	-	-
Finance lease receivables	1.77	666	666	-	-	694	15	29	128	491
Amounts receivable for services	-	685,529	-	-	685,529	685,529	-	-	540	2,160
		890,175	666	-	889,509	890,203	200,221	1,989	668	2,651
										684,674
Financial liabilities										
Payables ^(b)	-	70,756	-	-	70,756	70,756	-	-	-	-
Heritage Maintenance Payments	12.46	58,771	58,771	-	-	172,727	538	1,076	4,902	28,603
Lease liabilities ^(c)	2.89	1,720,128	1,720,128	-	-	2,099,050	15,937	31,212	137,152	703,983
		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.

(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.

	Carrying amount \$'000	-100 basis points		+100 basis points	
		Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000
2022					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Total increase/(decrease)		-	-	-	-
2021					
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.

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

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**Assets measured at fair value:
2022**

	Level 1	Level 2	Level 3	Fair value at end of period \$'000
	\$'000	\$'000	\$'000	
Land (Note 5.1)	-	65,043	80,717	145,760
Buildings (Note 5.1)	-	96,402	26,732	123,134
	-	161,445	107,449	268,894

**Assets measured at fair value:
2021**

	Level 1	Level 2	Level 3	Fair value at end of period \$'000
	\$'000	\$'000	\$'000	
Land (Note 5.1)	-	58,825	76,847	135,672
Buildings (Note 5.1)	-	92,045	28,297	120,342
	-	150,870	105,144	256,014

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)**2022**

	Land \$'000	Buildings \$'000
Fair value at start of period	76,847	28,297
Additions	-	-
Transfers	-	-
Revaluation increments/(decrements) recognised in Profit or Loss	3,870	(1,144)
Revaluation increments/(decrements) recognised in Other Comprehensive Income	-	-
Depreciation expense	-	(421)
Fair value at end of period	80,717	26,732
Total gains or losses for the period included in profit or loss	3,870	(1,144)

2021

	Land \$'000	Buildings \$'000
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)
Fair value at end of period	76,847	28,297
Total losses for the period included in profit or loss, under 'Other expenses'	(1,176)	(3,377)

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.

	Note
Events occurring after the end of the reporting period	9.1
Future impact of Australian Accounting Standards not yet operative	9.2
Key management personnel	9.3
Related party transactions	9.4
Related and affiliated bodies	9.5
Remuneration of auditors	9.6
Non-current assets classified as assets held for sale	9.7
Equity	9.8
Special purpose account - controlled	9.9
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Service delivery arrangements Indian Ocean Territories	9.12
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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 Future impact of Australian Accounting Standards not yet operative

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements* or by an exemption from TI 1101. Where applicable, the Department plans to apply the following Australian Accounting Standards from their application date.

		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.</p> <p>The Department has not assessed the impact of the Standard.</p>	1 Jan 2023
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.</p> <p>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.</p> <p>There is no financial impact.</p>	1 Jan 2022
AASB 2020-6	<p><i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – 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 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 2021-6	<p><i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards</i></p> <p>This standard amends: (a) AASB 1049, to require entities to disclose their material accounting policy information rather than their significant accounting policies; (b) AASB 1054 to reflect the updated accounting policy terminology used in AASB 101 Presentation of Financial Statements; and (c) AASB 1060 to required entities to disclose their material accounting policy information rather than their significant accounting policy and to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements.</p> <p>There is no financial impact.</p>	1 Jan 2023

9. Other disclosures (continued)

9.2 Future impact of Australian Accounting Standards not yet operative (continued)

		Operative for reporting periods beginning on/after
AASB 2021-7	Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	
	This standard further defers (to 1 January 2025) the amendments to AASB 10 and AASB 128 relating to the sale or contribution of assets between an investor and its associated or joint venture. The standard also includes editorial corrections.	1 Jan 2022
	There is no financial impact.	

9.3 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 (\$)	2022	2021
21,001 - 30,000 ^(a)	-	1
90,001 - 100,000	-	-
120,001 - 130,000	1	-
150,001 - 160,000	1	-
220,001 - 230,000	1	-
240,001 - 250,000	1	-
250,001 - 260,000	-	1
270,001 - 280,000	2	1
280,001 - 290,000	-	-
290,001 - 300,000	-	1
310,001 - 320,000	-	-
330,001 - 340,000	1	1
370,001 - 380,000	-	-
390,001 - 400,000	1	1
471,001 - 480,000	-	1
500,001 - 510,000	-	-

	2022 \$'000	2021 \$'000
Short-term employee benefits	1,805	1,770
Post employment benefits	202	177
Other long term benefits	36	98
Termination benefits	-	-
Total compensation of senior officers	2,043	2,045

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.

9.4 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 9.6);
- provide corporate services, accommodation leasing services, fitouts and Rapid Antigen Tests free of charge (Note 9.13);
- services received free of charge from Department of Justice, State Solicitor's Office, Landgate, Department of Treasury, Department of Education, Department of Primary Industries and Regional Development and Main Roads Western Australia (Note 4.1);
- service appropriations (Note 4.1);
- insurance payments to the Insurance Commission of Western Australia (Note 3.5);
- capital appropriations (Note 9.8);

Material transactions with other related parties

During the year, the Department paid \$9,021,603 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.

9.5 Related and affiliated bodies

The Department has no related bodies or affiliated bodies.

9.6 Remuneration of auditors

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

	2022 \$'000	2021 \$'000
Auditing the accounts, financial statements, controls, and key performance indicators	478	465

9.7 Non-current assets classified as assets held for sale

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

9.8 Equity

	2022 \$'000	2021 \$'000
Contributed equity		
Balance at start of period	1,089,496	1,041,907
<i>Contributions by owners</i>		
Capital appropriation	8,072	7,711
<i>Other contributions by owners</i>		
Cash transfer from State Supply Commission	-	378
Land and building from Parliamentary Services	3,040	-
Land from Department of Planning, Lands and Heritage	2,491	-
Land and building transferred from Landgate	-	39,500
Total contributions by owners	13,603	47,589
<i>Distribution to owners</i>		
Transfer of land and building to the Department of Planning, Lands and Heritage	(39,700)	-
State Fleet transfer to consolidated account	(17,000)	-
Lease incentives transferred to consolidated account	(6,545)	-
Other funds returned to consolidated account	(2,913)	-
Total distributions to owners	(66,158)	-
Balance at end of period	1,036,941	1,089,496

9.9 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.

	2022 \$'000	2021 \$'000
Balance at start of period	-	24,708
Receipts	-	80,109
Payments	-	(104,817)
Balance at end of period	-	-

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.

9.10 Special purpose account - administered***Departmental Receipts in Suspense - State Revenue***

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.

	2022 \$'000	2021 \$'000
Balance at the start of period	1	1
Receipts	-	-
Payments	-	-
Balance at end of period	1	1

Indian Ocean Territories

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

Balance at the start of period	387	152
Receipts	4,185	2,954
Payments	(4,222)	(2,719)
Balance at end of period	350	387

9.11 Supplementary financial information**(a) Write-offs**

During the year, \$11.728 million (2021: \$4.621 million) was written off by the Department under the authority of:

	2022 \$'000	2021 \$'000
The accountable authority	3,273	2,754
The Minister	1,186	450
Executive Council	-	1,417
The Treasurer	7,269	-
	11,728	4,621

(b) Write-offs by category

	2022 \$'000	2021 \$'000
Public assets	1,803	1,334
Debts due to the State	9,925	3,287
	11,728	4,621

9.12 Service delivery arrangements Indian Ocean Territories

	2022 \$'000	2021 \$'000
Receipts		
Commonwealth receipts	10,011	8,483
	10,011	8,483
Payments		
Consultants and contractors	7,281	6,078
Administration and other costs	502	462
Payroll Tax and business franchise	39	23
Duties	-	-
Land Tax	3	5
Compliance	62	96
	7,887	6,664
Surplus/(deficit) for the period	2,124	1,819
Balance brought forward	1,960	141
Balance carried forward	4,084	1,960

9.13 Resources 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:

	2022 \$'000	2021 \$'000
Department of the Premier and Cabinet	4,057	3,144
Department of Transport	642	613
Office of the Auditor General	281	416
Department of Training & Workforce Development	313	325
Public Sector Commission	702	727
Western Australia Police Force	383	471
Department of Treasury ^(a)	4,955	4,647
The Ombudsman	199	293
Landgate	1,393	-
Department of Education	44,245	-
Department of Health	7,746	551
Department of Justice	3,494	2,841
Department of Planning, Lands and Heritage	680	727
Department of Communities	10,924	1,175
Department of Primary Industries and Regional Development	698	691
Department of Mines, Industry Regulation and Safety	658	605
Department of Local Government, Sports and Cultural Industries	420	430
Other Agencies ^(b)	2,056	1,814
	83,846	19,470

(a) The 2020-21 amount has been corrected to include Corporate Services provided.

(b) Includes 40 agencies in 2022 and 28 agencies in 2021.

10. Explanatory Statements

This section explains variations in the financial performance of the Department.

	Notes
Explanatory statement for controlled operations	10.1
Explanatory statement for administered items	10.2

10.1 Explanatory statement for controlled operations

This explanatory section explains variations in the financial performance of the Department undertaking transactions under its own control, as represented by the primary financial statements.

All variances between annual estimates (original budget) and actual results for 2022, and between the actual results for 2022 and 2021 are shown below. Narratives are provided for key major variances which vary more than 10% from their comparative and that the variation is more than 1% of the:

- Total Cost of Services for the previous year Statements of Comprehensive Income and Statement of Cash Flows (i.e. 1% of \$1.362 billion), and
- Total Assets for the budgeted Statement of Financial Position (i.e. 1% of \$3.100 billion)

10.1.1 Statement of Comprehensive Income Variances

	Variance note	Estimate 2022	Actual 2022	Actual 2021	Variance between actual and estimate	Variance between actual results for 2022 and 2021
		\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefits expense	1	136,928	122,102	120,537	(14,826)	1,565
Supplies and services		1,054,893	1,014,214	915,937	(40,679)	98,277
Depreciation and amortisation expense		253,948	232,547	224,365	(21,401)	8,182
Finance costs		56,527	57,313	56,732	786	581
Accommodation expenses		33,409	34,132	32,954	723	1,178
Grants and subsidies		6,801	14	7,666	(6,787)	(7,652)
Loss on disposal of non-current assets		-	332	-	332	332
Cost of inventories held for distribution	2	-	128,580	-	128,580	128,580
Other expenses		6,663	2,540	4,191	(4,123)	(1,651)
Total cost of services		1,549,169	1,591,774	1,362,382	42,605	229,392
Income						
Commonwealth grants		4,928	7,016	7,958	2,088	(942)
Other income	3	13,320	32,232	16,636	18,912	15,596
Total revenue		18,248	39,248	24,594	21,000	14,654
NET COST OF SERVICES		1,530,921	1,552,526	1,337,788	21,605	214,738
INCOME FROM STATE GOVERNMENT						
Service appropriation	4	227,583	295,523	221,059	67,940	74,464
Income from other public sector entities	5	1,301,412	1,330,218	1,135,418	28,806	194,800
Services received		14,676	14,877	14,116	201	761
Royalties for Regions Fund		90	106	105	16	1
Total income from State Government		1,543,761	1,640,724	1,370,698	96,963	270,026
SURPLUS/(DEFICIT) FOR THE PERIOD		12,840	88,198	32,910	75,358	55,288
TOTAL COMPREHENSIVE INCOME/ (DEFICIT) FOR THE PERIOD		12,840	88,198	32,910	75,358	55,288

10. Explanatory Statements (continued)

10.1 Explanatory statement for controlled operations (continued)

10.1.1 Statement of Comprehensive Income Variances (continued)

Major estimate and actual (2022) variance narratives

- 1 The 2022 actual is lower than the 2022 estimate due to additional fee funded positions approved for COVID-19 response measures remaining unfilled due to difficult labour market conditions.
- 2 The 2022 actual relates to the Rapid Antigen Tests purchased and held on behalf of the Government.
- 3 The 2022 actual is higher than the 2022 estimate as a result of higher than budgeted gains on the disposal of second hand motor vehicles as well as gains on revaluation of fixed assets.
- 4 The 2022 actual is higher than the 2022 estimate due to the receipt of additional appropriation to procure and distribute Rapid Antigen Tests on behalf of Government.

Major actual (2022) and comparative (2021) variance narratives

- 2 The 2022 actual relates to the Rapid Antigen Tests purchased and held on behalf of the Government.
- 3 The 2022 actual is higher than the 2021 Actual as a result of higher than budgeted gains on the disposal of second hand motor vehicles as well as gains on revaluation of fixed assets.
- 4 The 2022 actual is higher than the 2021 actual due to the receipt of additional appropriation to procure and distribute Rapid Antigen Tests on behalf of Government.
- 5 The 2022 actual is higher than the 2021 actual due to an increase in Capital Works carried out by the Department on behalf of Government agencies and funding received from the Commonwealth to procure and distribute Rapid Antigen Tests.

10.1.2 Statement of Financial Position Variances

	Variance note	Estimate 2022	Actual 2022	Actual 2021	Variance between actual and estimate	Variance between actual results for 2022 and 2021
		\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
<i>Current Assets</i>						
Cash and cash equivalents		126,548	206,395	157,725	79,847	48,670
Restricted cash and cash equivalents		140	4,084	1,960	3,944	2,124
Inventories held for distribution		-	9,455	-	9,455	9,455
Asset held for distribution to owners	1	-	-	39,700	-	(39,700)
Receivables		64,209	36,096	47,883	(28,113)	(11,787)
Finance lease receivables		-	185	161	185	24
Amounts receivable for services		540	540	540	-	-
Contract assets		49,711	42,697	51,357	(7,014)	(8,660)
Other current assets		7,298	8,718	7,789	1,420	929
Total Current Assets		248,446	308,170	307,115	59,724	1,055
<i>Non-Current Assets</i>						
Restricted cash and cash equivalents		2,228	2,202	1,814	(26)	388
Finance lease receivables		391	594	505	203	89
Amounts receivable for services		755,326	745,251	684,989	(10,075)	60,262
Property, equipment and vehicles		705,865	716,384	710,418	10,519	5,966
Right-of-use assets		1,349,387	1,409,618	1,394,474	60,231	15,144
Intangible assets		38,544	37,747	38,195	(797)	(448)
Other non-current assets		238	103	159	(135)	(56)
Total Non-Current Assets		2,851,979	2,911,899	2,830,554	59,920	81,345
TOTAL ASSETS		3,100,425	3,220,069	3,137,669	119,644	82,400
Liabilities						
<i>Current Liabilities</i>						
Payables		69,463	82,722	70,756	13,259	11,966
Borrowings		6,281	6,761	6,516	480	245
Lease liabilities	2	162,143	195,497	181,762	33,354	13,735
Employee related provisions		27,430	27,446	27,807	16	(361)
Contract liabilities		40,270	31,641	22,819	(8,629)	8,822
Other provisions		207	7,481	7,379	7,274	102
Other liabilities	3	34,837	2,950	18,601	(31,887)	(15,651)
Total Current Liabilities		340,631	354,498	335,640	13,867	18,858
<i>Non-Current Liabilities</i>						
Payables		-	297	-	297	297
Borrowings		51,513	52,868	52,255	1,355	613
Lease liabilities		1,496,543	1,566,069	1,538,366	69,526	27,703
Employee related provisions		4,920	5,556	5,862	636	(306)
Other provisions		3,328	2,531	2,939	(797)	(408)
Total Non-Current Liabilities		1,556,304	1,627,321	1,599,422	71,017	27,899
TOTAL LIABILITIES		1,896,935	1,981,819	1,935,062	84,884	46,757
NET ASSETS		1,203,490	1,238,250	1,202,607	34,760	35,643
Equity						
Contributed equity		1,088,418	1,036,941	1,089,496	(51,477)	(52,555)
Accumulated surplus/(deficit)		115,072	201,309	113,111	86,237	88,198
TOTAL EQUITY		1,203,490	1,238,250	1,202,607	34,760	35,643

10. Explanatory Statements (continued)

10.1 Explanatory statement for controlled operations (continued)

10.1.2 Statement of Financial Position Variances (continued)

Major estimate and actual (2022) variance narratives

- 2 The 2022 actual is higher than the 2022 estimate due to a higher proportion of government office accommodation lease liabilities ending that are due within one year.
- 3 The 2022 actual is lower than the estimate as there has been no lease incentives received in advance of leases being signed.

Major actual (2022) and comparative (2021) variance narratives

- 1 The higher 2021 actual is due to the temporary transfer of the land and building at 1 Midland Square, Midland to the Department. This was transferred to the Department of Planning, Lands and Heritage during the year.

10.1.3 Statement of Cash Flows Variances

	Variance note	Estimate 2022	Actual 2022	Actual 2021	Variance between actual and estimate	Variance between actual results for 2022 and 2021
		\$'000	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	1	156,706	234,721	150,878	78,015	83,843
Capital appropriations		6,181	8,072	7,711	1,891	361
Funds from other public sector entities	2	1,310,210	1,359,717	1,130,638	49,507	229,079
Holding account drawdowns		540	540	517	-	23
Royalties for Regions Fund		90	106	1,655	16	(1,549)
Cash transfer from State Supply Commission		-	-	378	-	(378)
Distribution to owners	3	(17,000)	(26,458)	-	(9,458)	(26,458)
Net cash provided by State Government		1,456,727	1,576,698	1,291,777	119,971	284,921
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Payments</i>						
Employee benefits	4	(136,932)	(123,036)	(117,474)	13,896	(5,562)
Supplies and services	5	(1,051,001)	(1,131,159)	(893,731)	(80,158)	(237,428)
Finance costs		(55,669)	(56,292)	(55,646)	(623)	(646)
Accommodation		(34,253)	(34,386)	(32,879)	(133)	(1,507)
Grants and subsidies		(6,801)	16	(847)	6,817	863
GST payments on purchases		(130,624)	(144,184)	(119,011)	(13,560)	(25,173)
GST payments to taxation authority		(3,234)	(4,098)	(8,060)	(864)	3,962
Other payments		(7,946)	(2,658)	(2,312)	5,288	(346)
<i>Receipts</i>						
Commonwealth grants and contributions		4,928	10,011	8,482	5,083	1,529
GST receipts on sales		122,090	132,244	124,573	10,154	7,671
GST receipts from taxation authority		12,374	15,830	4,082	3,456	11,748
Other receipts		11,376	8,707	8,993	(2,669)	(286)
Net cash provided by/(used in) operating activities		(1,275,692)	(1,329,005)	(1,083,830)	(53,313)	(245,175)
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Payments</i>						
Purchase of non-current assets	6	(108,611)	(82,684)	(89,213)	25,927	6,529
<i>Receipts</i>						
Proceeds from sale of non-current assets		43,379	33,380	31,545	(9,999)	1,835
Net cash provided by/(used in) investing activities		(65,232)	(49,304)	(57,668)	15,928	8,364
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Payments</i>						
Repayment of borrowings		-	-	-	-	-
Principal elements of lease	7	(145,731)	(149,968)	(134,708)	(4,237)	(15,260)
<i>Receipts</i>						
Proceeds from borrowings		-	-	-	-	-
Finance leases receipts		5,143	182	176	(4,961)	6
Receipts from lease incentives	8	17,963	2,579	62,335	(15,384)	(59,756)
Net cash provided by/(used in) financing activities		(122,625)	(147,207)	(72,197)	(24,582)	(75,010)
Net increase/(decrease) in cash and cash equivalents		(6,822)	51,182	78,082	58,004	(26,900)
Cash and cash equivalents at the beginning of the period		135,738	161,499	83,417	25,761	78,082
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		128,916	212,681	161,499	83,765	51,182

10. Explanatory Statements (continued)

10.1 Explanatory statement for controlled operations (continued)

10.1.3 Statement of Cash Flows Variances (continued)

Major estimate and actual (2022) variance narratives

- 1 The 2022 actual is higher than the 2022 estimate due to the receipt of additional appropriation to procure and distribute Rapid Antigen Tests on behalf of Government.
- 4 The 2022 actual is lower than the 2022 estimate due to additional fee funded positions approved for COVID-19 response measures remaining unfilled due to difficult labour market conditions.
- 6 The 2022 actual is lower than the 2022 estimate due to lower expenditure on State Fleet assets as a result of supply chain issues.
- 8 The 2022 actual is lower than the 2022 estimate largely as a result of a major lease incentive budgeted for this period being received in the previous year.

Major actual (2022) and comparative (2021) variance narratives

- 1 The 2022 actual is higher than the 2021 actual due to the receipt of additional appropriation to procure and distribute Rapid Antigen Tests on behalf of Government.
- 2 The 2022 actual is higher than the 2021 actual due to an increase in Capital Works carried out by the Department on behalf of Government agencies and funding received from the Commonwealth to procure and distribute Rapid Antigen Tests.
- 3 The 2022 actual is higher than the 2021 actual as a result of the unbudgeted return of landlord lease incentives to the consolidated account.
- 5 The 2022 actual is higher than the 2021 actual due to an increase in Capital Works carried out by the Department on behalf of Government agencies and the purchase and distribution of Rapid Antigen Tests on behalf of Government.
- 7 Principal elements of lease liabilities repaid in 2022 were higher than 2021. As leases mature the principal component being repaid increases.
- 8 The 2022 actual is lower than the 2021 actual due to lower levels of lease incentive funded capital works.

10.2 Explanatory statement for Administered Items

For the year ended 30 June 2022

This explanatory section explains variations in the financial performance of the Department undertaking transactions as an agent of the government, as detailed in the administered schedules.

All variances between annual estimates and actual results for 2022, and between the actual results for 2022 and 2021 are shown below. Narratives are provided for key major variances which vary by more than 10% from their comparative and that the variation is more than 1% of the Total Administered Income for the previous year (i.e. 1% of \$8.829 billion).

	Variance note	Estimate 2022	Actual 2022	Actual 2021	Variance between estimate and actual	Variance between actual results for 2022 and 2021
		\$'000	\$'000	\$'000	\$'000	\$'000
INCOME FROM ADMINISTERED ITEMS						
<u>Income</u>						
Taxation						
Insurance duty	1	771,189	823,156	727,537	51,967	95,619
Land tax		763,651	759,244	755,930	(4,407)	3,314
Payroll tax	2	4,060,351	4,413,802	3,749,400	353,451	664,402
Transfer duty	3	1,581,067	2,339,272	1,862,374	758,205	476,898
Foreign Buyer Surcharge		17,120	21,710	17,263	4,590	4,447
Landholder duty	4	155,616	278,455	225,291	122,839	53,164
Vehicle licence duty	5	397,233	579,037	514,293	181,804	64,744
Other income ^(a)		218,506	260,421	244,726	41,915	15,695
Royalties	6	10,144,953	11,090,800	-	945,847	11,090,800
Other revenue						
Other revenue		39,700	40,998	39,447	1,298	1,551
Appropriations						
First Home Owners Grant Act 2000		95,385	85,752	95,718	(9,633)	(9,966)
Petroleum (Submerged Lands) Act 1982		446	-	-	(446)	-
Administered grants and transfer payments ^(b)	7	1,008,355	774,240	531,797	(234,115)	242,443
Collections raised on behalf of other agencies ^(c)		62,057	60,934	58,718	(1,123)	2,216
Total administered income		19,315,629	21,527,821	8,822,494	2,212,192	12,705,327
<u>Expenses</u>						
Grants and subsidies						
Administered grants, subsidies and other transfer payments ^(b)	8	1,008,355	774,240	531,797	(234,115)	242,443
Petroleum (Submerged Lands) Act 1982		446	-	-	(446)	-
First Home Owners Scheme		95,385	85,752	95,718	(9,633)	(9,966)
Other expenses ^(d)	9	20,550,090	21,091,415	7,941,460	541,325	13,149,955
Collections transferred to other agencies ^(c)		62,057	60,876	58,927	(1,181)	1,949
Total administered expenses		21,716,333	22,012,283	8,627,902	295,950	13,384,381

(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.

(c) A change to the Perth Parking Levy revenue recognition for the 2021–22 financial year led to a reclassification of the 2020–21 comparative in order to provide more meaningful year on year comparisons.

(d) This expense category relates to revenue collected by the Department that is then paid on to the Consolidated Account. The explanation of the major variances are explained under notes 1 – 6.

Major estimate and actual (2022) variance narratives

- 3 Transfer duty in 2022 was higher than the 2022 estimate due to a stronger than expected lift in both the number of residential property transactions and house prices over the year.
- 4 Landholder duty in 2022 was higher than the 2022 estimate largely due to one-off very high value commercial landholder transactions issued in the June quarter 2022. The number and / or value of these high value commercial transactions tend to be infrequent and volatile within and between years^(a).
- 5 Vehicle licence duty in 2022 was higher than the 2022 estimate due to a stronger than expected rise in average vehicle prices and an increase in the number of transactions (particularly for 'light new' vehicles).
- 7 Actual payments were lower than estimated in 2022, largely due to the combined impact of delays in the construction sector impacting some applicants' ability to qualify for the housing grant payments in 2022 and a lower than expected number of applications for the Small Business Electricity Credit.
- 8 Actual payments were lower than estimated in 2022, largely due to the combined impact of delays in the construction sector impacting some applicants' ability to qualify for the housing grant payments in 2022 and a lower than expected number of applications for the Small Business Electricity Credit.

Major actual (2022) and comparative (2021) variance narratives

- 1 Insurance duty in 2022 was higher than in 2021 consistent with stronger insurance market conditions over the year, including higher prices and the volume of activity in the housing and vehicle markets.
 - 2 Payroll tax in 2022 was higher than in 2021, due to stronger labour market conditions, and higher levels of collections from the mining sector buoyed by significant bonuses paid during the year.
 - 3 Transfer duty in 2022 was higher than in 2021, primarily due to a strong lift in the number of residential property transactions and a rise in median house prices over the year.
 - 6 Royalties in 2022 was higher than in 2021 as this was the first year the Department recorded mining royalty revenue. The mining and royalty collection and administration function was transferred from the Department of Mines, Industry Regulation and Safety to the Department of Finance as part of a Machinery of Government change.
 - 7 Administered grants and transfer payments in 2022 were higher compared to 2021, mainly reflecting spending on the Building Bonus grant and the administration of the Commonwealth's HomeBuilder National Partnership agreement.
 - 8 Administered grants and transfer payments in 2022 were higher compared to 2021, mainly reflecting spending on the Building Bonus grant and the administration of the Commonwealth's HomeBuilder National Partnership agreement.
 - 9 Other expenses in 2022 were higher than in 2021, due to the higher taxation collections in 2022 and the first year of recording mining royalty revenue by the Department in 2022.
- (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.

Key Performance Indicators

Certification of key performance indicators

For the year ended 30 June 2022

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 2022.



Jodi Cant
Director General
21 September 2022

Performance assessment

Outcomes

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

Government goals	Desired outcomes	Services
Strong and Sustainable Finances: Responsible, achievable, affordable 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.

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

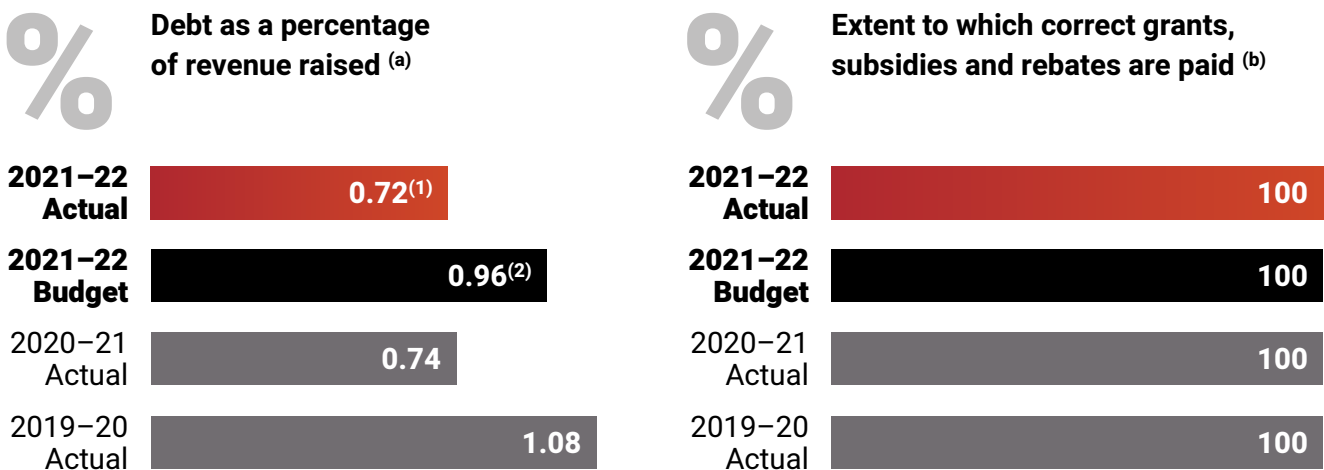
RevenueWA

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 provide a measure of the effectiveness of revenue collection and debt recovery processes and the accuracy of grant and subsidy payments. These are considered the key elements in the effective collection of revenue and processing of grants and subsidies.



(a) This indicator is calculated by dividing the total overdue 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. Mineral and petroleum royalties have been excluded from this calculation to avoid disproportionate skewing of the result.

1. The 2021–22 actual is lower than the budget due to higher revenue and lower debt levels, mainly driven by strong economic conditions.
2. The 2021–22 Budget figure was recalculated from the published 0.41% after removing the minerals and petroleum royalty revenue from this measure with a view to making the measure more meaningful. The inclusion of disproportionate revenue from mineral and petroleum royalties had a disproportionate impact on the result.

(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

Service 1

Revenue assessment and collection, and grants and subsidies administration

This service involves assessing and collecting a range of statutory based revenue, including duties, land tax, payroll tax, betting tax and those that are collected on behalf of other agencies (for example, Perth Parking Licence fees on behalf of the Department of Transport) or other jurisdictions (for example, collection of a range of taxes for the Commonwealth in the Indian Ocean Territories). It also involves assessing and collecting minerals and petroleum royalties, responsibility for which transferred to the Department during 2021–22. The Department also assesses and pays a range of grants and subsidies under both statutory and administrative schemes. The major payments relate to the First Home Owner Grant, Building Bonus and Homebuilder grants, as well as concessions on water rates, local government rates and the Emergency Services Levy for pensioners and seniors.

The indicators represent the total cost incurred to make a tax, duty, or royalties determination or determine the eligibility of a grant or subsidy application. Taken into account with the notes explaining any variances, it provides a measure of efficiency.



Average cost per tax or duty determination ^(a)

2021–22 Actual	29.56
2021–22 Budget	30.99
2020–21 Actual	30.08 ⁽¹⁾
2019–20 Actual	32.14 ⁽¹⁾

(a) This indicator is used to measure the cost to produce a revenue determination across all major tax revenue lines administered by the Department. It is calculated by dividing the 'total operational costs relevant to the major revenue lines plus departmental overhead costs' by the 'total number of revenue determinations'.

1. The 2019–20 and 2020–21 actuals have been revised, for comparative purposes, to include royalties costs and determinations. These functions transferred to the Department in 2021–22.



Average cost per grant or subsidy determination ^(b)

2021–22 Actual	23.26⁽¹⁾
2021–22 Budget	25.54
2020–21 Actual	16.94 ⁽²⁾⁽³⁾
2019–20 Actual	10.83 ⁽³⁾

(b) This indicator is used to measure the cost to produce a single determination across all grant and subsidy lines administered by the Department. It is calculated by dividing the 'total grant and subsidy costs plus departmental overhead costs' by the 'total number of grant and subsidy determinations'.

1. The 2021–22 actual is lower than budget due to a decrease in salary expenditure to deliver on-budget determinations.
2. The 2021–22 actual is higher than the 2020–21 actual as a result of increased resources required for the Building Bonus and Commonwealth HomeBuilder grants.
3. The 2019–20 and 2020–21 actuals have been revised, for comparative purposes, to include the royalties function which transferred to the Department in 2021–22.

Key effectiveness indicators

Advisory




Outcome 2

Value-for-money from public sector procurement

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

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

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

	Average annual vehicle net capital cost ^(a) Per passenger vehicle		Average annual vehicle net capital cost ^(a) Per commercial vehicle		Extent to which client agencies agree that their agency contracts and common use contract arrangements achieved value for money ^(b)
2021-22 Actual	3,086⁽¹⁾	2021-22 Actual	3,004⁽¹⁾	2021-22 Actual	97
2021-22 Budget	4,600	2021-22 Budget	4,800	2021-22 Budget	92
2020-21 Actual	3,856	2020-21 Actual	3,738	2020-21 Actual	96
2019-20 Actual	4,361	2019-20 Actual	5,021	2019-20 Actual	95

(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.

(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.

- The 2021-22 Actual is lower than the 2021-22 Budget and 2020-21 Actual due to the continued elevated resale price of used vehicles as a result of global vehicle shortages.

Key efficiency indicators

Advisory

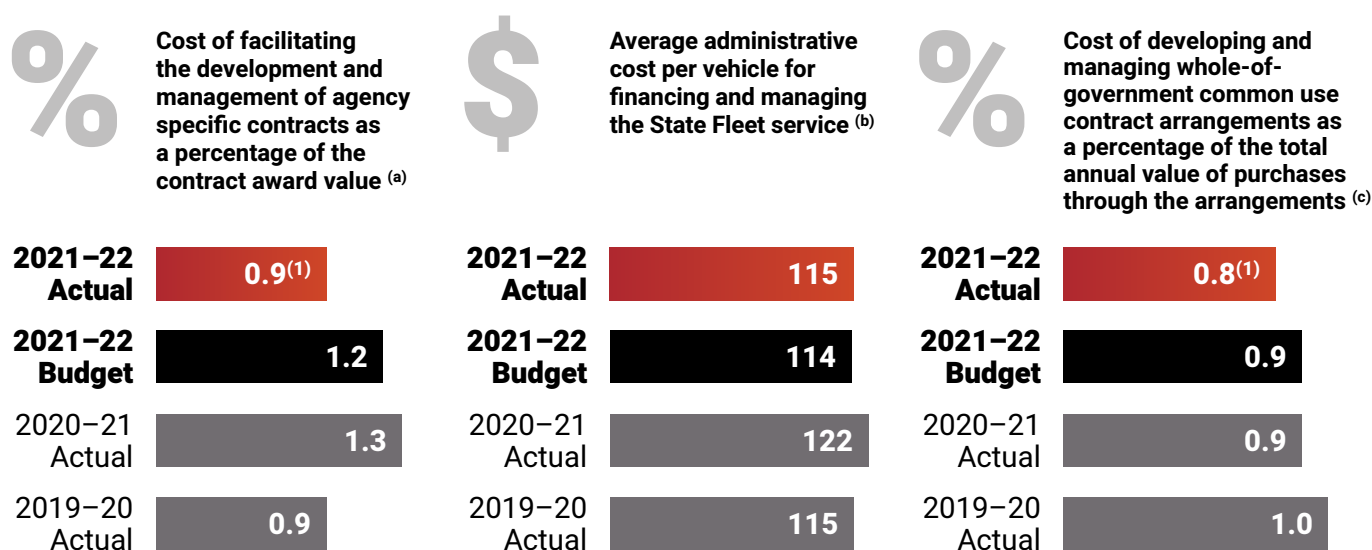
Service 2

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.



(a) This indicator is used to measure how efficient the Department has been in facilitating the development and management of agency specific contracts. This indicator is calculated by dividing the total of direct and overhead costs for the service by the total value of contracts awarded through the Tenders WA system. Contracts valued greater than \$300 million are excluded from this measure.

1. The 2021-22 Actual is lower than 2021-22 Budget and 2020-21 Actual due to operational efficiencies combined with the actual number of contracts awarded being higher. Contracts awarded in 2020-21 = 262; Contracts awarded in 2021-22 = 358.

(b) This indicator measures State Fleet's administrative cost efficiency in financing and managing the leasing of government vehicles. This indicator is calculated by dividing the total State Fleet administration costs by the average number of vehicles leased.

(c) This indicator is used to measure how efficient the Department has been in developing and managing whole-of-government Common Use Contract Arrangements and is calculated by dividing the total costs of the service by the total annual value of purchases through common use arrangements.

1. The 2021-22 Actual is lower than the 2021-22 Budget as a result of higher common use arrangements (CUA) turnover while internal costs have remained stable. CUA turnover increased due to higher costs and activity in several CUA areas as a result of increased demand from agencies to procure key products to manage COVID-19 requirements.

Key effectiveness and efficiency indicators

Corporate Services

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 Employee Superannuation Board (GESB). An exemption only from the requirements of Treasurer’s Instruction 904 (3)(iv)(a) Key Effectiveness Indicator, has been provided by the Under Treasurer. The Department is assessing the appropriateness of Service 3 in its future Outcome Based Management Framework.

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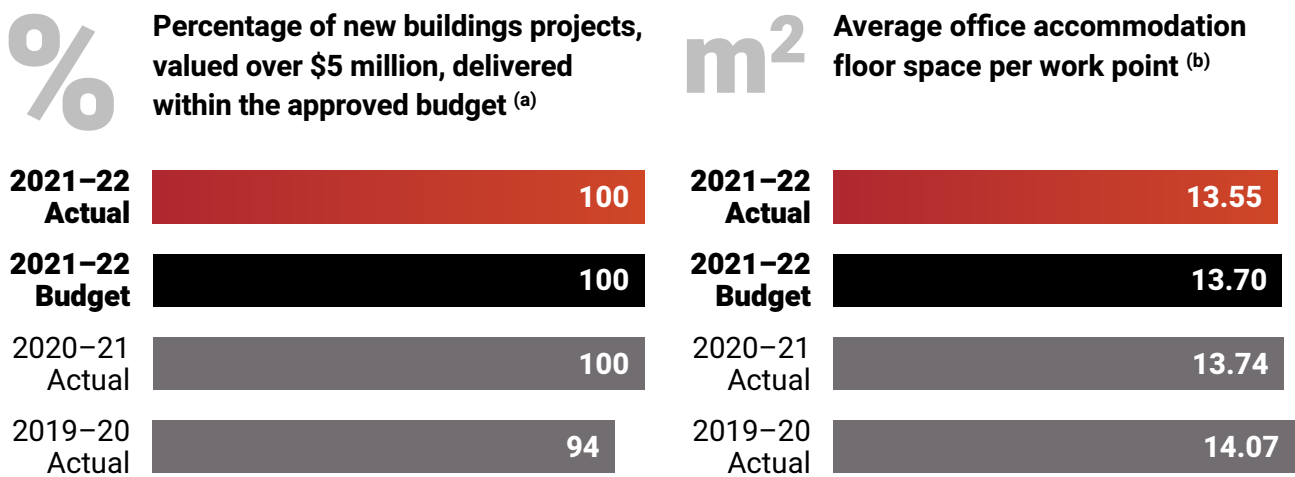
Key effectiveness indicators

Building and Contracts

Outcome 4

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

The Department 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.



(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.

(b) This indicator refers to the average workspace density across the office accommodation portfolio and is calculated at the whole-of-government level (excluding Parliamentary Electorate Offices and Ministerial suites). A workpoint includes a desk in open plan or an enclosed office or section of a counter or reception at which it would be reasonable to expect one person to carry out ongoing office work.

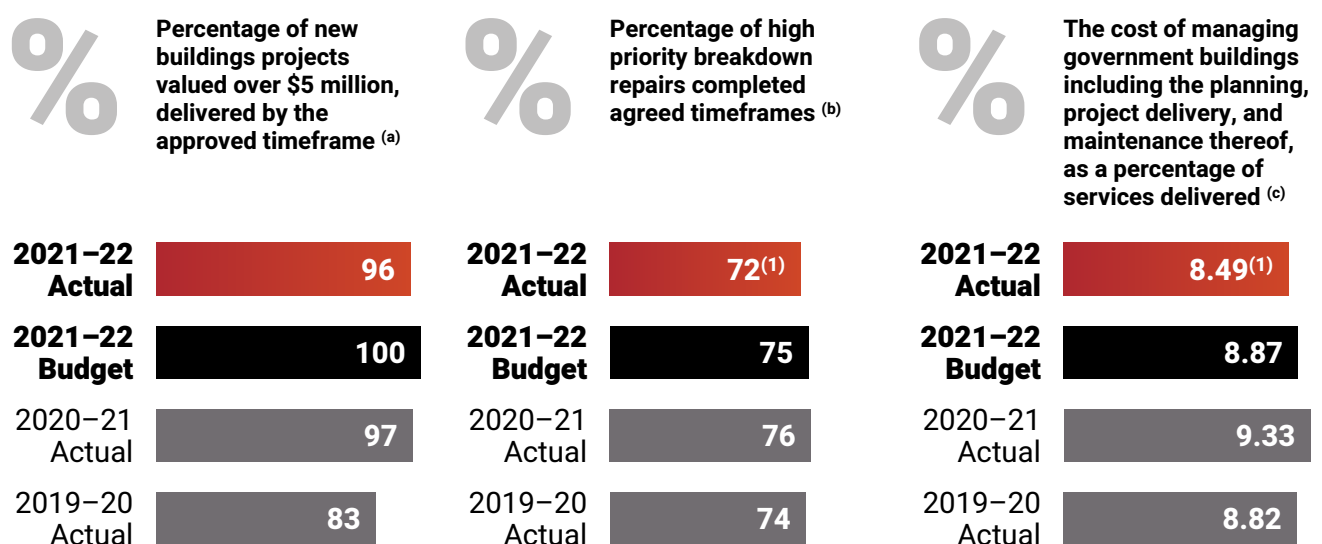
Key efficiency indicators

Building and Contracts

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.



(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. The approved timeframe is the current approved handover date which is determined by adjusting the initial handover date by allowable variations to the scheduled due date.

1. The lower than budget result is due to 1 project from a total of 23 projects not being delivered within the approved timeframe due to contractor delays.

(b) This indicator measures the percentage of high priority breakdown repairs attended to within the agreed timeframe across the State. Timeframes are determined in accordance with the relevant maintenance frameworks. 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.

1. The 2021–22 Actual is lower than 2021–22 Budget as a result of shortages in resources, both materials and labour, as well as regional COVID-19 lockdowns impeding access to some remote locations.

(c) This indicator measures the costs of delivering the Department's Building and Contracts services as a percentage of the Works Program Turnover (WPT) costs. WPT costs include total costs for capital works and maintenance, less depreciation, amortisation, finance and recouped salaries costs plus agency recoverable rent and variable outgoings for office accommodation services.

1. The 2021–22 Actual is lower than 2020–21 Actual and 2021–22 Budget largely due to an increase in Capital and Maintenance related works program turnover.

Other Statutory Information

Ministerial directions

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

Acts of Grace payments

Date	Purpose	2022 \$
23/12/2021	Reimbursement of vehicle licence duty as the vehicle was returned to the dealer following a catastrophic injury to the purchaser.	4,525.15

Unauthorised use of credit cards

We use 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.

The total credit card expenses for Finance this financial year accumulated to \$2.1 million of which \$434.96 was identified as not related to departmental operations. These transactions were inadvertently made by twelve employees.

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.

The total amount represents 0.02 per cent of our total purchasing card transactions completed during the financial year.

Measure	2021 – 22
Number of instances the Western Australian Government Purchasing Cards have been used for personal purposes	12
Aggregate amount of personal use expenditure for the reporting period	\$434.96
Aggregate amount of personal use expenditure settled by the due date (within 5 working days)	\$385.21
Aggregate amount of personal use expenditure settled after the period (after 5 working days)	\$49.75
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

Advertising, market research, polling and direct mail (Electoral Act 1907 s175ZE)

In accordance with section 175ZE of the *Electoral Act 1907*, Finance incurred the following expenditure in advertising. Total expenditure for 2021–22 was \$176,146.

Agency/Organisation	Amount \$	Total \$
Advertising Agencies		45,196
Initiative Media Australia	25,315	
Price Consulting Group	1,860	
Department of the Premier and Cabinet	9,022	
Linkedin	9,000	
Market Research Organisations		130,950
Inventium	10,000	
Painted Dog Research	120,950	
Polling Organisations		-
Direct Mail Organisations		-
Media Advertising Organisations		-
Total Expenditure		176,146

Disability Access and Inclusion Plan outcomes (Disabilities Services Act 1993 s29)

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

Our Corporate Executive are prioritising increasing the representation of diverse groups in our workforce and invested in Finance's diversity recruitment capabilities. In 2022, two designated diversity and inclusion roles were created within the People and Culture team.

The DAIP committee meets regularly to identify new initiatives that will drive access and inclusion across Finance. During 2021–22, we:

- ▶ leveraged the *Equal Opportunity Act 1984* to advertise three vacancies that strongly encouraged people with a disability to apply
- ▶ celebrated the 2021 International Day of People with Disability by hosting staff activities that promoted access and inclusion
- ▶ facilitated workshops inviting contributions to the development of our Diversity and Inclusion Strategy 2022–25
- ▶ established a project team comprised of volunteers across our organisation. The team was established in early 2022 and is supporting the development and consultation process for the development of our next five-year DAIP.

Compliance with public sector standards and ethical codes (PSM Act s31(1))

We continued our strong record of complying with public sector standards and the Public Sector Code of Ethics.

During the 2021–22 financial year, we delivered training programs through online and face-to-face sessions, and maximised their effectiveness by tailoring content for new and existing employees.

To ensure that recruitment processes comply with public sector standards we provided proactive guidance to managers and staff. We successfully completed 153 recruitment processes, from which 2,868 applications were received.

Two Breach of Standard claims relating to the Employment Standard were received during the financial year. These claims were considered and resolved by Finance. Four grievances were reported and managed, with two resolved and two ongoing. Eight cases of non-compliance with Code of Ethics/Code of Conduct were reported and investigated. Four were resolved and four are ongoing.

We satisfy legislative requirements through the maintenance of departmental policies, procedures and guidelines. We commenced a review of the Code of Conduct, which was last updated in July 2020. The review is still in progress and is anticipated to be complete in late 2022.

Information released under the Freedom of Information Act 1992 (FOI Act)

The FOI Act seeks to facilitate access to government information at the lowest reasonable cost.

Applications can be lodged [online](#) or by post. More information about can be found on [WA.gov.au](#) or in the Information Commissioner of WA [annual report](#).

During 2021–22, we received:

Applications	2021–22	2020–21
New applications received during the year	25	27
Decisions made during the year	32 ⁱ	26 ⁱⁱ
Average time to process (days)	55	39
Outcomes	2021–22	2020–21
Full access	11	16
Edited access	15	4
Deferred access	0	0
Section 26 access	2	6
Section 28 access	0	0
Access refused	1	0
Total decisions	29	26
Transferred to other agencies	0	0
Withdrawn	3	3
Total applications finalised	32	29
Reviews	2021–22	2020–21
Internal reviews	3	0
External reviews - complaints	1	0

i Includes 7 applications carried over from 2020–21.

ii Includes 8 applications carried over from 2019–20.

Recordkeeping plans

Finance's Recordkeeping Plan It was approved in 20201 and our ongoing focus continues to be on maximising efficiency through digital solutions.

The strategic use of technology to comply with record management regulatory obligations is a key outcome of our Microsoft 365 solution implementation strategy and will position us as leaders across the WA public sector in digital information management. We've achieved 95 per cent full digitisation of files in our primary recordkeeping system, reflecting our commitment to digital information management.

Recordkeeping training

During the 2021–22 financial year, we made significant progress in redesigning our online training module 'Education in Recordkeeping Obligations'. The training is completed by all staff as part of our induction training program.

The training redesign included identifying and developing new training tools that support recordkeeping in a Microsoft 365 environment. The new training module complements existing user guides that are available to all staff through our intranet.

Government policy requirements

Board and committee remuneration

In 2021–22, the Department of Finance had no board or committee costs and memberships.

Occupational safety, health and injury management supporting Australian work health and safety strategy 2012–22

Workplace Safety and Health

We're committed to providing a safe and healthy work environment for all our employees and anyone involved with Finance's 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 through meaningful consultation with employees about Workplace Health and Safety (WHS) issues.

During the 2021–22 financial year, we took significant action to ensure Finance met its WHS commitments. We:

- ▶ consulted and developed a COVID-19 Safety Plan and Risk Assessment. It provided appropriate, practicable and documented controls to manage risks to our workers and office visitors
- ▶ commenced an audit of our WHS operations. The audit was in response to the Work Health and Safety Act 2020 (WHS Act) and regulations commencing on 31 March 2022. It will be finalised in early 2022–23 and plans will be developed to action identified findings as required
- ▶ developed a mandatory WHS Awareness Training for all staff. It will be deployed to all current staff and new starters in early 2022–23. The training aims to improve awareness of the new WHS Act, employee responsibilities, and key risks including mental health and workplace wellbeing
- ▶ provided OSH training to 317 managers across 24 training sessions. This significant effort increased the percentage of trained managers in the last three years from 31 per cent to 81 per cent – above the Public Sector Commission's target of 80 per cent
- ▶ reduced the number of active injury/illness management, return-to-work and Workers' Compensation Cases.

In 2021–22, we had 11 Safety Health Representatives (SHR) available across our work locations. The SHRs met quarterly as part of the OSH Committee, and conducted 37 site inspections, consulted with staff on OSH matters, and assisted in monitoring OSH issues, including conducting incident investigations where appropriate. They also participated in consultation and provided feedback on important issues, including our COVID-19 Safety Plan and Risk Assessment.

Additionally, 37 first aid officers were appointed across our locations, including regional offices. They assisted with providing immediate responses to injured or ill employees.

Injury Management

We remain committed to providing injury management and return to work service to all staff. Management and services are provided for work and non-work-related injuries in accordance with the Injury Management Policy and *Workers' Compensation and Injury Management Act 1981* requirements. This year, we actively assisted 45 employees with the injury management process.

Health and Wellbeing

We offer preventative and proactive health and wellbeing programs to staff including, health assessments, wellbeing seminars, ergonomic assessments, screen-based equipment subsidies and a flu vaccine program. In 2021–22, 317 staff received their flu vaccination through our voucher program.

We also raised awareness and promoted initiatives and activities for various health and wellbeing topics by publishing 41 articles on our intranet.

Employee Assistance Program

We champion staff to use the Employee Assistance Program (EAP) to assist themselves, or their families, deal with work-related and personal issues.

In 2021–22, there were 91 new referrals and 250 hours of EAP utilised. This represents a 28 per cent increase from previous years.

We use deidentified issues provided through EAP reports to inform aspects of our wellbeing program.

Public Sector Commissioner's OSH performance requirements 2022

Measure	Results 2019–20	Results 2020–21	Results 2021–22	Targets	Comments
Number of fatalities	0	0	0	0	Target achieved
Lost time injury and disease incidence rate	0.22	0.19	0.19	0 or 10% reduction in incidence rate	Two new claims received
Lost time injury and severity rate	0	50	50	0 or 10% reduction in severity rate	There were two lost time injuries of one day or more
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	61%	31%	81%	Greater than or equal to 80%	Target achieved

National Strategic Plan for Asbestos Awareness and Management 2019–2023 – report on progress towards achieving relevant targets

The NSPAAM aims to eliminate asbestos-related diseases in Australia by preventing exposure to asbestos fibres. The WA Government endorsed targets one to seven of the NSPAAM to identify and, if required, safely remove asbestos from publicly owned buildings.

Finance needs to report against targets one, two, three, and seven for NSPAAM 2019–23. All other targets are not applicable and are the responsibility of either the Department of Mines, Industry Regulation and Safety (DMIRS) and/or the Federal government. We're on track to submit the first 12-monthly NSPAAM report to DMIRS in July 2022.

The report is based on the Minister for Works (MfW) portfolio of government-owned buildings managed by Finance and will outline our progress against the relevant targets.

The MfW portfolio contains Asbestos Containing Material (ACM). The majority of the ACM is low risk, with one building containing some medium risk ACM. We maintain risk-based plans for the management of ACM and, where practicable, removal is planned during refurbishment or upgrade works.

WA Multicultural Policy framework

Our Multicultural Framework 2021–25 includes strategies and an action plan that support our ongoing commitment to embrace cultural and linguistic diversity (CaLD) as an integral component to becoming the best place to work. The plan is monitored regularly, and bi-annual progress updates are provided to the Corporate Executive.

- ▶ As at March 2022, our Public Sector Commission quarterly profile indicates that 25.7 per cent of Finance employees, represented as a per cent of valid responses, identify as CaLD, which exceeds the Public Sector's CaLD employment target of 15.5 per cent by 2025.

During the 2021–22 financial year, achievements included:

- ▶ establishing two new roles dedicated to diversity and inclusion
- ▶ celebrating Harmony week by sharing stories from our CaLD team members
- ▶ recognising International Day of Tolerance on 16 November 2021, to educate and raise awareness of intolerance and how to counter it
- ▶ creating a designated intranet page to promote the Australian Human Rights Commission campaign "Racism. It Stops With Me" and share ways staff can combat racism and foster inclusivity
- ▶ publishing regular news articles on our intranet to increase employee awareness of their responsibility to contribute to a high integrity workplace culture, and ways they can help ensure everyone is treated with courtesy, consideration, and respect.

Agency capability program

We have been selected to take part in the Public Sector Commission's Agency Capability review program trial. The review will be led by Ms Carmel McGregor PSM, who will provide advice and direction to the Public Sector Commission's review team. The final report will be issued in 2022–23.

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