



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



Annual Report

2022-23



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

Statement of Compliance

For the year ended 30 June 2023

Hon Sue Ellery MLC
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 2023.

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



Jodi Cant
Director General
25 August 2023



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Department of Finance 2022–23 Annual Report

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Message from the Director General



At the start of the year, we launched our new blueprint for the future, *Strategic Directions 2022-26*, which came into effect on 1 July 2022.

This is a bold and ambitious plan which was developed in consultation with our people who played a leading role in helping shape our refreshed values.

I'm very proud of our values which reflect who we are and how we go about our business. Clarity, empathy, growth and collaboration are at the heart of everything we do including through our business planning, and our customer-centric approach when delivering services.

Throughout 2022-23, we continued to deliver the best possible outcomes for Western

Australians across areas such as whole-of-government procurement, infrastructure delivery and revenue collection.

Building and construction continued to be a substantial part of our agency's operations and teams delivered 84 projects with a total value of \$524 million, with more than 70 per cent of 104 stimulus projects and four programs of work now complete. These included expansions and upgrades at schools such as Dianella Secondary College, Australind Senior High School, Muresk Institute, South Metropolitan TAFE Mandurah and North Regional TAFE Kununurra plus the Kalamunda Hospital palliative care upgrade and His Majesty's Theatre balcony restoration.

In May 2023 we achieved practical completion of a significant project for the State's sporting sector, the infrastructure upgrade to the Perth

Rectangular Stadium (HBF Park). This stadium will host five football matches as part of the FIFA Women's World Cup™ in July 2023.

In terms of major projects, our team continued to collaborate with client agencies on major capital works programs including regional hospitals in Geraldton, Bunbury and Peel, alongside planning for the Women and Babies Hospital, and the Aboriginal Cultural Centre.

With our infrastructure expertise and strong local networks, we collaborated with a number of agencies, local businesses and communities on reconstruction projects as part of the State's response to the Kimberley flood recovery.

As we continued to deliver reform through new initiatives and frameworks, we launched Western Australia's first State Commissioning

Strategy for community services, which was developed in consultation with the community services sector. It's a model with a more holistic, proactive and sustainable commissioning approach that aims to deliver greater cohesion between Western Australian Government agencies, service providers, peak bodies and consumer advocates with the most vulnerable members of our community at its core.

Through RevenueWA, we supported Government in its efforts to introduce a land tax concession on 'build-to-rent' developments to increase the supply of rental properties and improve security of tenure for renters. We continued to administer the First Home Owner Grant scheme and the Off-the-Plan duty rebate scheme to make ownership more accessible to Western Australians. We delivered cost-of-living relief through administering part of the Household Electricity Credit scheme, in addition to our usual delivery of a range of other grant and subsidy schemes.

I am passionate about innovation and in November we launched our first four-year Innovation Strategy.

Innovation for us, means change that adds value for our own agency as well as the whole

public sector. Our team is working on a range of innovative initiatives including investigating circular economy principles for government buying.

Continuing on the theme of effective services, we progressed our cross-sector reform program ServiceWA this year, delivering continued exceptional service at the in-person centre in Bunbury and working with agency counterparts on the ServiceWA Strategy. For another year running the Bunbury Service Centre has achieved impressive results. This year it achieved 95 per cent customer satisfaction and 944,000 registered customers on the ServiceWA app.

This year we participated in the Public Sector Commission's Agency Capability Review Program. The review is a sector-wide approach to improvement by identifying the capabilities needed to be a high performing agency in the Western Australian context.

The review found that we are a well performing agency delivering sector-wide initiatives. It noted our vital role in the WA public sector as a central agency, with a mandate to set policies and frameworks for other agencies and entities to follow and hold them accountable against.

The review concluded that we can better clarify and communicate our responsibilities as a central agency and as a functional leader with the sector and this is underway.

I was particularly pleased the review noted that we have a highly engaged workforce and a people-oriented culture that values innovation. These are of importance to me as I know the power of teamwork in driving Finance to be customer-centric and the best place to work. We are proud of the culture that we are developing, which is inclusive, values diversity and provides an environment where people can thrive. Our staff engagement and commitment are what makes us such a well-respected department and adds to our reputation as a can-do agency.

I would like to thank our exceptional staff for another outstanding year delivering for the WA Government, our customers and, of course, the local community. At the same time, I would like to recognise our Corporate Executive and leadership team and congratulate Chris McMahon on his appointment as Commissioner of State Revenue.

Finally, I was pleased to be reappointed as Director General for the next three years. It is a pleasure leading our team, working to make Finance the best place to work and continuing to deliver what is needed today to achieve a better tomorrow for Western Australia.

Jodi Cant
Director General

Performance highlights



84 building projects delivered



\$21.3 billion revenue collected on behalf of the WA Government



\$30.2 million in works contracts awarded under the Aboriginal Procurement Policy



\$251.9 million value of grants and subsidies administered



\$3.1 billion combined value of projects managed by Major Projects



\$524 million capital works projects and programs of work delivered



\$22.3 million savings realised through office accommodation strategies



76% customer satisfaction score across Finance



\$190 million of maintenance delivered

About us

Since we were established in 2011, Finance has built a reputation as an agency that delivers on a diverse portfolio for the State.

Our strong foundation has positioned us as a trusted agency and an outcomes-focused service provider.



As a central agency, Finance has a mandate to lead whole-of-government policy, influence strategy and provide sector wide leadership and services to other WA Government agencies and entities. In this role, we are responsible for ensuring all agencies and entities comply with these mandates.

Finance has a direct service delivery role to other agencies, businesses, and the WA community. We deliver a range of services that are reflected through five core areas: Advise, Build, Buy, Collect and Deliver.

Advise

We provide strategic advice across the WA Government and the public sector on reform projects, project and asset management, procurement, and policy.

Build

We plan, deliver and manage fit-for-purpose solutions for major community infrastructure such as schools, hospitals, prisons, cultural and sporting facilities and government office accommodation.



Buy

We lead government procurement and leverage our buying power to secure products and services for government, driving value for money for WA taxpayers.

Collect

We collect revenue to fund government services and administer payment of grants and subsidies to the WA community.

Deliver

We facilitate and optimise delivery of corporate services, using insights and leading technologies to continuously innovate and improve.

Enabling legislation

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

Responsible Minister

Finance reports to the Minister for Finance.

In this period we reported to:

The Hon Sue Ellery MLC
(current);

and

The Hon Dr Tony Buti MLA
(July – December 2022).

Our vision

We serve Western Australia to deliver what is needed today to achieve a better tomorrow.

Our purpose

To lead and deliver services on behalf of government to benefit the community.



Our values

We refreshed our values in 2022-23.
They guide all aspects of our operations.

Collaboration

We value each other's contributions and create better outcomes when working together.

Clarity

We are clear on our purpose, our role and how we support others.

Growth

We learn, develop, inspire and improve in a changing environment.

Empathy

We listen, understand, and respect other perspectives.

Organisational chart

The Hon Sue Ellery MLC

Minister for Finance

Jodi Cant

Director General

Kate Ingham Deputy Director General	Shaun Whitmarsh Deputy Director General	Nicki Godecke Deputy Director General	Henrietta Farrell Chief Customer Officer	Chris McMahon Commissioner of State Revenue	Geoff Gilbert Deputy Director General
Advisory Services Government Policy and Strategy and Regional Recovery Statutory Planning and Asset Policy Audit, Accreditation and Risk Procurement Frameworks Procurement Reform	Buildings and Contracts Operations Customer Team: Education and Training Customer Team: Law and Order Customer Team: Health Customer Team: General Agencies	Major Projects Infrastructure Delivery Unit Major Health Projects Major Projects (Other) Commercial Services	Customer Experience and Strategy Government Office Accommodation ServiceWA Strategy and Customer Advocacy Strategic Communications	RevenueWA Compliance Operations Group 1 Operations Group 2 Legislation and Review Digital Transformation Program	Service and Invest People and Culture Inform and Improve Financial Services Technology Services

Our offices

Northern Region

- **Goonoonooram** - Kununurra - **1**
- **Rubibi** - Broome - **2**
- South Hedland* - **3**
- Karratha* - **4**

Central Region

- Carnarvon* - **5**
- Geraldton* - **6**
- **Merredin** - Merredin - **7**
- Northam^ - **8**
- **Karlkurla** - Kalgoorlie - **9**
- **Kepa kurl** - Esperance - **10**

Metropolitan Region

- **Boorloo** - Perth - **11**

Southern Region

- **Goombarrap** - Bunbury - **12**
- **Kinjarling** - Albany - **13**

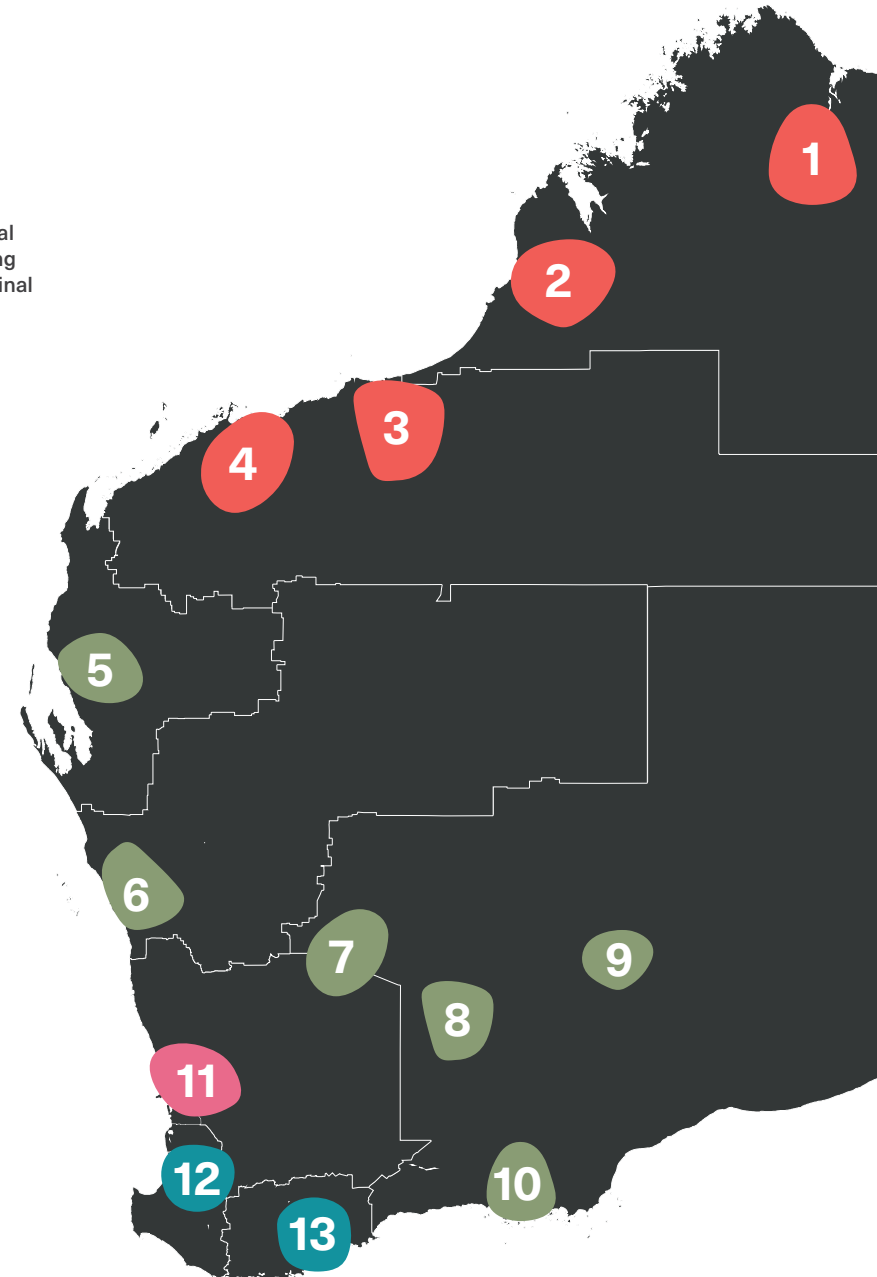
With thanks to Noongar Boodjar Aboriginal Language Centre, Yawoorroong Miriuwung Gajerrong Yirrgeb Noong Dawang Aboriginal Corporation, Nyamba Buru Yawuru, Goldfields Aboriginal Language Centre Aboriginal Corporation.

Aboriginal place names relate to the specific location of our offices.

The Department of Finance recognises the diversity of Aboriginal people, culture and language and that spelling of place names may vary.

* Finance is working with Aboriginal language centres to confirm these town names

^ Confirmed by Balardong Elder, there is no known Noongar name for Northam



Legislation and schemes administered

The Department of Finance administers 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*
- *Procurement Act 2020*
- *Public Works Act 1902* ^[a]
- *Rates and Charges (Rebates and Deferments) Act 1992*
- *Stamp Act 1921*
- *Taxation Administration Act 2003*

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



Performance management framework

Outcomes-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 outcomes-based management framework

Finance's outcomes-based management framework did not change during 2022–23.

Shared responsibilities with other agencies

Integral to the success of both Finance and the Government is the ability to partner with others. As a central agency, Finance works closely across the sector to facilitate the efficient operations of government, informed decision-making, and value for money outcomes for Western Australians.

This is achieved through providing leadership and strategic advice to Government on initiatives to improve the operations and management of services across the public sector.

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

Summary of key performance indicators **Page 67**

Details of key performance indicators **Page 141**

2 Agency Performance

Advise 17

Build 26

Buy 46

Collect 51

Deliver 55

Our People 61

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

Advise

We provide strategic advice across the WA government and the public sector on reform projects, project and asset management, procurement, and policy.



Continuously improving procurement

As the functional lead for procurement across the WA Government we are focused on continuous improvement.

Supported by the *Procurement Act 2020 (WA)*, the WA Procurement Rules bring together all procurement types under a consistent set of whole-of-government policies. Initiatives aimed at improving practice across all streams of procurement during 2022-23 included:

Opening up works consultancy panels

We continued to develop a framework to allow agencies to purchase works consultancy services under a Common Use Arrangement model. Only agencies with existing works powers will be able to use this arrangement. The first category for 'non-residential engineering and related services' was released for public comment in April 2023. The intent is that other categories will be added over time.

ICT Procurement Improvement Program

The first initiative we developed under the Information and Communications Technology (ICT) Procurement Improvement Program was the ICT Procurement Framework, which was launched in September 2022.

The framework takes a principles-based approach to ICT procurement. It defines the responsibilities of all relevant stakeholders and provides guidance at an agency and individual procurement officer level.

It is based on:

- promoting small to medium enterprises and local businesses;
- being outcomes focused;
- ensuring procurement is flexible to adapt to changing requirements; and
- adopting innovative technologies.

We are progressing other initiatives under the ICT Procurement Improvement Program including the development of ICT specific procurement guidelines. Priorities include guidance on proof of concepts and liability capping, which aim to provide greater clarity and consistent good practice for agencies, while driving value for money outcomes for the WA community.

Works Procurement Harmonisation Program

As part of our functional leadership in procurement role we have commenced a program to harmonise works procurement practices across the public sector. The program is seeking to standardise practice leading to greater efficiency and an improved experience for industry in dealing with government.

The objectives are to:

- drive the efficient implementation of the WA Government's economic, social and environmental policies in works procurement;
- provide confidence to the community that works procurement processes are consistently applied in a fair and transparent manner;
- reduce complexity and cost to works suppliers in transacting with government; and
- enhance staff mobility and capability transfer across the sector.

Strategic Forward Procurement Planning

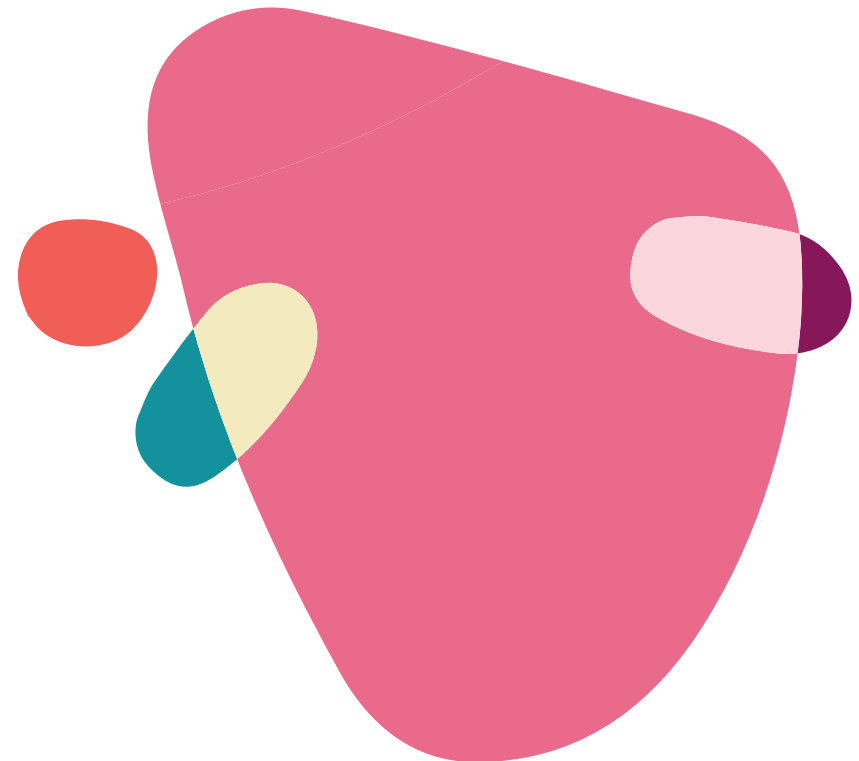
Under the WA Procurement Rules, agencies are required to provide us with annual forward procurement plans covering goods, services and works procurements valued at or more than \$250,000 (GST inclusive) across the next two financial years.

The Strategic Forward Procurement Planning (SFPP) 2022-23 data submission process commenced in May 2022, and we developed two reporting dashboards.

They are:

- The Agency SFPP Dashboard, which makes a complete dataset available for use by the public sector (released in October 2022).
- The Public SFPP Dashboard, which contains a restricted set of data relevant to suppliers (released in May 2023).

The Agency Dashboard helps with identifying strategic procurement opportunities and encourages good procurement planning across the sector, while the Public SFPP Dashboard will assist suppliers to plan and identify opportunities to do business with government and reduce the barriers faced by local business to work with government.



Prioritising the economic participation of Aboriginal businesses

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

Launched in July 2018, the APP was extended in 2021 for a further three years, with a progressive increase in contracting targets to four per cent by 2023-24. The APP was expanded to include Aboriginal participation requirements, enabling government to support Aboriginal businesses through its direct and indirect spend.

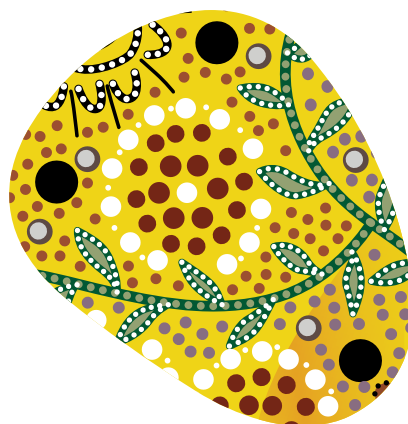
Since its introduction, nearly 960 contracts, with a combined value of more than \$821 million, have been awarded to 253 Aboriginal businesses across the WA Government. Two-thirds of these contracts have been awarded in regional areas.

During the first half of the 2022-23 financial year, 151 contracts across the WA Government were awarded to Aboriginal businesses with a combined value of more than \$60 million. This represents 6.83 per cent of all WA Government contracts for goods, services and works being awarded to Aboriginal businesses, meaning agencies are tracking towards nearly double the 3.5 per cent target set in the APP for 2022-23.

We will continue to review the performance of the APP, including how it connects to and complements the State Commissioning Strategy and the future whole-of-government Aboriginal Community Controlled Organisation Strategy 2022-32.

In addition to administering the APP, we are committed to supporting regional businesses and strive to exceed the prescribed targets for contracts awarded to Aboriginal businesses.

During the financial year, we awarded a range of goods, services and works contracts to Aboriginal businesses across WA. Finance entered into 104 contracts which were awarded to 26 separate registered Aboriginal businesses. These had a total value of almost \$30.2 million, representing 14 per cent of contracts above \$50,000 and were done primarily on behalf of our clients.



Developing procurement capabilities across government

We continued to progress our Procurement Capability Development Strategy 2022–25.

As part of this, we launched a strategic procurement community of practice for senior public sector leaders to hear insights from experts, share learnings and build networks.

To recognise procurement across the sector we introduced a new Best Practice in Procurement award category as part of the Institute of Public Administration Australia WA Achievement Awards. In addition, we developed and launched risk management in procurement and advanced contract management training.

Other initiatives included:

- Enhancing the procurement capability indicator tool and improved its uptake across the sector. The tool provides a procurement self-assessment mechanism for individuals and the results are provided to managers to identify areas for development.
- Releasing new or updated contract handover, contract management performance and risk management in procurement guidance.
- Commencing work on new, State-wide works procurement capability tools, guidance and training.



Supporting community services

In August 2022, we launched WA's first State Commissioning Strategy (SCS) for community services with a focus on long-term outcomes for individuals and the community.

One SCS priority requires agencies to develop individual Agency Commissioning Plans.

These provide a mechanism to communicate with the sector and government how line agencies are driving change at a departmental and individual service or program level.

They are expected to link to agency budget considerations and provide transparent information to lead to opportunities for greater collaboration across agencies.

During the year, we facilitated community services commissioning capability training to more than 150 staff across 10 government agencies. We conducted executive briefing sessions for 38 staff across government.



Maintaining public confidence in government contracting

We continued to administer Australia's first Debarment Regime during the financial year.

The regime, which commenced on 1 January 2022, delivers on the WA Government's election commitment for procurement reform. It applies to persons or organisations that directly or indirectly supply, or propose to directly or indirectly supply goods, services, community services or works to the WA Government.

It covers a range of offences from fraud to breaches of occupational health and safety legislation and establishes grounds and processes that allows suppliers to be excluded from contracting with the WA Government in the worst cases of wrongdoing.

We collaborated with other investigative agencies including the Corruption and Crime Commission, WA Police Force and the Commonwealth Attorney-General's department to establish a framework for administering the regime, including reaching data sharing arrangements with the Department of Justice (Justice) and RevenueWA.

During 2022-23, we worked with Justice to develop an application programming interface (API) portal to facilitate the agencies' data sharing arrangement.

The portal allows us to submit direct requests for bulk data from Justice's databases, which automatically returns supplier matches for criminal prosecutions in the WA courts.



Optimising government assets

We lead a whole-of-government Asset Management Reform (AMR) program aimed at realising more value from government assets and improving asset management maturity and capabilities.

As part of the program, the Building Asset Management Framework (BAMF) was developed during the year. The BAMF underpins the rollout of a sector-wide asset management maturity assessment and improvement program, which commenced in May 2023. A Building Condition Assessment (BCA) program is underway across all agency-owned office buildings and will be completed by November 2023.

The AMR program seeks to achieve office accommodation savings of around \$48 million to 2025-26. This will be achieved through better planning and utilisation of existing government office accommodation and implementation of contemporary fitouts, using Finance's expertise and buying power to achieve value-for-money outcomes. We are on track to achieving the target with \$32.6 million saved to date.



Addressing climate change

The WA Government is committed to achieving net zero emissions by 2050, plus cutting emissions by 80 per cent below 2020 levels by 2030.

We are working with the Department of Water and Environmental Regulation (DWER) and other agencies on a range of climate and environmental initiatives, planning for potential whole-of-government projects as well as contributing to policy development. In addition, we are considering strategies to reduce our own emissions in line with the 2030 target.

Our achievements in the sustainability space this year include updating our technical guidelines for non-residential buildings, which provide a guide to agencies in the design of government buildings plus will help the WA Government meet its emissions reductions priorities.

Specifically, we have updated the technical guide for water efficiency, which lifts the minimum Finance requirements for water efficiency of sanitary fixtures and fittings. The updated technical guide was published on WA.gov.au in October 2022.

Finance also has a new approach to the reduction of waste on non-residential construction projects. The new approach mandates that a minimum of 80 per cent of all construction and demolition waste from its project sites is diverted from landfill.

Achievement of this outcome is monitored through monthly reporting from head contractors.

We are now working on updating technical guide TG040, which is an environmentally sustainable design guideline for non-residential government buildings. The updated guidelines are expected to go live in July 2023, with further amendments to be made in the future to align with Government's interim emission targets and the availability of renewable energy.

Contributing to net zero emissions through management of State Fleet

We promote zero or low emission transport solutions through our State Fleet operation. Since the State's Electric Vehicle (EV) Strategy was released, uptake of EVs by agencies has been positive with more than 80 EVs on the road and more scheduled for delivery.

We are investing \$800,000 to install EV charging stations in government buildings. To date, we have supported the installation of 46 chargers across 31 locations. Last year, State Fleet procured 40,000 tonnes of carbon credits to offset the effects of tailpipe emissions from vehicles leased under State Fleet arrangements.



Build

We plan, deliver and manage fit-for-purpose solutions for major community infrastructure such as schools, hospitals, prisons, and government office accommodation.



Overseeing infrastructure stimulus

Our Infrastructure Delivery Unit has oversight of the State's \$39 billion Asset Investment Portfolio (AIP).

Our role is to advise, direct or deliver major aspects of the State's residential and non-residential building AIP, excluding Government Trading Enterprises and Department of Transport portfolio projects.

As part of our work, we seek to ensure tenders are scheduled in line with the construction industry's capacity to deliver the works.

During 2022-23 we delivered outcomes including:

- Working with agencies to review and realign project schedules to help alleviate pressure and cost escalations in the construction industry.
- Introducing a new project assurance mechanism to review and advise on the costings and schedules for business cases prior to being submitted to the Expenditure Review Committee.

Delivering major projects

During 2022-23, we managed the planning and execution of significant major capital works projects.

Our delivery teams worked with client agencies to deliver robust project planning in accordance with the WA Strategic Asset Management Framework.

Our projects include:

- Women and Babies Hospital (\$1.8 billion)
- Bunbury Regional Hospital redevelopment (\$278 million)
- Geraldton Health Campus redevelopment (\$122.7 million)
- Peel Health Campus transformation (\$152 million)
- Casuarina Prison expansion (\$183 million)
- Screen Production Facility (\$106 million)
- Department of Primary Industries and Regional Development new metropolitan facility (\$320 million)
- Aboriginal Cultural Centre project (\$104 million)

Perth Children's Hospital settlement with John Holland

In November 2022, Major Project's Commercial Services team led the successful settlement of the ongoing dispute with John Holland, relating to the construction of the world-class Perth Children's Hospital.

The parties, on a without admission of liability and commercial basis, agreed to resolve the proceedings, and settle all claims and counterclaims between them, ending the dispute which had been ongoing since 2017.

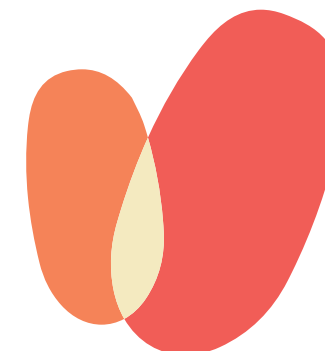
The settlement successfully avoided a 16-week trial which was due to commence in March 2023, however a final decision was not forecasted until late 2025.

Bunbury Regional Hospital redevelopment

Expressions of Interest were called for managing contractors to design and construct the \$278 million project in February 2023.

Once complete, the Bunbury Regional Hospital redevelopment will deliver additional beds, an expanded emergency department, increased operating theatre capacity, new maternity, birthing and neonatal services, new clinical equipment, new emergency access and mental health facilities. It will also include WA's first regional training, education and research centre, and a boost to the hospital's digital capability.

Early critical works, including a new car park, were completed in 2022.



Aboriginal Cultural Centre project

It was announced in August 2022 that the preferred location for the world-class Aboriginal Cultural Centre for WA was the current Terrace Road car park site in Perth.

The site was chosen primarily because of its connection to the Swan River (Derbarl Yerrigan), Heirisson Island (Matta Gerup) and Kings Park (Katta Koomba), which are places of cultural significance to Noongar people.

The Whadjuk Cultural Authority representatives on the Aboriginal Cultural Centre Steering Committee were asked to consider six different locations near the Swan River (Derbarl Yerrigan). The selection of the site went through an extensive cultural investigation and consultation process, which has been endorsed by the wider Whadjuk reference group for the project.

The project marked another milestone in November 2022, with a smoking ceremony of the Terrace Road site prior to the start of ground investigation works.

The WA and Commonwealth Governments have currently committed \$104 million towards the project.





Modular ward facilities completed

We are at the centre of some of the most innovative WA Government infrastructure projects.

One example this year was the completion of a project involving the addition of 120 beds via the construction of four, integrated and state-of-the-art, 30 bed inpatient modular ward facilities.

The health campuses involved were Rockingham General Hospital, Bunbury Regional Hospital, Osborne Park Hospital and Bentley Hospital.

The commissioning of this project, announced in November 2021, marked a new era for the WA public health system.

We worked with the Department of Health on this project and every effort was made to fast-track works at each of the four sites, with the wards being delivered to full compliance with building, development and Australasian Health Facility Guidelines and fully integrated with their sites within 11 months of project announcement.

This innovative infrastructure solution saw strong collaboration between all involved including health service providers and the main contractor for the works.

The design of a hospital is traditionally a very extensive, lengthy process that can span years. This expedited option over a traditional bricks and mortar construction, was achieved via a combination of factors, including the design and construction methodology.



Supporting a vibrant and sustainable construction industry

We continued to support the local building and construction industry in a number of ways.

In May 2022, the WA Government announced measures including the establishment of a \$350 million provision for cost escalation and the introduction of 'rise and fall' provisions into Departments of Finance and Communities' contracts.

Within the \$350 million provision, up to \$30 million was set aside for a Head Contractor Relief Scheme, available to head contractors delivering eligible projects for Finance and Communities, awarded between October 2020 and September 2021.

As at 30 June 2023, Finance had received 30 claims, of which we had assessed, in part or full, 23 claims resulting in approved Scheme payments of \$5.56 million.

In addition, we continued to focus on cost control and the schedule of tenders being released to market, ensuring a sustainable pipeline of work for the building and construction industry while not exacerbating market conditions.

We have been collaborating with the Master Builders Association of WA as part of a joint industry working group examining recommendations in their WA Building Industry Reform Package 2022 report which relate to Finance contracts.

The working group is exploring where further structural changes can be made to improve the way government does business with industry.

We are a member of the Contractual Frameworks Working Group which sits under the WA Building and Construction Industry Consultative Committee, which was established by Government in June 2022.

This committee includes representatives from building and construction companies and contractors, employer peak bodies, relevant unions, such as the Construction, Forestry, Maritime, Mining and Energy Union (CFMEU) subcontractor associations and the Master Builders Association of WA, as well as representatives from relevant public sector agencies.

The focus of the group is to provide advice to Government regarding issues affecting the commercial sector of the WA building and construction industry and the WA Building Industry Reform Package 2022 report.

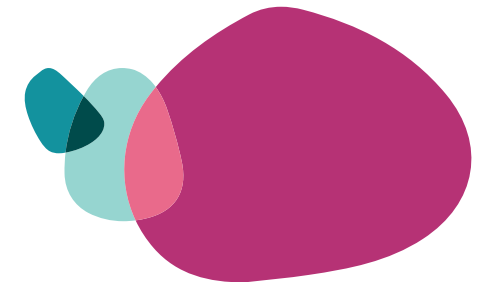
The Committee also consults and advises Government on issues relating to industrial relations and safety, diversity and workforce management, and ways to stimulate building activity, skills development and jobs growth in the sector.

Buying local

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 2023 indicates that 32 of the 37 contracts under construction in regional WA were awarded to regionally based head contractors with a total contract value of \$409.3 million.

These businesses committed to more than 476 local supplier engagements at a total value of \$154.7 million and, so far, payments worth \$89.9 million have been made to 750 local suppliers. This represents 58 per cent of the commitment by value and 158 per cent by number of suppliers.



Annual Supplier Performance Awards

In August 2022, we held our Supplier Performance Awards. The awards recognise local suppliers that have excelled on Finance-led construction projects over the previous two years.

Colab Construction, based in Centennial Park, received the award for Best Aboriginal Contractor, recognising its outstanding work on the Albany Department of Transport office fitout, Albany Police Complex and the Katanning Research Station.

Other winners included:

- Best Contractor: PS Structures (Balcatta)
- Best Regional Contractor: Pilbara Constructions (Port Hedland)
- Best Consultant: TAG The Architecture Group (Perth)
- Best Cost Manager: Rider Levett Bucknall
- Best Project: Department of Primary Industries and Regional Development (DPIRD) Laboratories
 - » Contractor: ADCO Constructions
 - » Consultant: Silver Thomas Hanley
 - » Cost Manager: RBB
 - » Project Manager: Kevin Truscott
 - » Project Director: Gary Dixon



Building, upgrading and maintaining government infrastructure and buildings

We manage the planning, design, construction, and maintenance of non-residential buildings including schools, health facilities, police, fire stations and sporting facilities on behalf of all government agencies.

In 2022–23, we delivered 84 non-residential infrastructure projects with a total value of \$524 million on behalf of the WA Government and the community. We have also completed 70 per cent of 104 stimulus projects and four programs of work, forming part of the WA Recovery Plan, with more than \$1 billion worth of projects underway, plus delivered maintenance works across the State valued at approximately \$190 million.

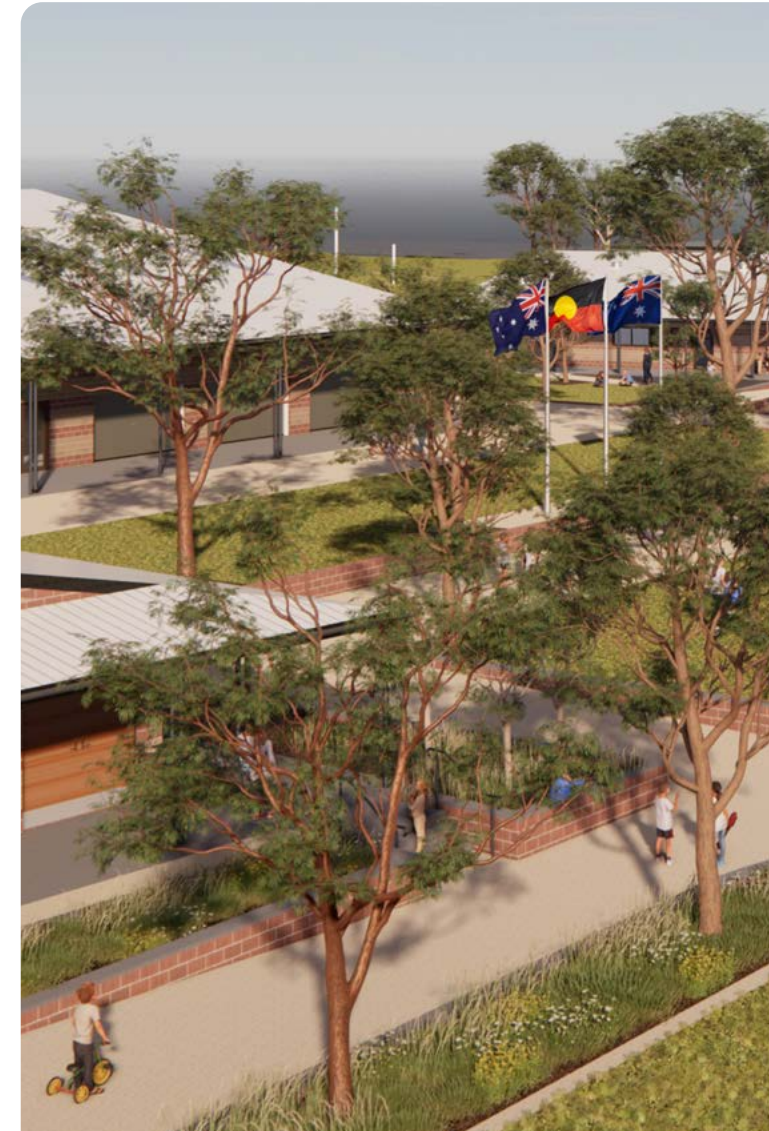
Primary and secondary schools

We delivered several primary and high school projects this year. All buildings required for the start of the 2023 school year were completed.

These included:

- Four new primary schools – Landsdale Gardens Primary School, Dayton Primary School, Wellard Village Primary School and Madora Bay Primary School.
- One new high school – Piara Waters Senior High School.
- Additional stages and upgrades at two high schools and one primary school – Bob Hawke College Stage 2, Ridge View Secondary College upgrades and Yarralinka Primary School Stage 2.
- Education Support building – Burns Beach Primary School.

Remaining works continue for Wellard Village Primary School, Madora Bay Primary School, and Ridge View Secondary College, Bob Hawke College and Piara Waters Senior High School which are due to be fully completed later in 2023.



We completed works on the following projects this year:

- Dianella Secondary College – new performing arts centre (\$5.3 million)
- Kyilla Primary School – new classroom block (\$6.3 million)
- Wanneroo Secondary College – conversion and refurbishment of gym and theatre into a new drama theatre, and improvements to outdoor eating area (\$6.4 million)
- Australind Senior High School – additions (\$15 million)
- Lakeland Senior High School – education support facility upgrade (\$6.2 million)
- North Regional TAFE Roebourne – new classroom block (\$7.9 million)
- North Regional TAFE Kununurra – health and hospitality trade training centre (\$6 million)
- South Metropolitan TAFE Mandurah – new hospitality, hair and beauty training centre (\$16.7 million)
- North Regional TAFE Broome – hospitality and student services centre (\$11.8 million)
- Albany Senior High School – performing arts building (\$6.3 million)
- Muresk Institute – campus expansion (\$9.9 million)
- Wickham Primary School – kindergarten and pre-primary teaching block (\$3.5 million)

TAFE upgrades

This year we delivered and managed the construction of key TAFE projects.

• METRONET trade training centre

This new \$5.4 million trade training centre, located at North Metropolitan TAFE's Midland campus, was officially opened in March 2023. It was built to support training for jobs in the rail industry and for meeting the diverse training needs of the METRONET program.

• North Regional TAFE Minurmarghali Mia (Roebourne)

This \$7.9 million project delivered contemporary multi-purpose training facilities to the campus, which plays a key role in connecting the local Aboriginal community to vocational education and training. The student hub facility was completed in November 2022 and the other classrooms reached practical completion on 30 January 2023.







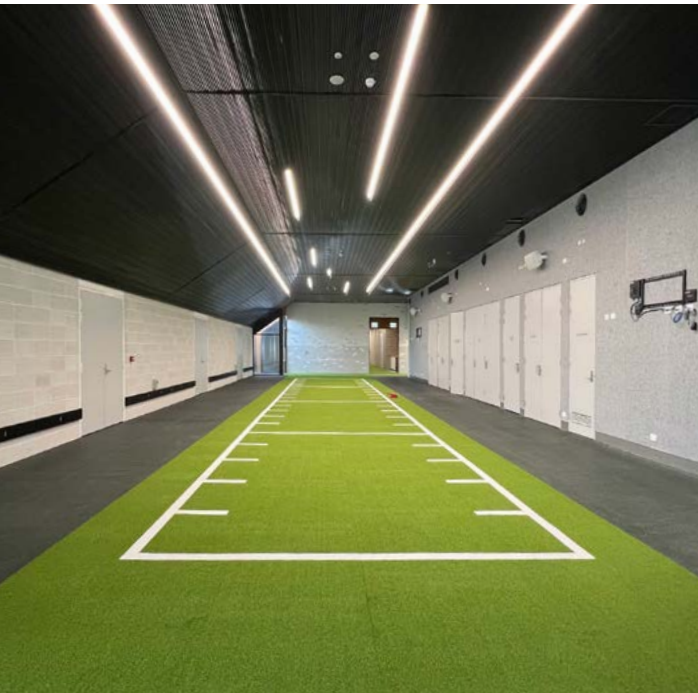
His Majesty's Theatre balcony reconstruction

Our work to restore parts of His Majesty's Theatre to its former glory was officially unveiled to the public in February 2023.

The \$15.6 million project reinstated previously removed heritage balconies to their original condition.

Works included a new upper circle bar and function area, a repainted façade, and installation of upgraded lighting and LED screens.





State Football Centre

The new State Football Centre will revitalise the land at Queens Park open space and provide a world-class sporting facility, catering for all levels of football. The project is being delivered in a two-stage process – a forward works component and main works contract. The centre will be used by teams visiting Perth as part of the FIFA Women’s World Cup™ in July 2023.

Works included two floodlit pitches, capable of high-performance and high intensity use, a two-storey building with a grandstand (capacity of 700 spectators through permanent seating, with the ability to expand its capacity), and supporting infrastructure, including change rooms and a gymnasium.

Perth Zoo café project

The WA Government has committed \$51 million for a range of projects as part of the Perth Zoo Master Plan 2040. The first stage of the project, which was delivered this financial year, was the \$21.8 million project involving the construction of a new café and separate function centre.

Practical completion was achieved in May 2023 and it is now transitioning to operations. The official opening is expected in late-2023.



Newman Health Service redevelopment

This \$61.4 million purpose-built facility is specially designed to act as a one-stop shop for the local community and includes a new emergency department, inpatient beds, emergency and treatment bays, a dedicated medical centre, consultation spaces and a dental clinic with space for two dental chairs. We finalised the works this year and the facility was officially opened in May 2023.



Fremantle Hospital

During the year we progressed works at Fremantle Hospital including the completion of a new ophthalmology unit, which opened in September 2022.

In addition, upgrades to Wards F4 and D4 at Fremantle Hospital reached practical completion in April 2023, and provide improved spaces for rehabilitation services and more beds for patients.

We continue to work on Fremantle Hospital Acute Mental Health bed project, which will see 40 additional beds created for patients with a mental illness in the south metropolitan region.

As part of the 2023-24 Budget an additional \$8.9 million was committed to the project, bringing the total budget to \$54.4 million. The project is expected to be completed in December 2024.

Sir Charles Gairdner Hospital

Upgrades to Sir Charles Gairdner Hospital's C14 ward were completed in May 2023. The facility now includes 25 new inpatient beds with functionality to manage infectious disease through specialist air-conditioning, isolation rooms and the ability to split the ward into two cohorts to operate in a pandemic mode.

Kalamunda Hospital palliative care upgrade

Officially opened in July 2022, the \$9.5 million Kalamunda Hospital palliative care upgrade includes the refurbishment of patient rooms, ensuites and amenities, improved access and upgrade of outdoor spaces, an art therapy room and enhanced facilities for family and carers.

PathWest – State Mortuary upgrade

During the year, preliminary works were completed on the \$8.7 million upgrade and expansion at the PathWest State Mortuary. With practical completion scheduled for July 2023, the works feature state-of-the-art post-mortem theatres and a dedicated crime suite.

It also features a larger and more streamlined admissions area, enhanced audio-visual equipment and dedicated infectious autopsy theatre.

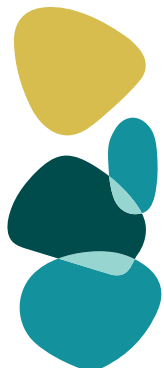
Albany oncology

The state-of-the-art Albany radiation oncology facility was opened in March 2023, delivering a WA Government commitment to establish cancer services in the Great Southern. The \$13.1 million facility provides patients with access to specialised cancer treatment equipment which previously would have required a trip to Perth or Bunbury.

Social Housing Economic Recovery Package

We are delivering works on behalf of the Department of Communities as part of the Social Housing Economic Recovery Package. This package is providing new builds, refurbishments and targeted maintenance programs for social housing properties. One of the goals of the program is to prioritise the appointment of works to local trades and to support inclusive employment outcomes for Aboriginal people, women, youth and people with a disability.

We were requested to deliver 30 refurbishments within the metropolitan region with a combined value of \$4.4 million. Of the 18 construction contracts already awarded, all have been awarded to Aboriginal businesses. Work continues into 2023-24.



Kimberley flood recovery

Following the devastating effect of ex-Tropical Cyclone Ellie in the State's north in January 2023, we have been assisting lead agencies and flood impacted communities as part of the State's Kimberley Floods Recovery program, led by the Department of Fire and Emergency Services.

As co-lead of the infrastructure reconstruction domain, we have collaborated with key asset owners and provided advice and support to the State Recovery Coordinator.

Our staff travelled to the Kimberley, visiting remote Aboriginal communities to assess the damage – to both residential and non-residential assets, including homes and schools. We expedited repairs to 20 Aboriginal housing properties in the remote community of Kupungarri with works commencing in March and completed in May 2023.



Perth Rectangular Stadium (HBF Park)

With a focus on delivering services on behalf of the Government to benefit the community, we are proud of our involvement in the \$35 million Perth Rectangular Stadium infrastructure upgrade.

The project, integral to Perth's preparations to host the FIFA Women's World Cup™ matches in July 2023, reached practical completion in May 2023.

The facility was upgraded to meet FIFA standards and enhance player and spectator experience and meet media requirements.

With a limited timeframe for delivery, challenging market conditions and undertaking construction within an operational environment, the procurement strategy – a hybrid 'construct only' with 'principal supplied' and 'novated contracts' – ensured project timeframes were met, the upgraded venue could successfully host FIFA Women's World Cup 2023™ matches and the upgraded facilities would provide ongoing benefits for the community.





Works included:

- new stadium sports lighting;
- specialist sports turf;
- new digital video boards and advertising ribbons;
- a new player's race tunnel;
- player amenities including change rooms;
- improved disability access for the public;
- new VIP foyer and offices; and
- access and civil works upgrades.

Delivering dynamic sector workplaces and priority office accommodation projects

We continue to deliver fit-for-purpose office accommodation solutions while delivering ongoing savings to Government.

We assist agencies with:

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

This financial year, we realised over \$22.3 million in savings across accommodation relocation projects. This was achieved through better planning, using existing office accommodation and delivering contemporary fitouts.

Enabling the consolidation of Parliamentary functions

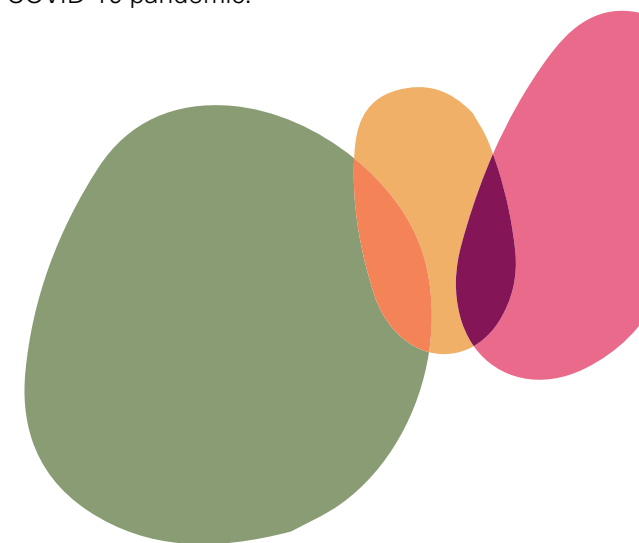
We are delivering a solution to ease long standing office accommodation pressures at Parliament House. This includes consolidating various parliamentary functions into a single building, providing fit-for-purpose accommodation over an initial 15-year term. The new development will house the Parliamentary Services Department, the Legislative Assembly, Legislative Council, the Leader of the Opposition Party, the Leader of the Non-Government Party, and four Parliamentary Electorate Offices.

In 2022-23, the base-build construction of a four-storey building at 2 Parliament Place, West Perth, was completed. Following fitout, stakeholders will commence relocation from late-2023.

Delivering facilities to support emergency service responses

We are leading the delivery of a multi-agency office refurbishment program in Kununurra and consolidated services for the WA Police Force, and Departments of Communities and Justice into single premises. This project will improve the efficiency of existing space in the region and avoid the need to procure additional leased space for government workers.

Additionally, we assisted the Departments of Communities, Health, and WA Police Force in sourcing office accommodation to support the State's response to the Kimberley flood recovery efforts and COVID-19 pandemic.



Supporting agencies service delivery requirements

In May 2023, we delivered the Department of Transport's new Driver Vehicle Service Centre in Butler. The new 1,100 square metre building accommodates about 90 staff including staff who relocated from the Joondalup centre. The new site includes a contact centre space, licensing centre and a co-working hub for staff.

We are managing a project for the Department of Communities to consolidate three premises into one new building in Joondalup. The new building is on schedule to be ready in mid-2024.

In addition, we are project managing the refurbishment of 1 Midland Square in collaboration with new building owner Georgiou. The building will provide fit-for-purpose accommodation for the Department of Communities, Child and Adolescent Health Services (CAHS) and Landgate.

Base-building and fitout works are underway, with agency relocations to occur from April 2024 for Landgate and CAHS, and February 2025 for Communities. This initiative will ensure a strong public sector presence remains in the heart of Midland, providing long-term benefits for the local economy and community.



Buy

We lead government procurement and leverage our buying power to secure products and services for Government, driving value for money for WA taxpayers.



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.

We currently manage 34 CUAs with agencies spending approximately \$1.3 billion through these arrangements in the 2022-23 financial year. The coordination of these arrangements substantially reduces the administrative costs for both industry and State agencies and has saved Government at least \$296 million this year.

GovNext ICT CUA

In February 2023, it was announced that the GovNext ICT program would be entering a new phase with the current arrangement coming to an end. Introduced in 2015-16, GovNext aimed to consolidate the Government's data centre requirements and reduce spending on ICT infrastructure.

We consulted with agencies throughout the year to understand their ICT requirements which will inform the new arrangements.

Tender opportunities to appoint suppliers will be advertised in early 2024, with agencies required to continue purchasing using GovNext until new arrangements are in place.



Facilitating procurement across government

We provide a one-stop-shop for agencies seeking advice and procurement assistance for all goods and services procurement valued at \$250,000 and above.

Over the 2022-23 financial year, Finance facilitated 491 procurement processes including the award of 382 goods and services contracts on behalf of other government agencies with a total value of \$2.1 billion. The procurements were delivered across a diverse range of sectors.

Kaartdijin student information system

We supported the Department of Education with the \$272 million procurement of the student information system, Kaartdijin. The tender was advertised in April 2022 and awarded in June 2023.

The program assists in several key areas: student administration, timetabling, school administration, and finance and assets management. It impacts all 818 public schools, plus nine residential colleges, close to 42,000 school-based staff, a number of central services staff members and nearly 315,000 students across WA.

Transportables contract award

We facilitated the procurement process for the Department of Education's Transportables 2022 program. The program aimed to increase the number of contractors with experience to construct and deliver transportable classrooms, to broaden industry capability and to mitigate the risk of non-delivery of units by a single supplier. Three companies were awarded contracts as part of the program: Quality Builders, MACS Australia and Australia Wide Transportables.

Menstrual products for secondary public schools

We facilitated the procurement for the supply of \$4.06 million worth of menstrual products for secondary public schools in WA. This initiative provides students with free period products.

Manufacturer, Essity, was awarded the contract and schools received an initial supply of products at the end of Term 1, 2023 with products and dispenser installation delivered in Term 2.

TAFE equipment procurements

We supported the procurement of \$5.2 million worth of trade equipment for TAFE. This included a hydrogen production system, heavy vehicle driver training simulator and electromechanical training systems.

Child and Adolescent Health Services (CAHS) panel of service providers

We are assisting CAHS with establishing a panel of service providers that can provide State-wide care, ranging from low to high complexity needs.

This \$14.3 million contract allows CAHS to provide specialised clinical, social and community support for children surviving extremely premature birth, severe neurological incidents and other medical disorders which result in significant medium to long-term disability and/or dependence on technology. These services are required specifically for medically stable children who no longer require tertiary level care at Perth Children's Hospital but require planned transition to home or to a residential care setting.

Finance has provided specialist procurement advice, ensured probity and transparency in the evaluation and reviewed offers from a range of small to medium organisations, some of which have comprised 500 plus pages. Finance has also played a key role in facilitating negotiations between CAHS and the preferred respondents and ensuring appropriate levels of clinical control and oversight are in place when delivering the required services.

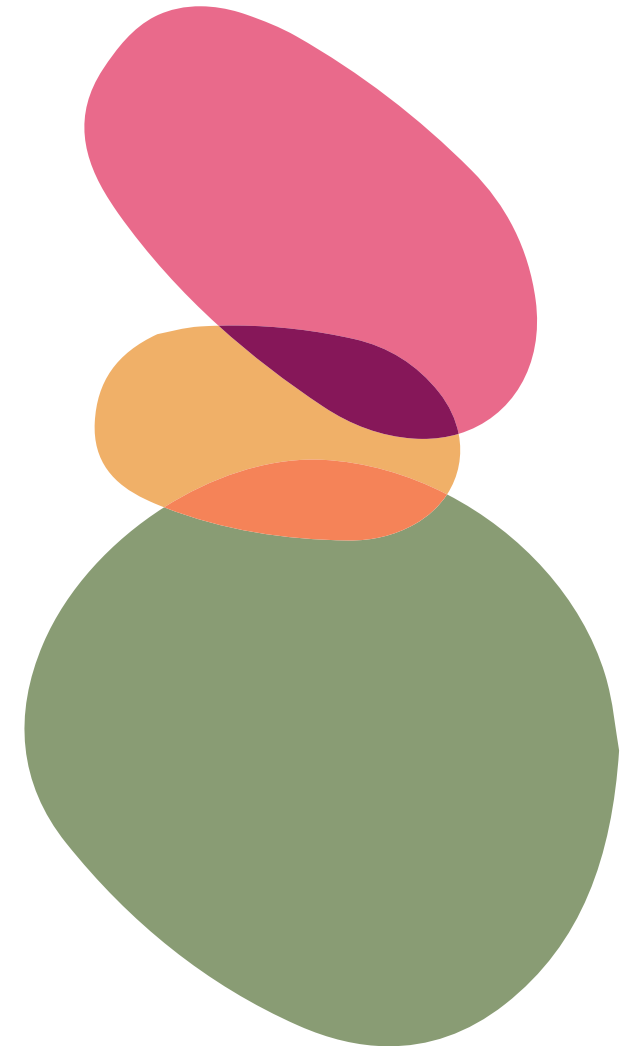
Negotiations have been successfully completed with four out of five preferred respondents and the contract has been partly awarded, with the remaining preferred respondent negotiations currently ongoing.

Infringement Processing Solution

We facilitated the procurement of a new \$52 million Infringement Processing Solution software, replacing the ageing system and integrating infringement processing from multiple agencies including the WA Police Force, Road Safety Commission, Departments of Justice and Transport. In future, the solution could potentially be expanded to other agencies that collect and/or administer infringement notices.

Department of Mines, Industry Regulation and Safety (DMIRS) Helicopter Transport Services for WA-Array Program

Over the next 10 years, the Geological Survey of WA branch within DMIRS proposes to establish sites at 40 kilometre spacing across WA for the deployment of up to 1,500 passive seismic monitoring stations for WA-Array, and potentially for the Australian Lithospheric Architecture Magnetotelluric Project (AusLAMP) magnetotelluric measurements. Access to about 60 per cent of the stations will be possible only by helicopter. Finance assisted DMIRS with a panel arrangement (\$20 million) with four helicopter companies providing in-field transportation services for ground clearances and equipment deployment, servicing and removal for those sites not accessible by road.



Piloting gender equality in procurement

We worked with the Department of Communities on a pilot program assessing the degree to which gender equality principles are implemented by suppliers on government contracts.

The Gender Equality in Procurement – WA Public Sector Pilot applies to goods, services, works and community services procurements valued at \$250,000 and above.

It aims to collect baseline data about suppliers' current workplace policies and initiatives to support gender equality. Nineteen agencies are participating in the pilot and are responsible for including a 'gender equality clause' in certain approach to market documents.

This financial year the 'gender equality clause' has been included in 115 awarded contracts with a total value of approximately \$180 million.

In late June 2023, the pilot was extended for a further 12 months.



Collect

We collect revenue to fund government services and administer payment of grants and subsidies to the WA community.



Administering relief measures

Housing

We paid \$26.9 million in Building Bonus grants and \$27.2 million in HomeBuilder grants during the 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.

As part of the package, a \$20,000 Building Bonus grant is available to eligible applicants who entered a building contract, purchased a home off-the-plan in a single-tier development or built a home as an owner builder from 4 June to 31 December 2020.

We've also continued to administer the Commonwealth Government's \$25,000 HomeBuilder grant for building contracts entered into from 4 June to 31 December 2020. This scheme is for owner-occupiers who build a home, substantially renovate an existing dwelling or purchase a new home off-the-plan. This grant was reduced to \$15,000 for contracts signed between 1 January and 31 March 2021.

Household Electricity Credit

We paid \$6.7 million to 16,768 households in 2022-23 as part of the Household Electricity Credit scheme. A \$400 credit was announced as a cost-of-living measure in the 2022-23 State Budget and we administered the credits for households that were not directly billed by Synergy or Horizon Power such as apartments, retirement villages and caravan parks.

Off-the-plan Transfer Duty Rebate Scheme

We paid \$4.7 million in rebates under the Off-the-Plan Transfer Duty Rebate Scheme in 2022-23.

Announced in the 2023-24 State Budget, the administrative rebate scheme will be converted to an upfront duty concession in the *Duties Act 2008* and the amount of assistance increased for preconstruction contracts signed from 11 May 2023 until 30 June 2025.

The rebate is available to owner occupiers and investors who enter into preconstruction contracts from 23 October 2019 until 30 June 2025, or contracts entered into between 4 June 2020 and 31 December 2020 in developments already under construction.



Delivering digital transformation

We continued to prioritise work on delivering our \$31 million Digital Transformation Program this financial year.

With a focus on maintenance, modification and enhancement of revenue systems, the program runs until December 2024.

We have delivered the Client Risk Prediction, Lodgement and Payment Compliance and Increased Digital Services projects, while the following projects are underway:

- Access Management Improvements;
- Taxpayer Interactions; and
- Identity Resolution and Data Matching.



Leading legislative reform

We progressed our program of legislative amendments in 2022-23 including the following:

Duties Amendment (Farm-in Agreements) Act 2022

For over 25 years, mineral exploration in WA has been supported by a duty concession for certain mining transactions known as 'farm-in agreements'. Following legal advice that identified significant issues with the concession, the legislation was amended to ensure eligible farm-in agreements continue to receive duty relief and that the concession would not be available in circumstances in which it was never meant to apply. After extensive industry consultation on the proposed amendments, the Act received Royal Assent on 1 November 2022.

Land Tax Assessment Amendment Act 2022

The Act was amended to ensure that eligible caravan and residential parks continue to receive a land tax exemption of up to 100 per cent. This was necessary due to a 2018 State Administrative Tribunal case which impacted the definition of 'park home', a term used in the legislation providing the land tax exemption. Consultation was conducted with relevant caravan park and park home industry groups during the amendment process. The Act received Royal Assent on 21 November 2022.

Land Tax Assessment Amendment (Build-to-Rent) Bill 2023

In 2022-23, the WA Government announced a 50 per cent land tax concession for up to 20 years from the 2023-24 assessment year for land containing an eligible new build-to-rent development. The Bill was introduced into Parliament on 17 May 2023.

Duties Act 2008 – Off-the-plan duty concession

In the 2023-24 State Budget, the WA Government announced that the off-the-plan transfer duty rebate would be extended from 24 October 2023 to 30 June 2025 for the pre-construction purchase of eligible off-the-plan apartments, with the rebate thresholds increasing from 11 May 2023. The rebate will also be converted into a concession in the Duties Act. The *Duties Act 2008* will be amended to reflect these changes.

Deliver

We facilitate and optimise delivery of corporate services, using insights and leading technologies to continuously innovate and improve.



Providing corporate services to client agencies

We provide corporate services including ICT, records management, payroll, work health and safety, finance and business services, and internal audit to the Department of Treasury.

In addition, we provide ICT services to the Government Employees Superannuation Board and deliver our Financial Management Information System (FMIS) platform to the Department of the Premier and Cabinet, the Public Sector Commission, Economic Regulation Authority, Infrastructure WA and the Salaries and Allowances Tribunal.

Financial Management System upgrade

In April 2023, we successfully upgraded the Oracle FMIS to the latest application version and migrated it to Oracle Cloud Infrastructure. The project commenced in late 2021 and both components of the project were completed in line with the original timeline and below budget.



Connecting WA Government services

As the lead agency for ServiceWA, we continued to progress this cross-sector reform program.

Our focus has been on exploring ways of providing services through single, easy-to-use entry points, whether these be in-person such as the ServiceWA centre in Bunbury or via digital channels such as the ServiceWA mobile application (app).

The ServiceWA Strategy was developed by Finance this year in collaboration with a further eight agencies affiliated with the program, including the Departments of the Premier and Cabinet's Office of Digital Government, Treasury, Transport, Communities, Justice, Primary Industries and Regional Development, Mining, Industrial Relations and Safety and the WA Police. The Strategy will be used to inform the ServiceWA Future State Business Case presented to Government for consideration as part of the 2024-25 Budget.

Bunbury ServiceWA Centre

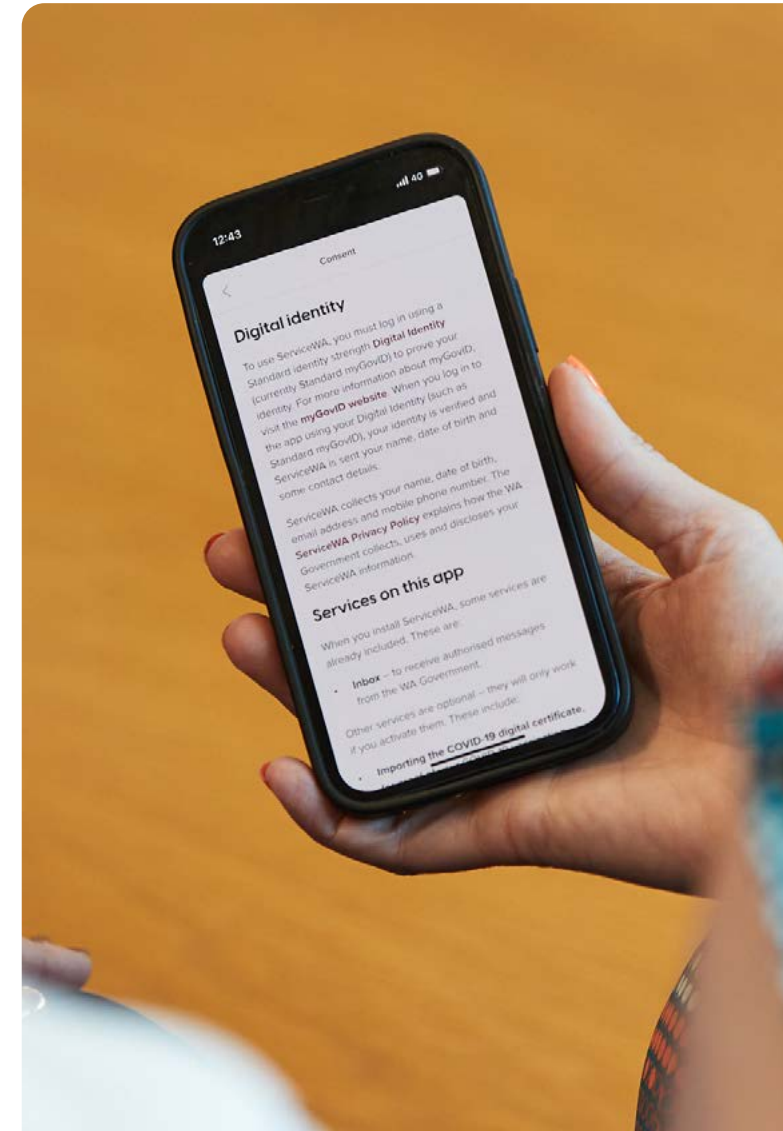
Since opening in October 2020, more than 124,950 customers have walked through the door, with 45,188 using the centre in 2022-23.

Customers can access services delivered by the Departments of Transport, Justice, Communities, Primary Industries and Regional Development, and the WA Police Force.

The customer satisfaction rating was 96 per cent for this financial year with an overall satisfaction rating of 99 per cent since opening.

ServiceWA app

The app has more than 944,000 registered customers and currently offers six government services. More than 10 new services are in development for launch throughout 2023-24.



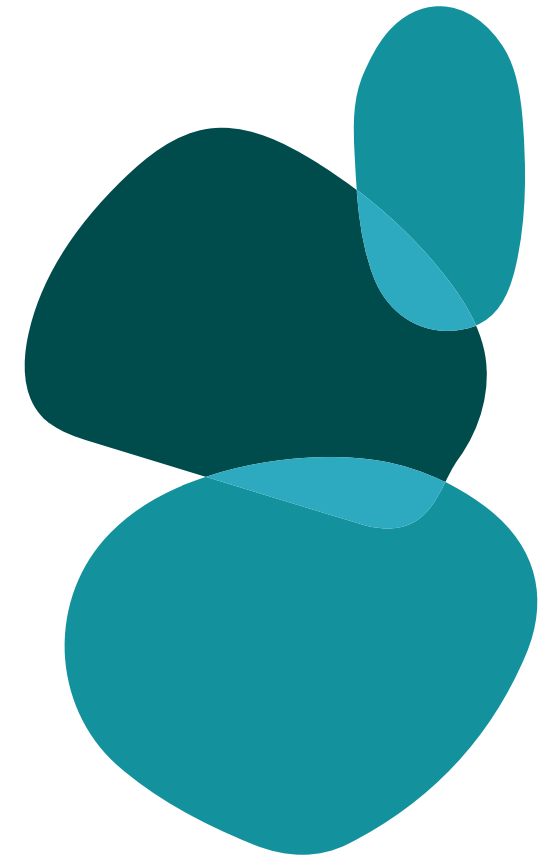
Adding a special condition for paid union meetings

This year we collaborated with the Department of Mines, Industry Regulation and Safety to consult with State agencies, relevant peak bodies and unions to implement an initiative aimed at combatting wage theft.

This was a 2021 Government election commitment to provide an annual paid meeting with workers and the relevant union on government cleaning and security contracts to make sure that workers are properly advised of their employment rights.

We added a special condition of contract in procurement request templates which requires contractors to allow their employees to attend an information session on workplace rights conducted by the relevant union, at the ordinary rate of pay once per calendar year. This clause will be included in all State agency contracts for cleaning and security services.

This clause was added to procurement templates managed by us in May 2023. We also developed and published guidance documents to support agencies and contractors in implementing the special condition, including allocation of roles and responsibilities between agencies, contractors and unions.



Continuing customer advocacy

In 2022-23, we continued our customer advocacy program, which supports our intention to achieve customer centricity where our customers and their needs are the centre of our organisation.

The program has four key focus areas, Engage and Measure, Deliver, Focus and Grow and Learn, with each focus area supported by an action plan which will be measured, and progress reported on.

To support the program, Finance conducted the second of its annual customer surveys in November 2022 to measure customer satisfaction with our services and to understand their satisfaction drivers.

Our overall satisfaction result from 2,103 customers was 75 per cent with a 72 per cent ease of use score when using our services.



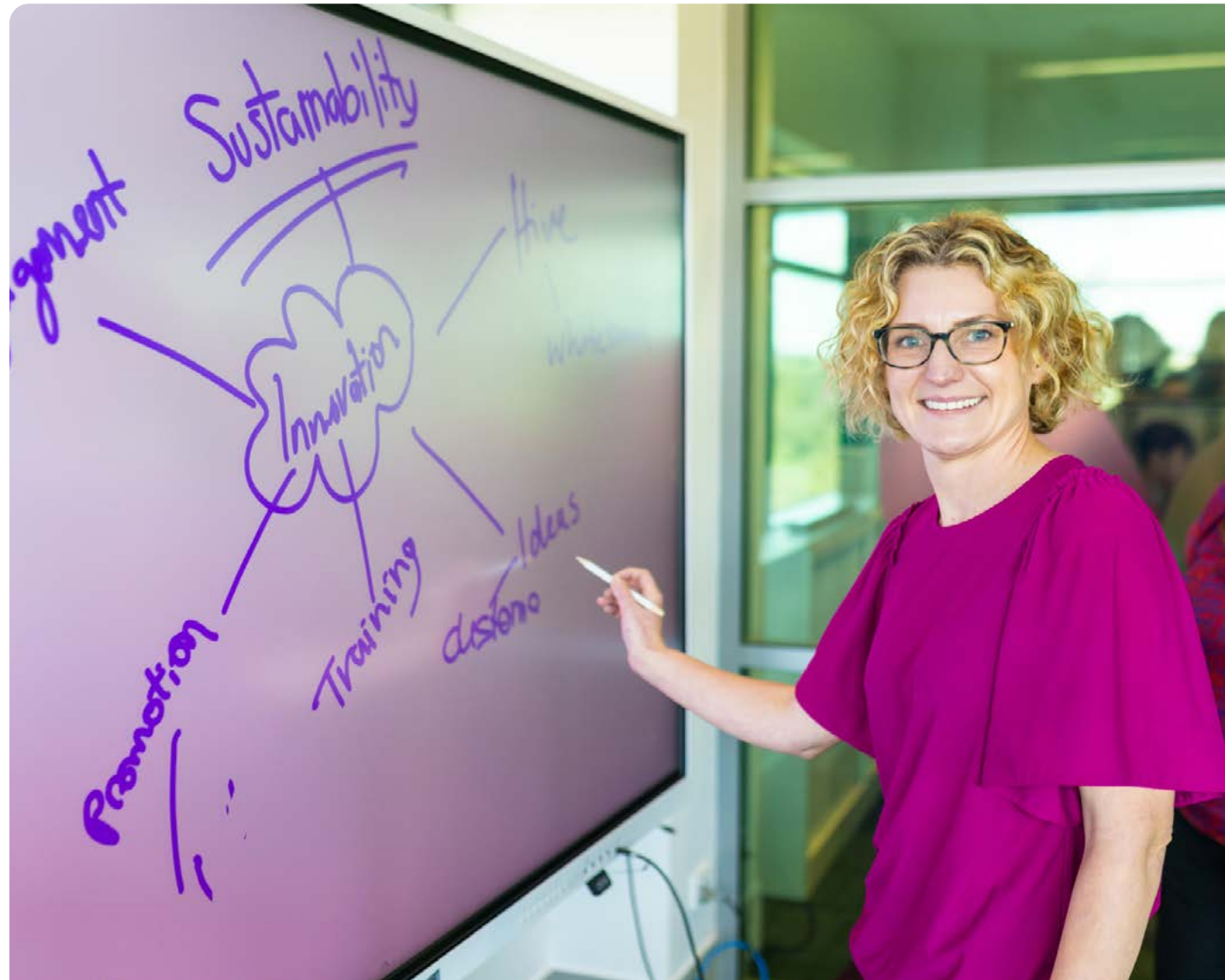
Encouraging innovation

In November 2022, our new Innovation Strategy 2022-26 was launched.

The strategy sets out the direction and definition of success for innovation at Finance. Our vision is to be a leading public sector agency in innovation, creating enhanced value for the customers we serve.

This year we provided several innovation training and development opportunities for staff and encouraged them to seek ways to provide improved services to our customers. We also progressed key innovation projects such as the exploration of circular economy principles in procurement. This project aims to determine if, and how, the community could benefit from the adopting the principles in WA Government contracting; and improving goods and services procurement outcomes through multi-agency collaboration via a pilot.

It achieved significant efficiencies including time and cost savings, consistent pricing as well as standard contractual terms and conditions, including volume discounts.



Our people

Our values-based culture is reflected in how we go about our business. We're committed to being a contemporary agency that delivers customer-focused outcomes, celebrates diversity and strives to become the best place to work.



Becoming the best place to work

Our journey to become the 'best place to work' continues and on 1 July 2022 we launched our refreshed values (clarity, empathy, collaboration and growth). They continued to be emphasised throughout this financial year.

As part of this, more than 600 staff participated in values workshops, while the refreshed values were incorporated into team meetings, performance management, recruitment and leadership programs. Significantly, our 2022 People Engagement Survey showed a positive increase, (11 per cent increase from the previous year), in the way our values are guiding and influencing our work.

In 2022-23 we developed our new 2023-27 Strategic Workforce Development Plan. Shaped in consultation with staff, it identifies priorities and actions to ensure we are building a diverse, skilled and agile workforce.



Celebrating diversity

During the year we celebrated our diversity with a range of events including:

- NAIDOC 2022 – We joined forces with the Department of Training and Workforce Development (DTWD) to celebrate NAIDOC Week from 4 to 8 July 2022 with a series of events including a morning tea and interactive art workshop.
- Wear It Purple Day 2022 – In August, we offered staff a webinar hosted by Living Proud on the theme, 'Still me, still human'.
- Faces of Finance – Conducted in September 2022, this photographic portrait project featured staff as part of our ongoing best place to work strategy.
- International Day of People with Disability – Held in December 2022 staff participated in activities such as completing daily tasks blindfolded, simulating dyslexia, and using a Braille machine.
- International Women's Day 2023 – Held in March, our event was run in partnership with the DTWD and included a presentation on the Gender Equality in Procurement Pilot.
- Harmony Week 2023 – Our special morning tea was held in March with staff invited to share food from their cultural background and wear cultural dress.
- National Reconciliation Week 2023 – From 27 May - 3 June, we offered staff the opportunity to participate in events such as the Reconciliation WA Lunch, and a Walk and Lunch for Reconciliation.

In addition, we launched the following strategies during 2022-23:

- Diversity and Inclusion Strategy 2022-25 – Our strategy was launched on 24 October 2022 demonstrating our continued commitment to being a workplace where diversity is celebrated and inclusion is a focus for everyone.
- Disability Access and Inclusion Plan 2023-2027 – Our new plan was launched in January 2023 with a commitment to ensuring inclusion principles are integrated in everything we do, with equal opportunities provided to everyone.
- Innovate Reconciliation Action Plan (RAP) – Endorsed by Reconciliation Australia, this plan was launched in February 2023 and provides a structured approach to support national reconciliation.



Providing development opportunities

We are committed to building leadership capabilities which are supported by our values and diverse culture.

Two programs – Leadership in Finance Teams (LiFT) and Aspiring Leaders – were conducted in the financial year. Sixty-five managers completed the LiFT program this year while 19 staff successfully completed the Aspiring Leaders program.

We supported staff to participate in external leadership programs including:

- Public Sector Commission's Propel leadership program;
- Leadership WA's Rising Leadership, Signature Leadership and Leadability (for staff with disability) leadership programs;
- Queensland University of Technology's Public Sector Management Program; and
- CEDA's Copland Leadership Program.

In addition, cultural awareness training was completed by 231 staff, while 352 staff completed Diverse WA Module 1 and 297 staff completed Diverse WA Module 2.

Recruiting graduates

Our award-winning graduate program, which began in 2011, has recruited more than 172 graduates, with 122 remaining in the public sector. Of the 2022 cohort, all eight were made permanent at the end of their graduate year.

In 2023 we welcomed nine graduates with degrees in areas such as accounting, architecture, law, international relations and Japanese who undertake a structured training program and rotate around our agency.

During the year, our graduate program was ranked as one of Australia's Top Graduate Employers on the Australian Association of Graduate Employees list.

Supporting trainees

We hosted and supported two trainees from the Public Sector Commission's Solid Future Aboriginal Traineeship Program.

One trainee was based at Djookanup in Osborne Park and rotated across three different business areas to learn about the career opportunities we offer. They completed their Certificate III in Government and made permanent in January 2023.

The second trainee commenced their Certificate III in Government in February 2023 at our Karratha office and is continuing their program.

Hosting interns

Five university students (four from The University of Western Australia's McCusker Program and one from Edith Cowan University's Work Integrated Program) completed 100 hours of internship placement with us during the year. They completed their internships in our Service and Invest and Advisory Services directorates.



Recognising what we do

We celebrated our biennial We Did It Expo for staff in March 2023.

With a focus on innovation and collaboration, the expo was attended by the Minister for Finance and Parliamentary Secretary plus more than 350 staff. It showcased some of the outstanding projects we've delivered for the WA community.

The expo provided the opportunity for staff to share achievements and customer success stories, show how we work collaboratively with other agencies while also learning more about the work of other teams.



Applauding our staff

During the year, several of our high-achieving staff were recognised for their work.

Our winners at the Institute of Public Administration Australia WA (IPAA WA) 2022 Achievement Awards were Mark Bryden and the ServiceWA app.

In fact, we were shortlisted for eight awards including individual nominations for our outstanding colleagues.

Our winners and nominees were:

- Mark Bryden – Leader of the Year Working within a Division, Team or Organisation – winner.
- ServiceWA App – in collaboration with Department of the Premier and Cabinet of WA, Health Support Services (WA health system) and WA Police Force – winner.
- ServiceWA Pilot – Best Practice in Public Sector Evaluation – special commendation.
- Susanne Harris – Leader of the Year Working within a Division, Team or Organisation – nominee.
- Nicki Godecke – Leader of the Year Working in State or Federal Government – nominee.
- Ventilation Program for Schools – in collaboration with Department of Education – nominee.

- Your Move – in collaboration with Department of Education – nominee.
- Modular Beds – in collaboration with Department of Health – nominee.

Trudy Grimshaw, Senior Project Director within our Major Projects directorate won the Excellence in Construction Award at the 2023 Women in Industry Awards in June 2023. She was recognised for her work on projects including the new Perth Children's Hospital, Infrastructure Surge Units and Bunbury Regional Hospital redevelopments.

Two of our architects, Fiona Hogg and Dean Wood, were honoured by the Australian Institute of Architects (AIA) at a function held at Central Park. They were both acknowledged by their peers and the Institute's Honours Committee by being elevated to 'Fellow' membership status of the AIA, a great honour. The awards were in recognition of their substantial careers and achievements as architects over a long period.

Diana Morellini, Senior Consultant with Service and Invest and our graduate program manager, was recognised as one of the Australian Association of Graduate Employers Top 30 Graduate Recruiters in the country.



3 Summary of Financial Performance

NEWMAN
Health Service

EMERGENCY MAIN ENTRY

Summary of financial performance

Actual results versus budget targets

Financial Targets

	2023 Target ⁽¹⁾	Actual	Variance ⁽²⁾
	(\$000)	(\$000)	(\$000)
Total cost of services (expense limit)	1,767,579	1,651,778	(115,801) ^(a)
Net cost of services	1,749,643	1,612,989	(136,654) ^(b)
Total equity	1,247,329	1,258,692	11,363
Net increase/(decrease) in cash held	1,855	(62,764)	(64,619) ^(c)
Approved salary expense level	126,151	122,388	3,763
- Executive salary expenditure limit	8,807	7,103	1,704
Agreed borrowing limit	58,771	60,340	(1,569)

(1) As specified in the Budget Statements.

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

(a) Actuals are lower than target largely due to lower than forecast expenditure in the capital works program.

(b) Actuals are lower than target due to reduced expenditure on the capital works program combined with higher than targeted income from gains on disposal of second hand vehicles.

(c) Increase in cash held is less than target due to the deferral of a component of appropriation drawdown to 2024.

Working cash targets

	2023 Agreed Limit	Actual	Variance
	(\$000)	(\$000)	(\$000)
Agreed working cash limit	80,336	78,213	2,123

Summary of key performance indicators

Key Effectiveness Indicators

	2023 Target ⁽¹⁾	2023 Actual	Variance
Outcome 1: Due and payable revenue is collected and eligible grants, subsidies and rebates paid			
Debt as a percentage of revenue raised	0.85%	0.72%	13% ^(a)
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	\$3,200	\$2,753	\$447 ^(b)
Per commercial vehicle	\$3,100	\$3,183	(\$83)
Extent to which client agencies agree that their agency contracts and common use agreements achieved value for money	92%	94%	2%
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	13.65sqm	13.23sqm	0.32sqm

(1) As specified in the Budget Statements.

(a) The 2022-23 actual is lower than target due to higher revenue and lower debt levels, mainly driven by strong economic conditions.

(b) Actuals are lower than target due to strong resale values of used vehicles achieved over the period.

Key Efficiency Indicators

	2023 Target ⁽¹⁾	2023 Actual	Variance
Service 1: Revenue assessment and collection, and grants and subsidies administration			
Average cost per tax or duty determination	\$31.87	\$32.50	(\$0.63)
Average cost per grant or subsidy determination	\$24.49	\$19.62	\$4.87 ^(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	1.1%	1.0%	0.1%
Average administrative cost per vehicle for financing and managing the State Fleet service	\$118	\$124	(\$6)
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	0.8%	0.8%	-
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 from 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	90%	96%	6% ^(b)
Percentage of high priority breakdown repairs completed within agreed timeframes	75%	68%	(7%) ^(c)
The cost of managing government buildings including the planning, project delivery, and maintenance thereof, as a percentage of services delivered	8.21%	7.99%	0.22% ^(c)

(1) As specified in the Budget Statements.

(a) Actual is lower than target primarily due to scaling down of administration of the HomeBuilder and Building Bonus grants schemes.

(b) 27 of the 28 new building projects within the Building and Contracts program were delivered by the approved handover date.

(c) Actual is lower than target as a result of problems in sourcing both labour and materials combined with difficulties in gaining access to secure facilities to carry out required works.

(d) Actual result is better than target due to overall lower operational costs compared to budgeted costs, and higher than anticipated works program turnover costs.

4 Disclosures and Legal Compliance

Certification of financial statements

For the reporting period ended 30 June 2023

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 2023 and the financial position as at 30 June 2023.

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
25 August 2023



Jodi Cant
Director General
25 August 2023



Auditor General

INDEPENDENT AUDITOR'S REPORT

2023

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 which comprise:

- the Statement of Financial Position at 30 June 2023, 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 2023 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 2023 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.

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

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 misstatements, 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

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 the State's financial reporting framework (the overall control objectives).

In my opinion, in all material respects, the controls exercised by the Department of Finance are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with the State's financial reporting framework during the year ended 30 June 2023.

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 Engagement 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 2023. 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 2023.

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 controls 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 management 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 ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management 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 2023, 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 and key performance indicators, 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

The auditor's report relates to the financial statements and key performance indicators of the Department of Finance for the year ended 30 June 2023 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
28 August 2023

5 Financial Statements

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Financial statements for the year ended 30 June 2023

The Department has pleasure in presenting its audited general purpose financial statements for the reporting period ended 30 June 2023 which provides users with the information about the Department's stewardship of resources entrusted to it.

Statement of comprehensive income

For the year ended 30 June 2023	Notes	2023 (\$000)	2022 (\$000)
COST OF SERVICES			
Expenses			
Employee benefits expense	3.1(a)	136,335	122,102
Supplies and services	3.5	1,167,678	1,014,214
Depreciation and amortisation expense	5.1, 5.2, 5.3	236,205	232,547
Finance costs	7.4	60,677	57,313
Accommodation expenses	3.5	38,475	34,132
Grants and subsidies	3.2	17	14
Loss on disposal of non-current assets	3.3	-	332
Cost of inventories held for distribution	3.4	9,772	128,580
Other expenses	3.5	2,619	2,540
Total cost of services		1,651,778	1,591,774
Income			
Commonwealth grants	4.2	9,096	7,016
Other income	4.3	29,693	32,232
Total income		38,789	39,248
Net cost of services		1,612,989	1,552,526
Income from State Government			
Service appropriation	4.1	218,268	295,523
Income from other public sector entities	4.1	1,401,648	1,330,218
Resources received	4.1	13,873	14,877
Royalties for Regions Fund	4.1	77	106
Total income from State Government		1,633,866	1,640,724
Surplus/(deficit) for the period		20,877	88,198
Total comprehensive income for the period		20,877	88,198

The Statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2023	Notes	2023 (\$'000)	2022 (\$'000)
Assets			
Current Assets			
Cash and cash equivalents	7.5	145,264	206,395
Restricted cash and cash equivalents	7.5	1,644	4,084
Inventories held for distribution	3.4	-	9,455
Receivables	6.1	40,089	36,096
Finance lease receivables	7.3	268	185
Amounts receivable for services	6.2	540	540
Contract assets	6.3	60,228	42,697
Other current assets	6.4	9,315	8,718
Total Current Assets		257,348	308,170
Non-Current Assets			
Restricted cash and cash equivalents	7.5	3,009	2,202
Finance lease receivables	7.3	1,064	594
Amounts receivable for services	6.2	813,278	745,251
Property, equipment, plant and vehicles	5.1	727,733	716,384
Right-of-use assets	5.2	1,320,333	1,409,618
Intangible assets	5.3	38,432	37,747
Other non-current assets	6.4	31	103
Total Non-Current Assets		2,903,880	2,911,899
Total assets		3,161,228	3,220,069

As at 30 June 2023	Notes	2023 (\$'000)	2022 (\$'000)
Liabilities			
Current Liabilities			
Payables	6.5	79,898	82,722
Borrowings	7.1	7,014	6,761
Lease liabilities	7.2	206,995	195,497
Employee related provisions	3.1(b)	28,885	27,446
Contract liabilities	6.7	27,593	31,641
Other provisions	6.6	8,253	7,481
Other current liabilities	6.8	5,227	2,950
Total Current Liabilities		363,865	354,498
Non-Current Liabilities			
Payables	6.5	297	297
Borrowings	7.1	53,326	52,868
Lease liabilities	7.2	1,477,302	1,566,069
Employee related provisions	3.1(b)	6,130	5,556
Other provisions	6.6	1,616	2,531
Total Non-Current Liabilities		1,538,671	1,627,321
Total liabilities		1,902,536	1,981,819
Net assets		1,258,692	1,238,250
Equity			
Contributed equity	9.8	1,036,506	1,036,941
Accumulated surplus/(deficit)		222,186	201,309
Total equity		1,258,692	1,238,250

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 2023	Notes	Contributed equity	Accumulated surplus/(deficit)	Total equity
		(\$000)	(\$000)	(\$000)
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
Balance at 1 July 2022		1,036,941	201,309	1,238,250
Surplus/(deficit)		-	20,877	20,877
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	20,877	20,877
Transactions with owners in their capacity as owners:	9.8			
Capital appropriations		10,815	-	10,815
Other contributions by owners		884	-	884
Distributions to owners		(12,134)	-	(12,134)
Total		(435)	-	(435)
Balance at 30 June 2023		1,036,506	222,186	1,258,692

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 2023	Notes	2023 (\$000)	2022 (\$000)
Cash flows from State Government			
Service appropriation		149,701	234,721
Capital appropriation		10,815	8,072
Funds from other public sector entities		1,377,556	1,359,717
Holding account drawdown		540	540
Royalties for Regions Fund		77	106
Distribution to owners		(12,000)	(26,458)
Net cash provided by State Government		1,526,689	1,576,698
<i>Utilised as follows:</i>			
Cash flows from operating activities			
Payments			
Employee benefits		(133,323)	(123,036)
Supplies and services		(1,157,964)	(1,131,159)
Finance costs		(59,794)	(56,292)
Accommodation		(38,478)	(34,386)
Grants and subsidies		(17)	16
GST payments on purchases		(148,504)	(144,184)
GST payments to taxation authority		(5,025)	(4,098)
Other payments		(3,134)	(2,658)
Receipts			
Commonwealth grants		8,900	10,011
GST receipts on sales		144,369	132,244
GST receipts from taxation authority		8,720	15,830
Other receipts		7,936	8,707
Net cash provided by/(used in) operating activities	7.5.2	(1,376,314)	(1,329,005)

For the year ended 30 June 2023	Notes	2023 (\$000)	2022 (\$000)
Cash flows from investing activities			
Payments			
Purchase of non-current assets		(97,426)	(82,684)
Receipts			
Proceeds from sale of non-current assets		33,687	33,380
Net cash provided by/(used in) investing activities		(63,739)	(49,304)
Cash flows from financing activities			
Payments			
Repayment of borrowings		-	-
Principal elements of lease		(159,416)	(149,968)
Receipts			
Proceeds from borrowings		-	-
Finance leases receipts		206	182
Receipts from lease incentives		9,810	2,579
Net cash provided by/(used in) financing activities		(149,400)	(147,207)
Net increase/(decrease) in cash and cash equivalents		(62,764)	51,182
Cash and cash equivalents at the beginning of the period		212,681	161,499
Cash and cash equivalents at the end of the period	7.5	149,917	212,681

The Statement of cash flows should be read in conjunction with the accompanying notes.

Administered schedules

Administered income and expenses by service

	2023 (\$000)	2022 (\$000)
<i>Revenue Assessment and Collection, and Grants and Subsidies Administration</i>		
INCOME FROM ADMINISTERED ITEMS		
Income^(a)		
Taxation	10,157,963	9,475,097
Royalties	11,045,131	11,090,800
Other revenue	39,262	40,998
Appropriations	271,092	859,992
Collections raised on behalf of other agencies	61,192	60,934
Total administered income	21,574,640	21,527,821
Expenses		
Grants, subsidies and transfers	271,093	859,992
Other expenses ^(b)	21,634,887	21,091,415
Collections transferred to other agencies	61,326	60,876
Total administered expenses	21,967,306	22,012,283
Alumina	110,281	110,531
Copper	57,014	90,145
Gold	457,350	425,916
Iron Ore	9,079,268	9,917,452
Lithium	1,042,637	261,432
Nickel	137,501	118,903
Petroleum - State Component	16,331	10,039
Other	144,749	156,382
	11,045,131	11,090,800

	2023 (\$000)	2022 (\$000)
Administered assets and liabilities		
Current assets		
Taxation receivable	789,545	1,001,472
Royalties receivable	2,843,269	3,025,883
Other receivables	40	113
Other current assets	557	656
Total administered current assets	3,633,411	4,028,124
Non-current assets		
Other receivables	51,300	51,300
Total administered non-current assets	51,300	51,300
TOTAL ADMINISTERED ASSETS	3,684,711	4,079,424
Current Liabilities		
Other payables	597	769
Total administered current liabilities	597	769
TOTAL ADMINISTERED LIABILITIES	597	769

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

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.

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 25 August 2023.

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 including applicable interpretations.
4. where appropriate, those Australian Accounting Standards paragraphs applicable for not-for-profit entities have been modified.

The FMA and TIs take precedence over Australian Accounting Standards. Several Australian Accounting Standards 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 Australian Accounting Standards 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

To lead and deliver services on behalf of the Government to benefit the community.

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 9.9 'Special purpose account - administered' and Note 10.2 'Explanatory statement for administered items'.

2.2 Schedule of income and expenses by service

For the year ended 30 June 2023	Service 1		Service 2		Service 3		Service 4		Total	
	2023 (\$000)	2022 (\$000)	2023 (\$000)	2022 (\$000)	2023 (\$000)	2022 (\$000)	2023 (\$000)	2022 (\$000)	2023 (\$000)	2022 (\$000)
Cost of services										
<u>Expenses</u>										
Employee benefits expense	43,126	41,720	25,003	22,685	2,783	3,317	65,423	54,380	136,335	122,102
Supplies and services	20,436	20,478	4,826	35,772	2,020	2,381	1,140,396	955,583	1,167,678	1,014,214
Depreciation and amortisation expense	8,437	8,235	37,042	37,755	95	118	190,631	186,439	236,205	232,547
Finance costs	522	383	307	538	29	40	59,819	56,352	60,677	57,313
Accommodation expenses	1,128	249	268	688	97	208	36,982	32,987	38,475	34,132
Grants and subsidies	6	4	3	2	1	4	7	4	17	14
Loss on disposal of non-current assets	-	-	-	-	-	-	-	332	-	332
Cost of inventories held for distribution	-	-	9,772	128,580	-	-	-	-	9,772	128,580
Other expenses	695	429	831	771	262	275	831	1,065	2,619	2,540
Total cost of services	74,350	71,498	78,052	226,791	5,287	6,343	1,494,089	1,287,142	1,651,778	1,591,774
<u>Income</u>										
Commonwealth grants	145	135	-	-	-	-	8,951	6,881	9,096	7,016
Other income	4,085	4,564	15,459	14,335	720	589	9,429	12,744	29,693	32,232
Total income	4,230	4,699	15,459	14,335	720	589	18,380	19,625	38,789	39,248
Net cost of services	70,120	66,799	62,593	212,456	4,567	5,754	1,475,709	1,267,517	1,612,989	1,552,526
Income from State Government										
Service appropriation	63,183	67,831	25,012	119,204	4,257	5,754	125,816	102,734	218,268	295,523
Income from other public sector entities	901	1,026	51,305	143,580	310	-	1,349,132	1,185,612	1,401,648	1,330,218
Services received free of charge	13,578	14,111	54	127	-	-	241	639	13,873	14,877
Royalties for Regions Fund	-	-	-	-	-	-	77	106	77	106
Total income from State Government	77,662	82,968	76,371	262,911	4,567	5,754	1,475,266	1,289,091	1,633,866	1,640,724
Surplus/(deficit) for the period	7,542	16,169	13,778	50,455	-	-	(443)	21,574	20,877	88,198

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 2023	Service 1		Service 2		Service 3		Service 4		Total	
	2023 (\$000)	2022 (\$000)	2023 (\$000)	2022 (\$000)	2023 (\$000)	2022 (\$000)	2023 (\$000)	2022 (\$000)	2023 (\$000)	2022 (\$000)
<u>Assets</u>										
Current assets	60,416	67,360	31,179	97,543	-	-	174,320	143,267	265,915	308,170
Non-current assets	278,753	249,968	361,334	367,928	-	-	2,255,226	2,294,003	2,895,313	2,911,899
Total assets	339,169	317,328	392,513	465,471	-	-	2,429,546	2,437,270	3,161,228	3,220,069
<u>Liabilities</u>										
Current liabilities	17,300	18,226	14,864	17,331	-	-	331,701	318,941	363,865	354,498
Non-current liabilities	2,232	2,263	1,208	1,137	-	-	1,535,231	1,623,921	1,538,671	1,627,321
Total liabilities	19,532	20,489	16,072	18,468	-	-	1,866,932	1,942,862	1,902,536	1,981,819
NET ASSETS	319,637	296,839	376,441	447,003	-	-	562,614	494,408	1,258,692	1,238,250

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 expenses

	2023	2022
	(\$'000)	(\$'000)
Employee benefits	123,145	110,391
Termination benefits	102	155
Superannuation - defined contribution plans	13,088	11,556
Total employee benefits expenses	136,335	122,102
Add: AASB 16 Non-monetary benefits (not included in employee benefits expense)	508	395
Less: Employee contributions (per the statement of comprehensive income)	(98)	(92)
Net employee benefits	136,745	122,405

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

	2023 (\$000)	2022 (\$000)
Current		
<u>Employee-benefits provisions</u>		
Annual leave	14,182	13,790
Long service leave	14,477	13,432
Deferred salary scheme	122	148
Purchased leave	52	27
	28,833	27,397
<u>Other provisions</u>		
Employment on-costs	52	49
Total current employee related provisions	28,885	27,446
Non-current		
<u>Employee-benefits provisions</u>		
Long service leave	6,119	5,546
<u>Other provisions</u>		
Employment on-costs	11	10
Total non-current employee related provisions	6,130	5,556
Total employee related provisions	35,015	33,002

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:

	2023 (\$000)	2022 (\$000)
Within 12 months of the end of the reporting period	9,059	8,645
More than 12 months after the end of the reporting period	5,123	5,145
	14,182	13,790

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.

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:

	2023 (\$000)	2022 (\$000)
Within 12 months of the end of the reporting period	5,065	4,746
More than 12 months after the end of the reporting period	15,531	14,232
	20,596	18,978

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:

	2023 (\$000)	2022 (\$000)
Within 12 months of the end of the reporting period	52	82
More than 12 months after the end of the reporting period	70	66
	122	148

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'.

	2023 (\$000)	2022 (\$000)
Employment on-costs provision		
Carrying amount at start of period	59	61
Additional/(reversals of) provisions recognised	11	13
Payments/other sacrifices of economic benefits	(7)	(15)
Carrying amount at end of period	63	59

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

	2023 (\$000)	2022 (\$000)
Recurrent		
Sponsorship	17	14
Total grants and subsidies	17	14

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.

3.3 Loss on disposal of non-current assets

	2023 (\$000)	2022 (\$000)
Office equipment	-	2
Buildings	-	330
Total loss on disposal of non-current assets	-	332

3.4 Cost of inventories held for distribution

	2023 (\$000)	2022 (\$000)
Opening inventory	9,455	-
Purchases	317	138,035
Cost of inventories distributed	(9,772)	(128,580)
Closing inventory	-	9,455
Closing inventory comprises:		
Current inventories		
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

	2023 (\$000)	2022 (\$000)
Supplies and services		
Managed contracts ^(a)	1,064,973	916,261
Communications	336	389
Consultants and contractors	44,811	47,580
Consumables	634	32,117
Repairs and maintenance	302	250
Travel	465	235
Legal costs	50,354	12,984
Other ^(b)	5,803	4,398
Total supplies and services expenses	1,167,678	1,014,214
Accommodation expenses		
Repairs and maintenance buildings	36,104	31,862
Cleaning and security ^(a)	2,343	2,243
Rental	28	27
Total accommodation expenses	38,475	34,132
Other expenses		
Minor equipment	1,461	1,185
Restoration costs	-	34
Expected credit losses expense	6	10
Employment on-costs ^(c)	4	-
Audit fees	495	483
Miscellaneous ^(d)	637	585
Loss on termination	16	243
Total other expenses	2,619	2,540
Total other expenditure	1,208,772	1,050,886

(a) Includes variable outgoings.

(b) During the period the Department paid \$835,649 (2022: \$805,699) 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 6.6 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.

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

	2023 (\$000)	2022 (\$000)
Appropriation received during the period		
- Service appropriation	218,268	295,523
Total service appropriation received	218,268	295,523
Income received from other public sector entities during the period:		
- Government office accommodation	297,060	274,676
- Managed building works	1,015,726	873,893
- Vehicle fleet lease rental	50,464	48,703
- Fees	36,996	37,456
- Other ^(a)	1,402	95,490
Total income from other public sector entities	1,401,648	1,330,218
(a) 2022 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
- State Solicitor's Office	1,258	925
- Landgate	12,425	13,225
- Department of Treasury	139	135
- Department of Education	21	21
- Department of Primary Industries and Regional Development	30	192
- Main Roads Western Australia	-	3
Total resources received	13,873	14,877
Royalties for Regions Fund:		
- Regional Infrastructure and Headworks Account	77	106
Total Royalties for Regions Fund	77	106
Total income from State Government	1,633,866	1,640,724

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.

Summary of Consolidated Account Appropriations

For the year ended 30 June 2023	2023 Budget	2023 Amendments to Act	2023 Revised Budget	2023 Actual	2023 Variance
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<u>Delivery of Services</u>					
Item 42 Net amount appropriated to deliver services					
Amount Authorised by Other Statutes:	223,688	-	223,688	216,656	(7,032)
- <i>Salaries and Allowances Act 1975</i>	1,612	-	1,612	1,612	-
Total appropriations provided to deliver services	225,300	-	225,300	218,268	(7,032)
<u>Capital</u>					
Item 122 Capital appropriations	9,271	-	9,271	10,815	1,544
<u>Administered Transactions</u>					
Community service obligation payments:					
Item 43 Amount provided for Administered grants, subsidies and other transfer payments	343,737	-	343,737	226,681	(117,056)
Amount Authorised by Other Statutes:					
<i>First Home Owner Grant Act 2000</i>	37,517	8,438	45,955	44,412	(1,543)
<i>Petroleum (Submerged Lands) Act 1982</i>	463	-	463	-	(463)
Total administered transactions	381,717	8,438	390,155	271,093	(119,062)
GRAND TOTAL	616,288	8,438	624,726	500,176	(124,550)

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 2022-23 Budget Statements, the Department retained \$38.789 million in 2023 (\$39.248 million in 2022) from the following:

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

4.2 Commonwealth grants

	2023 (\$000)	2022 (\$000)
Recurrent grants	9,096	7,016
	9,096	7,016

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

	2023 (\$000)	2022 (\$000)
Recoups	2,362	2,254
Government vehicle schemes	79	73
Gain on termination	-	-
Employee contributions ^(a)	98	92
Other ^(b)	5,669	6,379
	8,208	8,798
<u>Net proceeds from disposal of non-current assets</u>		
Motor vehicles	33,910	33,201
<u>Carrying amount of non-current assets disposed</u>		
Motor vehicles	20,680	20,932
Net gains/(losses) on disposal of non-current assets	13,230	12,269
Revaluation gain	8,255	11,165
Other gains/(losses)	8,255	11,165
Total other income	29,693	32,232

(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) 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, plant and vehicles	5.1
Right-of-use assets	5.2
Intangibles	5.3

5.1 Property, equipment, plant and vehicles

Year ended 30 June 2023	Land (\$000)	Buildings (\$000)	Leasehold improvements (\$000)	Office equipment and plant ^(a) (\$000)	Computer equipment (\$000)	Office fitout (\$000)	Motor vehicles ^(b) (\$000)	Motor vehicles leased out ^(c) (\$000)	Work in progress (\$000)	Total (\$000)
1 July 2022										
Gross carrying amounts	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	-	-	-	-	-	-	-	-	-	-
Carrying amount at start of period	145,760	123,134	153,604	59	-	62,679	1,208	226,498	3,442	716,384
Additions	-	-	-	100	-	-	281	70,271	19,184	89,836
Transfers ^(d)	(134)	883	7,066	-	-	1,209	93	(970)	(8,276)	(129)
Other disposals	-	-	-	-	-	-	(56)	(20,563)	-	(20,619)
Revaluation increments	4,330	3,925	-	-	-	-	-	-	-	8,255
Depreciation	-	(3,748)	(18,903)	(26)	-	(7,412)	(225)	(35,680)	-	(65,994)
Carrying amount at 30 June 2023	149,956	124,194	141,767	133	-	56,476	1,301	239,556	14,350	727,733
Gross carrying amount	149,956	128,557	252,142	376	186	186,835	2,141	357,418	12,677	1,090,288
Accumulated depreciation	-	(4,363)	(110,375)	(243)	(186)	(130,359)	(840)	(117,862)	-	(364,228)
Accumulated impairment loss	-	-	-	-	-	-	-	-	-	-

(a) Renamed as Office equipment and plant to better reflect the operations of the Department.

(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) During the financial year, one parcel of land \$134,000 was transferred to the Department of Planning, Land and Heritage. Total Land and Building of \$883,550 was transferred from Department of Planning, Lands and Heritage. Work in Progress was transferred to Leasehold Improvements for \$7,066,201.67 and to Office Fitout for \$1,209,417.46. \$877,303 of motor vehicles were transferred to agencies through finance lease arrangements.

Year ended 30 June 2022	Land (\$000)	Buildings (\$000)	Leasehold improvements (\$000)	Office equipment and plant ^(a) (\$000)	Computer equipment (\$000)	Office fitout (\$000)	Motor vehicles ^(b) (\$000)	Motor vehicles leased out ^(c) (\$000)	Work in progress (\$000)	Total (\$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 ^(d)	5,291	-	16,732	-	-	2,138	85	(383)	(18,869)	4,994
Other disposals	-	(90)	-	(2)	-	-	(129)	(20,804)	-	(21,025)
Revaluation increments	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) Renamed as Office equipment and plant to better reflect the operations of the Department.

(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) 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.

Initial recognition

Items of property, equipment and plant 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, equipment and plant 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, equipment and plant 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 2022 by Landgate. The valuations were performed during the year ended 30 June 2023 and recognised at 30 June 2023. In undertaking the revaluation, fair value was determined by reference to market values for land: \$65,542,000 (2022: \$65,043,000) and buildings: \$97,623,000 (2022: \$96,402,000). For the remaining balance, fair value of buildings was determined on the basis of current replacement cost and fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land).

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

5.1.1 Depreciation and impairment

Charge for the period	2023 (\$000)	2022 (\$000)
Depreciation		
Office fitout	7,412	10,949
Vehicles	35,905	35,780
Buildings	3,748	3,486
Leasehold improvements	18,903	17,792
Office equipment and plant ^(a)	26	34
Total depreciation for the period	65,994	68,041

As at 30 June 2023 there were no indications of impairment to property, equipment, plant and vehicles.

All surplus assets at 30 June 2023 have either been classified as assets held for distribution to owners or have been written-off.

Useful lives

All property, equipment, plant 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 and plant ^(a)	3 to 5 years
Software ^(b)	3 to 13 years
Office fitout and leasehold improvements	3 to 25 years or remaining lease term, whichever is lower
Motor vehicles	1 to 6 years

(a) Renamed as Office equipment and plant to better reflect the operations of the Department.

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

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

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

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

Impairment

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

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

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

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

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

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

5.2 Right-of-use assets

Year ended 30 June 2023	Commercial Buildings (\$000)	Residential Buildings (\$000)	Total (\$000)
1 July 2022			
Gross carrying amount	1,844,014	572	1,844,586
Accumulated depreciation	(434,821)	(147)	(434,968)
Accumulated impairment loss	-	-	-
Carrying amount at start of period	1,409,193	425	1,409,618
Additions	73,635	843	74,478
Disposals	(16)	(174)	(190)
Impairment losses	-	-	-
Impairment losses reversed	-	-	-
Depreciation	(163,083)	(490)	(163,573)
Carrying amount at 30 June 2023	1,319,729	604	1,320,333
Gross carrying amount	1,907,018	938	1,907,956
Accumulated depreciation	(587,289)	(334)	(587,623)
Accumulated impairment loss	-	-	-

Year ended 30 June 2022	Commercial Buildings (\$000)	Residential Buildings (\$000)	Total (\$000)
1 July 2021			
Gross carrying amount	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	-	-	-

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 straightline 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:

	2023 (\$000)	2022 (\$000)
Depreciation expenses of right-of-use assets	163,573	158,068
Lease interest expense	53,034	49,776
Expenses relating to variable lease payments not included in lease liabilities	-	-
Short-term leases	-	-
Low-value leases	-	-
Gains or losses arising from sale and leaseback transactions	-	-

The total cash outflow for leases in 2023 was \$212,449,751 (2022: \$200,361,043). As at 30 June 2023 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 2023	Licences (\$000)	Computer Software (\$000)	Work in Progress (\$000)	Total (\$000)
1 July 2022				
Gross carrying amount	13,720	216,343	10,876	240,939
Accumulated amortisation	(13,720)	(189,472)	-	(203,192)
Carrying amount at start of period	-	26,871	10,876	37,747
Additions	-	-	7,323	7,323
Transfers to computer software and licence	-	11,892	(11,892)	-
Other disposal	-	-	-	-
Amortisation expense	-	(6,638)	-	(6,638)
Carrying amount at 30 June 2023	-	32,125	6,307	38,432

Year ended 30 June 2022	Licences (\$000)	Computer Software (\$000)	Work in Progress (\$000)	Total (\$000)
1 July 2021				
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

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.

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

Costs incurred below these thresholds are immediately expensed directly to the Statement of comprehensive income.

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.

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	2023 (\$000)	2022 (\$000)
Computer software	6,638	6,438
Total amortisation for the period	6,638	6,438

As at 30 June 2023 there were no indications of impairment to intangible assets.

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

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

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

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
Other assets	6.4
Payables	6.5
Other provisions	6.6
Contract liabilities	6.7
Other liabilities	6.8

6.1 Receivables

	Note	2023 (\$000)	2022 (\$000)
Trade receivables		30,348	26,595
Allowance for impairment of trade receivables	6.1.1	(5)	(1)
GST receivable		7,868	7,857
Trust account ^(a)		1,878	1,645
Total current receivables		40,089	36,096

(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

	2023 (\$000)	2022 (\$000)
Reconciliation of changes in allowance for impairment of trade receivables		
Opening balance	1	2
Expected credit losses expense	6	10
Reversal of impairment	-	-
Amounts written off during the period	(2)	(11)
Allowance for impairment at end of period	5	1

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)

	2023 (\$000)	2022 (\$000)
Current	540	540
Non-current	813,278	745,251
Total amounts receivable for services at end of period	813,818	745,791

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

	2023 (\$000)	2022 (\$000)
Reconciliation of changes in contract assets		
Opening balance	42,697	51,357
Additions	60,228	42,697
Revenue recognised in the reporting period	(42,697)	(51,357)
Total contract assets at end of period	60,228	42,697
Current	60,228	42,697
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 Other assets

	2023 (\$000)	2022 (\$000)
Current		
Prepayments	9,259	8,562
Other	56	156
Total current	9,315	8,718
Non-current		
Prepayments	31	103
Total non-current	31	103
Total other assets at end of period	9,346	8,821

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.

6.5 Payables

	2023 (\$000)	2022 (\$000)
<u>Current</u>		
Trade payables	2,371	1,436
Accrued salaries	2,690	2,035
Accrued expenses	74,776	79,194
Other	61	57
Total current	79,898	82,722
<u>Non-current</u>		
Accrued expenses	297	297
Total non-current	297	297
Total payables at end of period	80,195	83,019

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 20 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.

6.6 Other provisions

	Note	2023 (\$000)	2022 (\$000)
<u>Current</u>			
Make good	6.6.1	1,817	1,045
South West Native Title Settlement		6,436	6,436
Total current		8,253	7,481
<u>Non-current</u>			
Make good	6.6.1	837	1,804
Restoration costs ^(a)	6.6.2	779	727
Total non-current		1,616	2,531
Total other provisions at end of period		9,869	10,012

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

6.6.1 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 2023, the anticipated timing of payments for make good are as follows:

	\$'000
Within 1 year	1,817
Later than 1 year and not later than 5 years	443
Later than 5 years	394
	2,654

6.6.2 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 2022-23 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'.

6.6.3 Movements in provision

	2023 (\$000)	2022 (\$000)
Movements in each class of provision during the period, are set out below		
Make good provision		
Carrying amount at start of period	2,849	3,228
Additional/(reversals of) provisions recognised	(40)	(159)
Payments	(230)	(310)
Unwinding of the discount	75	90
Carrying amount at end of period	2,654	2,849
Restoration costs provision		
Carrying amount at start of period	727	654
Additional/(reversals of) provisions recognised	-	-
Payments	-	-
Unwinding of the discount	52	73
Carrying amount at end of period	779	727
South West Native Title Settlement		
Carrying amount at start of period	6,436	6,436
Additional/(reversals of) provisions recognised	-	-
Payments	-	-
Unwinding of the discount	-	-
Carrying amount at end of period	6,436	6,436

6.7 Contract liabilities

	2023 (\$000)	2022 (\$000)
Reconciliation of changes in contract liabilities		
Opening balance	31,641	22,819
Additions	27,593	31,641
Revenue recognised in the reporting period	(31,641)	(22,819)
Total contract liabilities at end of period	27,593	31,641
Current	27,593	31,641
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.

6.8 Other liabilities

	2023 (\$000)	2022 (\$000)
Current		
Unearned revenue	2,237	2,950
Lease incentives ^(a)	2,990	-
Total current	5,227	2,950
Total other liabilities at end of period	5,227	2,950

(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

	2023	2022
	(\$000)	(\$000)
<u>Current</u>		
Heritage Maintenance Payments	7,014	6,761
Total current	7,014	6,761
<u>Non-current</u>		
Heritage Maintenance Payments	53,326	52,868
Total non-current	53,326	52,868
Total borrowings at end of period	60,340	59,629

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

	2023 (\$000)	2022 (\$000)
Current	206,995	195,497
Non-current	1,477,302	1,566,069
	1,684,297	1,761,566

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 negotiated 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.

	2023 (\$000)	2022 (\$000)
Gross investment in finance lease contracts	1,344	787
Less: Unearned finance income	(12)	(8)
Net investment in finance lease contracts	1,332	779
Less: Unguaranteed residual values of the finance leases at the balance date	-	-
Present value of the future minimum lease payment receivables	1,332	779
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	268	185
Later than 1 year and not later than 5 years	781	492
Later than 5 years	283	102
Present value of finance lease receivables	1,332	779
Included in the financial statements as:		
Current	268	185
Non-current	1,064	594
TOTAL	1,332	779

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

	2023 (\$000)	2022 (\$000)
Finance costs		
Interest on Heritage Maintenance payments	7,472	7,374
Lease interest expense	53,034	49,776
Total interest expenses	60,506	57,150
Other finance costs		
Unwinding of discounts applied to provisions	171	163
Total finance costs expensed	60,677	57,313

'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	2023 (\$000)	2022 (\$000)
Cash at bank		145,262	206,393
Cash on hand		2	2
Restricted cash and cash equivalents	8.1(b)		
- Indian Ocean Territories Trust Fund ^(a)		1,644	4,084
- Accrued salaries suspense account ^(b)		3,009	2,202
Balance at end of period		149,917	212,681

(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 into a Treasurer's special purpose 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	2023 (\$000)	2022 (\$000)
Net cost of services		(1,612,989)	(1,552,526)
Non-cash items			
Depreciation and amortisation expense	5.1, 5.2 & 5.3	236,207	232,547
Expected credit losses expense	3.5	6	10
Services received free of charge	4.1	13,873	14,877
Restoration costs	3.5	-	34
Loss on revaluation decrement	3.3	-	330
Gain on revaluation increment	4.3	(8,255)	(11,165)
Net gain on disposal of property, equipment, plant and vehicles	3.3, 4.3	(13,231)	(12,267)
(Increase)/decrease in assets			
Current receivables ^(a)		(677)	2,679
Current inventories	3.4	9,772	(9,766)
Increase/(decrease) in liabilities			
Current payables ^(a)		(3,424)	7,393
Accrued salaries		655	368
Employee benefits		2,189	(1,311)
Net GST receipts/(payments) ^(b)		3,695	11,732
Change in GST in receivables/payables ^(c)		(4,135)	(11,940)
Net cash used in operating activities		(1,376,314)	(1,329,005)

(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

	2023 (\$000)	2022 (\$000)
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	121,964	93,544
Later than 1 year and not later than 5 years	-	919
Later than 5 years	-	-
	121,964	94,463

7.7 Maturity analysis of lease receipts

	2023 (\$000)	2022 (\$000)
Maturity analysis of lease receipts are the undiscounted lease receipts to be received ^(a) .		
Within 1 year	41,426	38,152
Later than 1 year and not later than 2 years	27,411	25,156
Later than 2 years and not later than 3 years	18,363	15,671
Later than 3 years and not later than 4 years	10,758	8,342
Later than 4 years and not later than 5 years	5,050	3,478
Later than 5 years	1,496	768
	104,504	91,567

(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:

	2023	2022
	(\$000)	(\$000)
Financial assets		
Cash and cash equivalents	145,264	206,395
Restricted cash and cash equivalents	4,653	6,286
Financial assets at amortised cost - receivables ^(a)	32,221	28,239
Finance lease receivables	1,332	779
Financial assets at amortised cost - amounts receivable for services	813,818	745,791
Total financial assets	997,288	987,490
Financial liabilities		
Financial liabilities at amortised cost - payables ^(b)	79,899	82,722
Financial liabilities at amortised cost - Heritage Maintenance Payments	60,340	59,629
Lease liabilities	1,684,297	1,761,566
Total financial liabilities	1,824,536	1,903,917

(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)	Current (\$000)	Days past due			
			<30 days (\$000)	30-60 days (\$000)	61-90 days (\$000)	>91 days (\$000)
30 June 2023						
Expected credit loss rate		0%	0%	0%	0%	0.80%
Estimated total gross carrying amount at default	30,348	24,849	4,221	576	76	626
Expected credit losses	(5)	-	-	-	-	(5)
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)

(d) Liquidity risk and interest rate exposure

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

	Interest rate exposure and maturity analysis of financial assets and financial liabilities										
	Weighted average effective interest rate %	Interest rate exposure				Nominal amount (\$000)	Maturity dates				
		Carrying amount (\$000)	Fixed interest rate (\$000)	Variable interest rate (\$000)	Non-interest bearing (\$000)		Up to 1 month (\$000)	1-3 months (\$000)	3 months to 1 year (\$000)	1-5 years (\$000)	More than 5 years (\$000)
2023											
Financial assets											
Cash and cash equivalents	-	145,264	-	-	145,264	145,264	145,264	-	-	-	-
Restricted cash and cash equivalents	-	4,653	-	-	4,653	4,653	-	1,644	-	3,009	-
Receivables ^(a)	-	32,221	-	-	32,221	32,220	32,220	-	-	-	-
Finance lease receivables	3.25	1,332	1,332	-	-	1,472	27	53	225	864	303
Amounts receivable for services	-	813,818	-	-	813,818	813,818	-	-	540	2,160	811,118
		997,288	1,332	-	995,956	997,427	177,511	1,697	765	6,033	811,421
Financial liabilities											
Payables ^(b)	-	79,899	-	-	79,899	79,899	79,865	24	10	-	-
Heritage Maintenance Payments	12.46	60,340	60,340	-	-	159,449	579	1,158	5,277	30,788	121,647
Lease liabilities ^(c)	3.20	1,684,297	1,684,297	-	-	2,030,645	17,854	35,605	160,034	775,982	1,041,170
		1,824,536	1,744,637	-	79,899	2,269,993	98,298	36,787	165,321	806,770	1,162,817

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

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

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

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

	Weighted average effective 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 (\$000)	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	206,395	-	-	-	-
Restricted cash and cash equivalents	-	6,286	-	-	6,286	6,286	-	4,084	-	2,202	-
Receivables ^(a)	-	28,239	-	-	28,239	28,239	28,239	-	-	-	-
Finance lease receivables	1.60	779	779	-	-	814	17	34	146	512	105
Amounts receivable for services	-	745,791	-	-	745,791	745,791	-	-	540	2,160	743,091
		987,490	779	-	986,711	987,525	234,651	4,118	686	4,874	743,196
Financial liabilities											
Payables ^(b)	-	82,722	-	-	82,722	82,722	82,720	-	2	-	-
Heritage Maintenance Payments	12.46	59,629	59,629	-	-	166,210	558	1,116	5,086	29,676	129,774
Lease liabilities ^(c)	3.05	1,761,566	1,761,566	-	-	2,146,380	17,608	35,207	150,226	755,188	1,188,151
		1,903,917	1,821,195	-	82,722	2,395,312	100,886	36,323	155,314	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.

(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	-100 basis points		+100 basis points	
		Surplus	Equity	Surplus	Equity
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
2023					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Total increase/(decrease)		-	-	-	-
2022					
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. The Department has no contingent assets and liabilities to report for financial year 2022-23.

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 6.6 'Other provisions'.

8.3 Fair value measurements

Assets measured at fair value:	Level 1	Level 2	Level 3	Fair value at end of period
	(\$000)	(\$000)	(\$000)	(\$000)
2023				
Land (Note 5.1)	-	65,542	84,414	149,956
Buildings (Note 5.1)	-	97,623	26,571	124,194
	-	163,165	110,985	274,150
Assets measured at fair value:	Level 1	Level 2	Level 3	Fair value at end of period
	(\$000)	(\$000)	(\$000)	(\$000)
2022				
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

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

Valuation techniques to derive Level 2 fair values

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

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

Fair value measurements using significant unobservable inputs (Level 3)

	Land (\$000)	Buildings (\$000)
2023		
Fair value at start of period	80,717	26,732
Additions	-	-
Transfers	(134)	883
Revaluation increments/(decrements) recognised in Profit or Loss	3,831	(620)
Revaluation increments/(decrements) recognised in Other Comprehensive Income	-	-
Depreciation expense	-	(424)
Fair value at end of period	84,414	26,571
Total gains or losses for the period included in profit or loss	3,831	(620)
2022		
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)

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 noncurrent assets held for sale as Treasurer's instructions require valuations of land and buildings to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Land (Level 3 fair values)

Fair value for restricted use land is based on comparison with market evidence for land with low level utility (high restricted use land). The relevant comparators of land with low level utility is selected by Landgate and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

Buildings (Level 3 fair values)

Fair value for existing use specialised buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the current replacement cost. Current replacement cost is generally determined by reference to the market observable replacement cost of a substitute asset of comparable utility and the gross project size specifications, adjusted for obsolescence. Obsolescence encompasses physical deterioration, functional (technological) obsolescence and economic (external) obsolescence.

Valuation using current replacement cost utilises the significant Level 3 input, consumed economic benefit/obsolescence of asset which is estimated by the Landgate. The fair value measurement is sensitive to the estimate of consumption/obsolescence, with higher values of the estimate correlating with lower estimated fair values of buildings.

Basis of valuation

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

9. Other disclosures

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

	Notes
Events occurring after the end of the reporting period	9.1
Future impact of Australian Accounting Standards but 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 - administered	9.9
Supplementary financial information	9.10
Service delivery arrangements Indian Ocean Territories	9.11
Resources provided free of charge	9.12

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 1 Jan 2023		Operative for reporting periods beginning on/after
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 require 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
AASB 2022-7	<p><i>Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards</i></p> <p>This Standard makes editorial corrections to various Australian Accounting Standards and AASB Practice Statement 2 Making Materiality Judgements.</p> <p>There is no financial impact.</p>	1 Jan 2023
AASB 2022-8	<p><i>Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments</i></p> <p>This Standard amends: (a) AASB 1; (b) AASB 3; (c) AASB 5; (d) AASB 7; (e) AASB 9; (f) AASB 15; (g) AASB 17; (h) AASB 119; (i) AASB 132; (j) AASB 136; (k) AASB 137; (l) AASB 138; (m) AASB 1057; and (n) AASB 1058, to permit public sector entities to continue applying AASB 4 and AASB 1023 to annual periods beginning on or after 1 January 2023 but before 1 July 2026.</p> <p>There is no financial impact.</p>	1 Jan 2023

Operative for reporting periods beginning on/after 1 Jan 2024**Operative for reporting
periods beginning on/after**

AASB 2020-1	<p><i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i> 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>These is no financial impact.</p>	1 Jan 2024
AASB 2022-5	<p><i>Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</i> This Standard amends AASB 16 to add measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 to be accounted for as a sale.</p> <p>There is no financial impact.</p>	1 Jan 2024
AASB 2022-6	<p><i>Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants</i> This Standard amends AASB 101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity’s right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. The Standard also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.</p> <p>There is no financial impact.</p>	1 Jan 2024
AASB 2022-10	<p><i>Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.</i> This Standard amends AASB 13 including adding authoritative implementation guidance and providing related illustrative examples, for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.</p> <p>The Department has not assessed the impact of the Standard.</p>	1 Jan 2024

Operative for reporting periods beginning on/after 1 Jan 2025**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. It was amended by AASB 2022-8 to take effect for Not-For-Profit insurance contracts from 1 July 2026.</p> <p>The Department has not assessed the impact of the Standard.</p>	1 Jan 2026
AASB 2021-7C	<p><i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i></p> <p>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 associate or joint venture.</p> <p>The standard also includes editorial corrections.</p> <p>The Department has not assessed the impact of the Standard.</p>	1 Jan 2025
AASB 2022-9	<p><i>Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</i></p> <p>This Standard amends AASB 17 and AASB 1050 to include modifications with respect to the application of AASB 17 by public sector entities. This Standard also amends the following Standards to remove the temporary consequential amendments set out in AASB 2022-8 since AASB 4 and AASB 1023 do not apply to public sector entities for periods beginning on or after 1 July 2026: (a) AASB 1; (b) AASB 3; (c) AASB 5; (d) AASB 7; (e) AASB 9; (f) AASB 15; (g) AASB 119; (h) AASB 132; (i) AASB 136; (j) AASB 137; (k) AASB 138; (l) AASB 1057; and (m) AASB 1058.</p> <p>There is no financial impact.</p>	1 Jan 2026

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 (\$)	2023	2022
100,000 - 150,000	-	1
150,001 - 200,000	-	1
200,001 - 250,000	-	2
250,001 - 300,000	2	2
300,001 - 350,000	2	1
350,001 - 400,000	1	1
400,001 - 450,000	1	-
450,001 - 500,000	-	-
500,001 - 550,000	1	-

	2023 (\$000)	2022 (\$000)
Short-term employee benefits	2,159	1,805
Post employment benefits	240	202
Other long term benefits	107	36
Termination benefits	-	-
Total compensation of senior officers	2,506	2,043

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

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 9.12);
- 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 \$9,923,954 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:

	2023 (\$000)	2022 (\$000)
Auditing the accounts, financial statements, controls, and key performance indicators	537	478

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

	2023 (\$000)	2022 (\$000)
Contributed equity		
Balance at start of period	1,036,941	1,089,496
Contributions by owners		
Capital appropriation	10,815	8,072
Other contributions by owners		
Land and building from Parliamentary Services	-	3,040
Land and Building from Department of Planning, Lands and Heritage	884	2,491
Total contributions by owners	11,699	13,603
<i>Distribution to owners</i>		
Transfer of land and building to the Department of Planning, Lands and Heritage	(134)	(39,700)
State Fleet transfer to consolidated account	(12,000)	(17,000)
Lease incentives transferred to consolidated account	-	(6,545)
Other funds returned to consolidated account	-	(2,913)
Total distributions to owners	(12,134)	(66,158)
Total contributed equity at end of period	1,036,506	1,036,941

9.9 Special purpose account - administered

	2023 (\$000)	2022 (\$000)
<i>Departmental Receipts in Suspense - State Revenue</i>		
<i>The purpose of the special purpose account is to hold funds pending identification of the purpose of which those monies were received or identification of where those monies are to be credited or paid.</i>		
Balance at the start of period	1	1
Receipts	-	-
Payments	-	-
Balance at end of period	1	1
<i>Indian Ocean Territories</i>		
<i>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.</i>		
Balance at the start of period	350	387
Receipts	4,828	4,185
Payments	(4,880)	(4,222)
Balance at end of period	298	350

9.10 Supplementary financial information

(a) Write-offs

During the financial year, \$10.471 million (2022: \$11.728 million) was written off by the Department under the authority of:

	2023 (\$000)	2022 (\$000)
The accountable authority	2,510	3,273
The Minister	1,148	1,186
Executive Council	-	-
The Treasurer	6,813	7,269
	10,471	11,728

(b) Write-offs by category

	2023 (\$000)	2022 (\$000)
Public assets	997	1,803
Debts due to the State	9,474	9,925
	10,471	11,728

9.11 Service delivery arrangements Indian Ocean Territories

	2023 (\$000)	2022 (\$000)
Receipts	8,900	10,011
Commonwealth receipts	8,900	10,011
Payments		
Consultants and contractors	10,675	7,281
Administration and other costs	564	502
Payroll Tax and business franchise	22	39
Duties	1	-
Land Tax	5	3
Compliance	73	62
	11,340	7,887
Surplus/(deficit) for the period	(2,440)	2,124
Balance brought forward	4,084	1,960
Balance carried forward	1,644	4,084

9.12 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:

	2023 (\$000)	2022 (\$000)
Department of the Premier and Cabinet	1,298	4,057
Department of Transport	660	642
Office of the Auditor General	13	281
Department of Training & Workforce Development	329	313
Public Sector Commission	192	702
Western Australia Police Force	331	383
Department of Treasury	5,578	4,955
The Ombudsman	13	199
Landgate	39	1,393
Department of Education	204	44,245
Department of Health	10,224	7,746
Department of Justice	2,545	3,494
State Solicitor's Office	355	-
Department of Planning, Lands and Heritage	680	680
Department of Communities	1,054	10,924
Department of Primary Industries and Regional Development	692	698
Department of Mines, Industry Regulation and Safety	659	658
Department of Local Government, Sports and Cultural Industries	390	420
Department of Water and Environmental Regulation	159	-
Equal Opportunity Commission	151	-
Other Agencies ^(a)	937	2,056
	26,503	83,846

(a) Includes 31 agencies in 2023 and 40 agencies in 2022.

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 2023, and between the actual results for 2023 and 2022 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 Statements of comprehensive income and Statement of cash flows (i.e. 1% of \$1.592 billion for actual and 1% of \$1.767 billion for estimate), and
- Total Assets for the Statement of financial position (i.e. 1% of \$3.220 billion for actual and 1% of \$3.051 billion for estimate).

10.1.1 Statement of comprehensive income variances

	Variance note	Estimate 2023 (\$000)	Actual 2023 (\$000)	Actual 2022 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2023 and 2022 (\$000)
Expenses						
Employee benefits expense		144,154	136,335	122,102	(7,819)	14,233
Supplies and services	1	1,270,924	1,167,678	1,014,214	(103,246)	153,464
Depreciation and amortisation expense		255,144	236,205	232,547	(18,939)	3,658
Finance costs		54,064	60,677	57,313	6,613	3,364
Accommodation expenses		36,587	38,475	34,132	1,888	4,343
Grants and subsidies		-	17	14	17	3
Loss on disposal of non-current assets		-	-	332	-	(332)
Cost of inventories held for distribution	2	-	9,772	128,580	9,772	(118,808)
Other expenses		6,706	2,619	2,540	(4,087)	79
Total cost of services		1,767,579	1,651,778	1,591,774	(115,801)	60,004
Income						
Commonwealth grants		4,700	9,096	7,016	4,396	2,080
Other income		13,236	29,693	32,232	16,457	(2,539)
Total income		17,936	38,789	39,248	20,853	(459)
Net cost of services		1,749,643	1,612,989	1,552,526	(136,654)	60,463
Income from State Government						
Service appropriation	3	225,300	218,268	295,523	(7,032)	(77,255)
Income from other public sector entities		1,454,106	1,401,648	1,330,218	(52,458)	71,430
Resources received		14,676	13,873	14,877	(803)	(1,004)
Royalties for Regions Fund		90	77	106	(13)	(29)
Total income from State Government		1,694,172	1,633,866	1,640,724	(60,306)	(6,858)
Surplus/(deficit) for the period		(55,471)	20,877	88,198	76,348	(67,321)
Total comprehensive income for the period		(55,471)	20,877	88,198	76,348	(67,321)

Major actual (2023) and comparative (2022) variance narratives

- 1 The 2023 actual is higher than the 2022 actual due to an increase in the capital works program.
- 2 The reduction between 2022 actual and the 2023 actual reflects the reduction in expenditure on procuring and distributing rapid antigen tests on behalf of Government.
- 3 The 2022 actual included additional appropriation to procure and distribute rapid antigen tests on behalf of Government.

10.1.2 Statement of financial position variances

	Variance note	Estimate 2023 (\$000)	Actual 2023 (\$000)	Actual 2022 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2023 and 2022 (\$000)
Assets						
Current Assets						
Cash and cash equivalents		153,859	145,264	206,395	(8,595)	(61,131)
Restricted cash and cash equivalents		1,962	1,644	4,084	(318)	(2,440)
Inventories held for distribution		-	-	9,455	-	(9,455)
Receivables		47,914	40,089	36,096	(7,825)	3,993
Finance lease receivables		161	268	185	107	83
Amounts receivable for services		540	540	540	-	-
Contract assets		51,357	60,228	42,697	8,871	17,531
Other current assets		7,758	9,315	8,718	1,557	597
Total Current Assets		263,551	257,348	308,170	(6,203)	(50,822)
Non-Current Assets						
Restricted cash and cash equivalents		2,614	3,009	2,202	395	807
Finance lease receivables		505	1,064	594	559	470
Amounts receivable for services		823,353	813,278	745,251	(10,075)	68,027
Property, equipment, plant and vehicles		707,860	727,733	716,384	19,873	11,349
Right-of-use assets		1,210,440	1,320,333	1,409,618	109,893	(89,285)
Intangible assets		42,100	38,432	37,747	(3,668)	685
Other non-current assets		159	31	103	(128)	(72)
Total Non-Current Assets		2,787,031	2,903,880	2,911,899	116,849	(8,019)
Total assets		3,050,582	3,161,228	3,220,069	110,646	(58,841)

10.1.2 Statement of financial position variances (continued)

	Variance note	Estimate 2023 (\$000)	Actual 2023 (\$000)	Actual 2022 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2023 and 2022 (\$000)
Liabilities						
Current Liabilities						
Payables		69,997	79,898	82,722	9,901	(2,824)
Borrowings		6,516	7,014	6,761	498	253
Lease liabilities		182,167	206,995	195,497	24,828	11,498
Employee related provisions		29,479	28,885	27,446	(594)	1,439
Contract liabilities		22,819	27,593	31,641	4,774	(4,048)
Other provisions		943	8,253	7,481	7,310	772
Other current liabilities		18,457	5,227	2,950	(13,230)	2,277
Total Current Liabilities		330,378	363,865	354,498	33,487	9,367
Non-Current Liabilities						
Payables		-	297	297	297	-
Borrowings		52,255	53,326	52,868	1,071	458
Lease liabilities		1,411,823	1,477,302	1,566,069	65,479	(88,767)
Employee related provisions		5,858	6,130	5,556	272	574
Other provisions		2,939	1,616	2,531	(1,323)	(915)
Total Non-Current Liabilities		1,472,875	1,538,671	1,627,321	65,796	(88,650)
Total liabilities		1,803,253	1,902,536	1,981,819	99,283	(79,283)
Net assets		1,247,329	1,258,692	1,238,250	11,363	20,442
Equity						
Contributed equity		1,098,359	1,036,506	1,036,941	(61,853)	(435)
Accumulated surplus/(deficit)		148,970	222,186	201,309	73,216	20,877
Total equity		1,247,329	1,258,692	1,238,250	11,363	20,442

10.1.3 Statement of cash flows variances

	Variance note	Estimate 2023 (\$000)	Actual 2023 (\$000)	Actual 2022 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2023 and 2022 (\$000)
Cash flows from State Government						
Service appropriation	1	157,235	149,701	234,721	(7,534)	(85,020)
Capital appropriations		10,059	10,815	8,072	756	2,743
Funds from other public sector entities		1,462,302	1,377,556	1,359,717	(84,746)	17,839
Holding account drawdowns		540	540	540	-	-
Royalties for Regions Fund		90	77	106	(13)	(29)
Distribution to owners		(17,000)	(12,000)	(26,458)	5,000	14,458
Net cash provided by State Government		1,613,226	1,526,689	1,576,698	(86,537)	(50,009)
Cash flows from operating activities						
Payments						
Employee benefits		(144,158)	(133,323)	(123,036)	10,835	(10,287)
Supplies and services		(1,203,949)	(1,157,964)	(1,131,159)	45,985	(26,805)
Finance costs		(53,353)	(59,794)	(56,292)	(6,441)	(3,502)
Accommodation		(37,431)	(38,478)	(34,386)	(1,047)	(4,092)
Grants and subsidies		-	(17)	16	(17)	(33)
GST payments on purchases	2	(130,624)	(148,504)	(144,184)	(17,880)	(4,320)
GST payments to taxation authority		(3,234)	(5,025)	(4,098)	(1,791)	(927)
Other payments		(1,494)	(3,134)	(2,658)	(1,640)	(476)
Receipts						
Commonwealth grants		4,700	8,900	10,011	4,200	(1,111)
GST receipts on sales	2	122,090	144,369	132,244	22,279	12,125
GST receipts from taxation authority		12,374	8,720	15,830	(3,654)	(7,110)
Other receipts		11,394	7,936	8,707	(3,458)	(771)
Net cash provided by/(used in) operating activities		(1,423,685)	(1,376,314)	(1,329,005)	47,371	(47,309)

10.1.3 Statement of cash flows variances (continued)

	Variance note	Estimate 2023 (\$000)	Actual 2023 (\$000)	Actual 2022 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2023 and 2022 (\$000)
Cash flows from investing activities						
Payments						
Purchase of non-current assets		(93,767)	(97,426)	(82,684)	(3,659)	(14,742)
Receipts						
Proceeds from sale of non-current assets		49,732	33,687	33,380	(16,045)	307
Net cash provided by/(used in) investing activities		(44,035)	(63,739)	(49,304)	(19,704)	(14,435)
Cash flows from financing activities						
Payments						
Repayment of borrowings		-	-	-	-	-
Principal elements of lease		(149,327)	(159,416)	(149,968)	(10,089)	(9,448)
Receipts						
Proceeds from borrowings		-	-	-	-	-
Finance leases receipts		5,676	206	182	(5,470)	24
Receipts from lease incentives		-	9,810	2,579	9,810	7,231
Net cash provided by/(used in) financing activities		(143,651)	(149,400)	(147,207)	(5,749)	(2,193)
Net increase/(decrease) in cash and cash equivalents		1,855	(62,764)	51,182	(64,619)	(113,946)
Cash and cash equivalents at the beginning of the period		156,580	212,681	161,499	56,101	51,182
Cash and cash equivalents at the end of the period		158,435	149,917	212,681	(8,518)	(62,764)

Major estimate and actual (2023) variance narratives

2 The 2023 actual is higher than the 2023 estimate mainly due to higher payments to contractors and billings to customers.

Major actual (2023) and comparative (2022) variance narratives

1 The 2022 actual was higher than the 2023 actual as it reflects additional appropriation received to procure and distribute rapid antigen tests on behalf of Government.

10.2 Explanatory statement for administered Items

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 2023, and between the actual results for 2023 and 2022 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 (i.e. 1% of \$21.528 billion for actual 1% of \$16.536 billion for estimate).

	Variance note	Estimate 2023 (\$000)	Actual 2023 (\$000)	Actual 2022 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2023 and 2022 (\$000)
INCOME FROM ADMINISTERED ITEMS						
<u>Income</u>						
<u>Taxation</u>						
Insurance duty		808,792	947,105	823,156	138,313	123,949
Land tax		798,680	786,707	759,244	(11,973)	27,463
Payroll tax	1	4,585,417	5,013,409	4,413,802	427,992	599,607
Transfer duty	2	1,941,528	2,115,307	2,339,272	173,779	(223,965)
Foreign Buyer Surcharge		20,336	29,423	21,710	9,087	7,713
Landholder duty	3	119,904	317,755	278,455	197,851	39,300
Vehicle licence duty	4	440,176	671,094	579,037	230,918	92,057
Other income ^(a)		241,774	277,163	260,421	35,389	16,742
Royalties	5	7,093,064	11,045,131	11,090,800	3,952,067	(45,669)
<u>Other revenue</u>						
Other revenue		39,700	39,262	40,998	(438)	(1,736)
<u>Appropriations</u>						
<i>First Home Owners Grant Act 2000</i>		37,517	44,412	85,752	6,895	(41,340)
<i>Petroleum (Submerged Lands) Act 1982</i>		463	-	-	(463)	-
Administered grants and transfer payments ^(b)	6	343,737	226,679	774,240	(117,058)	(547,561)
Collections raised on behalf of other agencies		64,431	61,192	60,934	(3,239)	258
Total administered income		16,535,519	21,574,639	21,527,821	5,039,120	46,818
<u>Expenses</u>						
<u>Grants and subsidies</u>						
Administered grants, subsidies and other transfer payments ^(b)	6	343,737	226,681	774,240	(117,056)	(547,559)
<i>Petroleum (Submerged Lands) Act 1982</i>		37,517	44,412	-	6,895	44,412
First Home Owners Scheme		463	-	85,752	(463)	(85,752)
Other expenses ^(c)	7	17,610,018	21,634,887	21,091,415	4,024,869	543,472
Collections transferred to other agencies		64,431	61,326	60,876	(3,105)	450
Total administered expenses		18,056,166	21,967,306	22,012,283	3,911,140	(44,977)

(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) 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 – 5.

Major estimate and actual (2023) variance narratives

3 Landholder duty in 2023 was \$198 million higher than the estimate ^(a). This was largely due to a small number of very high value commercial landholder assessments issued in the June quarter 2023. The number and / or value of these high worth commercial transactions tend to be infrequent and volatile within and between years.

^(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.

4 Vehicle licence duty in 2023 was \$231 million higher than the estimate, primarily due to a stronger than expected rise in average vehicle purchase prices and a higher than expected volume of transactions.

5 Royalties in 2023 were significantly higher than estimate, primarily due to stronger than expected iron ore prices, coupled with lower than forecast AUD to USD exchange rate. Higher than expected lithium (spodumene) prices also contributed to the positive variance in 2022-23.

7 Other expenses in 2023 were higher than estimate due to higher royalty and taxation collections.

Major actual (2023) and comparative (2022) variance narratives

1 Payroll Tax collections in 2023 were \$600 million higher than 2022, due to stronger labour market conditions, and higher levels of collections from the mining sector (buoyed by significant bonuses paid during the year).

2 Transfer duty collections in 2023 were \$224 million lower than 2022, primarily due to an easing in the number of residential property transactions over the year, following consecutive interest rate rises over the same period.

6 Administered grants and transfer payments in 2023 were lower compared to 2022, mainly reflecting decreased spending on the State Building Bonus Grant and the administration of the Commonwealth's HomeBuilder National Partnership agreement.

6 Key Performance Indicators

Certification of Key Performance Indicators 142

Performance Assessment 142

Certification of key performance indicators

For the year ended 30 June 2023

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 2023.



Jodi Cant

Director General

25 August 2023

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 budget management.	1 Due and payable revenue is collected and eligible grants, subsidies and rebates paid.	1 Revenue assessment and collection, and grants and subsidies administration.
	2 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.
	3 Efficient and effective Corporate Services to client agencies.	3 Corporate services to client agencies.
	4 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.

RevenueWA

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

Key effectiveness indicators

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 measuring the effectiveness of the Department's collection of revenue and processing of grants and subsidies.

Effectiveness 1.1

		2022-23 Actual	2022-23 Budget	2021-22 Actual	2020-21 Actual
Debt as a percentage of revenue raised ^(a)	%	0.72 ⁽¹⁾	0.85	0.72	0.74

(a) This indicator is calculated by dividing the total outstanding debt on hand at 30 June by the total revenue raised for the year for all tax lines (land tax, duties, payroll tax, betting tax, insurance duty and other miscellaneous duties) and presented as a percentage.

(1) The 2022-23 actual is lower than the budget due to higher revenue and lower debt levels, mainly driven by strong economic conditions.

Effectiveness 1.2

		2022-23 Actual	2022-23 Budget	2021-22 Actual	2020-21 Actual
Extent to which correct grants, subsidies and rebates are paid ^(b)	%	100	100	100	100

(b) This indicator measures the accuracy of the revenue assessment process by RevenueWA. This indicator is calculated by dividing the 'number of grants, subsidy and rebate payments correctly paid' by the 'number of grants, subsidy and rebate payments made during the year', and presented as a percentage. The percentages are then averaged to derive the KPI result. RevenueWA pays the following: Subsidies – Thermoregulatory, Life Support, Energy Concession Extension Scheme and Pensioner Concessions; Grants – First Home Owner, Home Builder and Building Bonus.

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

Key efficiency indicators

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 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. 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 as well as concessions on water rates, local government rates and the Emergency Services Levy for pensioners and seniors.

These indicators represent the total cost incurred to make a tax, duty, or royalties determination or to determine the eligibility of a grant or subsidy application. These are considered the key elements in measuring the efficiency of the Department in performing this service.

Efficiency 1.1

	2022-23 Actual	2022-23 Budget	2021-22 Actual	2020-21 Actual
Average cost per tax or duty determination ^(a)	\$ 32.50	31.87	29.56	30.08

(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'.

Efficiency 1.2

	2022-23 Actual	2022-23 Budget	2021-22 Actual	2020-21 Actual
Average cost per grant or subsidy determination ^(b)	\$ 19.62 ⁽¹⁾	24.49	23.26	16.94

(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 2022-23 Actual was lower than 2022-23 Budget primarily due to the scaling down of administration of the HomeBuilder and Building Bonus grants schemes.

Advisory

Outcome 2 Value for money from public sector procurement

Key effectiveness indicators

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

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

a) client agencies agree that Common Use Arrangements (CUAs) are awarded and managed on a value-for-money basis. This includes the value-for-money results from the fleet survey. State Fleet clients are surveyed annually using a similar value-for-money method to other CUAs and agency specific contract surveys;

b) client agencies agree that their contracts are awarded on a value-for-money basis;

c) economies of scale are achieved through the aggregation of the acquisition, fleet management and disposal activities related to the government's light vehicle fleet aimed at achieving a value-for-money outcome for the Government's fleet expenditure and revenue.

Effectiveness 2.1

		2022-23 Actual	2022-23 Budget	2021-22 Actual	2020-21 Actual
Average annual vehicle net capital cost ^(a) Per passenger vehicle	\$	2,753 ⁽¹⁾	3,200	3,086	3,856
Average annual vehicle net capital cost ^(a) Per commercial vehicle	\$	3,183	3,100	3,004	3,738

(a) This indicator measures the Department's effectiveness in minimising purchase prices and maximising sale proceeds, through pro-active fleet and procurement management. By splitting the measurement of vehicles into two categories, it minimises the fluctuations attributed by the movements in replacements from each category, which allows a better year on year comparative assessments.

(1) The 2022-23 Actual is lower than the 2022-23 Budget and 2021-22 Actual due to strong resale values of used vehicles achieved over the period.

Effectiveness 2.2

		2022-23 Actual	2022-23 Budget	2021-22 Actual	2020-21 Actual
Extent to which client agencies agree that their agency contracts and common use contract arrangements achieved value for money ^(b)	%	94 ⁽¹⁾	92	97	96

(b) This indicator is calculated by dividing the total number of satisfied responses by the total number of survey respondents for users of CUAs and clients of agency specific contracts. It is a measure of how effective the Department is at achieving value for money from public sector procurement.

(1) In 2022-23, 702 surveys were issued with a response rate of 93.4%. There is a 0.98% maximum error rate at the 95% confidence interval.

Service 2 Development and management of Common Use Contract Arrangements, State Fleet leasing and disposal and providing facilitation service for agency specific contracts

Key efficiency indicators

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.

Efficiency 2.1

	2022-23 Actual	2022-23 Budget	2021-22 Actual	2020-21 Actual
Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value (a)	% 1.0	1.1	0.9	1.3

(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.

Efficiency 2.2

	2022-23 Actual	2022-23 Budget	2021-22 Actual	2020-21 Actual
Average administrative cost per vehicle for financing and managing the State Fleet service (b)	\$ 124	118	115	122

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

Efficiency 2.3

	2022-23 Actual	2022-23 Budget	2021-22 Actual	2020-21 Actual
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 (c)	% 0.8	0.8	0.8	0.9

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

Corporate Services

Outcome 3 Efficient and effective corporate services to client agencies

Service 3 Corporate services to client agencies

Key effectiveness and efficiency indicators

Effectiveness and efficiency indicators are not reported for this outcome as it relates to the corporate services provided directly by the Department to support the outcomes and activities of the Department of Treasury and the Government Employees Superannuation Board (GESB). An exemption from the requirements of Treasurer's Instruction 904 (2)(iv) Key Performance Indicators, has been provided by the Under Treasurer.

Building and Contracts

Outcome 4 Value for money from the management of the Government's non-residential buildings and public works

Key effectiveness indicators

The Department provides a range of services to deliver the State Government's non-residential building program which include construction of Government non-residential buildings, management of major State construction projects, management of maintenance for Government buildings and management of the Government's office accommodation portfolio.

Effectiveness 4.1

		2022-23 Actual	2022-23 Budget	2021-22 Actual	2020-21 Actual
Percentage of new buildings projects, valued over \$5 million, delivered within the approved budget ^(a)	%	100	100	100	100

(a) This indicator captures projects with an estimated total cost greater than \$5 million that reached handover in the financial year. A project is considered handed over when construction has reached practical completion and/or an occupancy permit has been issued (only for new buildings). 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.

Effectiveness 4.2

		2022-23 Actual	2022-23 Budget	2021-22 Actual	2020-21 Actual
Average office accommodation floor space per work point ^(b)	m ²	13.23	13.65	13.55	13.74

(b) This indicator refers to the average workspace density across the office accommodation portfolio and calculated at the whole-of-government level (excluding Parliamentary Electorate Offices and Ministerial suites). A work point 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.

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

Key efficiency indicators

This service leads the planning, delivery and management of the Government's non-residential 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 leasing of office accommodation.

Efficiency 4.1

		2022-23 Actual	2022-23 Budget	2021-22 Actual	2020-21 Actual
Percentage of new buildings projects valued over \$5 million, delivered by the approved timeframe ^(a)	%	96 ⁽¹⁾	90	96	97

(a) This indicator measures the percentage of projects with current approved budgets greater than \$5 million that have been handed over to the client agency in the current financial year. A project is considered handed over when construction has reached practical completion and/or an occupancy permit has been issued (only for new buildings). 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) 27 of the 28 new building projects within the Buildings and Contracts program were delivered by the approved handover date.

Efficiency 4.2

		2022-23 Actual	2022-23 Budget	2021-22 Actual	2020-21 Actual
Percentage of high priority breakdown repairs completed within agreed timeframes ^(b)	%	68 ⁽¹⁾	75	72	76

(b) This indicator measures the percentage of high priority breakdown repairs attended to within the approved 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 2022-23 Actual is lower than the 2022-23 Budget as a result of problems in sourcing both labour and materials combined with difficulties in gaining access to secure facilities to carry out required works.

Efficiency 4.3

		2022-23 Actual	2022-23 Budget	2021-22 Actual	2020-21 Actual
The cost of managing government buildings including the planning, project delivery, and maintenance thereof, as a percentage of services delivered ^(c)	%	7.99 ⁽¹⁾	8.21	8.49	9.33

(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 2022-23 Actual result is lower than 2022-23 Budget due to overall lower operational actual costs compared to budgeted costs, and higher than anticipated works program turnover costs.

7 Other Statutory Information

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Ministerial directions

No Ministerial directives were received during the financial year.

Other legal requirements

Acts of Grace payments

Date	Purpose	2022
		\$
28 July 2022	Payment of the equivalent of Building Bonus grants where construction commenced in reliance on incorrect advice by RevenueWA that the construction would qualify for the grants.	60,000

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 \$2.76 million of which \$261.16 was identified as not related to departmental operations. These transactions were inadvertently made by nine 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 0.001 per cent of our total purchasing card transactions completed during the financial year.

Measure	2022-23
Number of instances a government purchasing card has been used for personal use	9
Aggregate amount of personal use expenditure for the reporting period	\$261.16
Aggregate amount of personal use expenditure settled by the due date (within 5 working days)	\$143.74
Aggregate amount of personal use expenditure settled after the period (after 5 working days)	\$117.42
Aggregate amount of personal use expenditure outstanding at balance date	0
Number of referrals for disciplinary action instigated by the notifiable authority during the reporting period	0

Advertising, market research, polling and direct mail

In accordance with section 175ZE of *The Electoral Act 1907*, Finance incurred the following expenditure.

Agency/Organisation	Amount \$
Advertising Agencies	
Indigenous Employment Pty Ltd	153
Initiative Media Australia	17,543
Koori Mail	200
LinkedIn	9,900
Department of the Premier and Cabinet (State Law Publisher)	874
The West Australian	85
Thomson Reuters	523
Market Research Organisations	
Painted Dog Research	45,300
Polling Organisations	nil
Direct Mail Organisations	nil
Media Advertising Organisations	nil
Total Expenditure	74,578

Disability Access and Inclusion Plan outcomes

Our Disability Access and Inclusion Plan (DAIP) 2023-27 supports our commitment to building an inclusive culture, where people with disability have equal opportunities to access our services and employment.

The DAIP committee meets regularly to identify new initiatives that will drive access and inclusion across Finance.

During 2022–23 we:

- Developed a new Disability Access and Inclusion Plan 2023-27 after seeking input from internal and external stakeholders.
- Celebrated the 2022 International Day of People with Disability by hosting an event with staff activities to promote access and inclusion.
- Facilitated a Connecting Across Diversity workshop to build awareness and assist staff to improve engagement with people with disability.
- Hosted a My Ability event with guest presenters to improve understanding and awareness of, and assist progress in, access and inclusion.
- Implemented improvements to our printers to increase text size and contrast on monitors to assist staff with vision impairment.
- Promoted the WA Social Procurement Framework, which prioritises the WA Government's social, economic and environment policies through procurement.
- As the lead agency for ServiceWA in Bunbury, a range of in-person assistance for transacting online continued to be offered to give citizens confidence to engage with government services through digital channels.

Compliance with Public Sector Standards and ethical codes

We continued our strong record of complying with Public Sector Standards and the Public Sector Code of Ethics.

During 2022–23, we updated our Code of Conduct, linking information to our Accountability and Ethical Decision Making training, provided additional resources on our intranet and delivered training programs through online and face-to-face sessions.

We maximised the effectiveness of training by tailoring content for new and existing employees and providing relevant case studies.

To ensure that recruitment processes comply with Public Sector Standards we provided proactive guidance to managers and staff. We successfully completed 156 recruitment processes, from which 3,114 applications were received.

No Breach of Standard claims relating to the Employment Standard were received during the financial year. Two grievances were reported and managed, with both matters ongoing. Four new cases of non-compliance with the Code of Ethics/Code of Conduct were reported and investigated. Six cases were resolved, and one is ongoing.

We satisfy legislative requirements through the maintenance of departmental policies, procedures and guidelines. We reviewed the Code of Conduct in mid-2023 to align with newly released Commissioner's Instruction 40: Ethical Foundations.

Information released under the Freedom of Information Act 1992

We received:	2022-23	2021-22
Applications		
New applications received during the year	19	25
Decisions made during the year	17*	31#
Average time to process (days)	44	55
Outcomes		
Full access	6	11
Edited access	6	14
Deferred access	0	0
Section 20 decision	0	0
Section 26 decision	2	2
Section 28 decision	0	0
Access refused	0	1
Total decisions	14	28
Transferred to other agencies	0	0
Withdrawn	3	3
Total applications finalised	17	31
Reviews		
Internal reviews	0	3
External reviews - complaints	0	1

Recordkeeping plans

Finance's Recordkeeping Plan continues to reflect the way we receive, create, and manage records.

Our commitment to a dedicated recordkeeping system has resulted in the inclusion of more than 1.2 million electronic documents, marking a 12 per cent increase compared to the previous year. This demonstrates how we are managing records in a digital-first compliant manner. We have successfully achieved 97 per cent full digitisation of new file creations in our primary recordkeeping system.

We have progressed the implementation of the strategy for a M365 solution that provides recordkeeping compliance within a SharePoint platform. A pilot implementation of this solution is being evaluated.

We are raising awareness and addressing changes in security classification and preparing for the enhancement of further protection of personal information to reflect current reforms by Government.

Preserving at-risk records has been a priority. As part of this, we completed the digitisation of our ageing slide collection. This improves accessibility and ensures the images are safeguarded and mitigates the risk of chemical decomposition due to the collection's age.

Recordkeeping training

Our new online training module for recordkeeping offers a contemporary approach to recordkeeping awareness and obligations. This module is complemented by user guides and information materials that reinforces good recordkeeping habits. Our training programs and guides are easily accessible to all staff across the State through our intranet.

Government policy requirements

Board and committee remuneration

In 2022-23, Finance had no board or committee remuneration costs.

Work, health and safety management

We are 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 our Work Health and Safety (WHS) Commitment Statement, through support and engagement from senior managers and via meaningful consultation with workers about work health and safety issues.

During the year, we took significant action to ensure we met our WHS duty of care commitments.

This included:

- Tangible progress to address findings and recommendations of an independent audit of our WHS safety systems and safety operation. The audit was conducted to identify areas for improvement associated with implementation of the *Work Health and Safety Act 2020* (WHS Act) and the refresh of various WHS Codes of Practice published by the Department of Mines, Industry Regulation and Safety.
- Promotion and monitoring of compliance with mandatory WHS awareness training for all Finance staff. The training aims to improve awareness of the WHS Act, employee responsibilities, new descriptions and key risks including psychosocial hazards and workplace wellbeing.
- Revising the COVID-19 Safety Plan and Risk Assessment.

- The WHS management of activity relating to COVID-19 and other illness continued to provide appropriate, practicable and documented controls to manage risks to our employees and visitors.
- Providing WHS manager training to 35 managers across six training sessions. This significant effort, combined with the mandatory training modules, has increased the number of trained managers.
- Reducing the number of days active injury/illness management, return-to-work and workers' compensation cases are open or waiting for mitigation controls to be implemented.
- Having 11 health and safety representatives (HSR) available across our work locations. The HSRs met quarterly, with an additional two sessions to discuss significant adjustments to WHS policies and procedures following the release of updated guidance from WorkSafe. As part of the WHS Committee's activities, HSR's conducted 37 site inspections, consulted with staff on WHS matters, and assisted in monitoring safety and health issues, including conducting incident investigations.
- Supporting 36 first aid officers to provide immediate responses to injured or ill employees in our work locations.

Injury management

We remain committed to providing injury management and return to work services to all staff. Injury management 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 47 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 2022–23, 415 staff received their flu vaccination through our onsite vaccination and voucher program. We raised general health awareness and promoted initiatives and activities for various health and wellbeing topics by publishing 49 articles on our intranet.

Employee Assistance Program

We actively support our staff to use the Employee Assistance Program (EAP) to assist themselves, or their families, deal with work-related and personal issues. In 2022–23, there were 99 new referrals and 268 hours of EAP utilised. This represents a 9 per cent increase of new referrals from the previous year. We use de-identified issues categories provided through the EAP reports to inform of trending, distinct and unique difficulties and demands, which influences aspects of our wellbeing program.

Public Sector Commissioner's OSH performance requirements

Measures	Results 2020-21	Results 2021-22	Results 2022-23	Targets	Comments about targets
Number of fatalities	0	0	0	0	Target achieved
Lost time injury and disease incidence rate	0.19	0.19	0.22	0 or 10% reduction in incidence rate	One new claim received
Lost time injury and severity rate	50	50	100	0 or 10% reduction in severity rate	One severe lost time injury
Percentage of injured workers returned to work (i) within 13 weeks	100%	100%	80%	Greater than or equal to 80%	Target achieved
Percentage of injured workers returned to work (ii) within 26 weeks	100%	100%	80%	Greater than or equal to 80%	Target achieved
Percentage of managers trained work health and safety injury management responsibilities, including refresher training within 3 years	31%	81%	68%	Greater than or equal to 80%	Target not achieved. Renewed focus to increase the percentage of trained managers to occur in 2023-24

Workforce Diversification and Inclusion Strategy

We are committed to a workforce that is diverse and a workplace that is inclusive.

The diversity of our workforce allows us to connect both with our customers and our work colleagues. It helps us see different perspectives and create new and innovative ways of providing excellent customer service to the WA community.

To achieve this, we seek to attract and develop a diverse workforce at all levels, and ensure all staff experience a sense of belonging and inclusion in the work environment.

During the year we:

- Launched our Diversity and Inclusion Strategy and Action Plan 2022-25 in October 2022. The launch included a CorpEx Live session which showcased our diverse workforce, committees and groups to all staff.
- Recruited a Diversity Recruitment Lead and an Inclusion Officer to assist in attracting and recruiting people from diverse groups and build a strong inclusive culture.
- Developed a diversity and inclusion calendar for the intranet to increase visibility of diversity and inclusion days. By promoting days of significance to staff, we can increase diversity and foster an inclusive workplace culture plus provide opportunities for employees to participate and engage.
- Developed a diverse and inclusive recruitment panel training program. We delivered four sessions which focused on identifying and managing unconscious bias and providing information on inclusive recruitment practices. More sessions are planned for 2023-24.
- Became members of Diversity Council Australia and the Australian Network on Disability. We are leveraging the memberships to build more awareness of access and inclusion to strengthen our inclusive culture.
- Engaged in a 12-month partnership with the Commonwealth Government's JobAccess to review processes to improve recruitment and retention of people with disability. Improvements identified will support our recruitment processes to be more inclusive.
- Coordinated a targeted recruitment campaign which also included our graduate program.
- Conducted an International Women's Day event which was attended by about 200 people. It promoted the 'Stronger Together: WA's Plan for Gender Equality' pilot.
- Launched our Innovate Reconciliation Action Plan in February 2023. Endorsed by Reconciliation Australia, it sets out actions for the next two years.
- Established a Youth Working Group in August 2022, representing youth at Finance between 16 – 30 years of age. The group provides recommendations to develop capacity and potential of our youth workforce, evaluate youth inclusionary practices and engage with stakeholders to work towards becoming the best place to work. It has 25 members.

National Strategic Plan for Asbestos Awareness and Management (NSPAAM) 2019-23

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 Commonwealth government.

We're on track to submit the first 12-monthly NSPAAM report to DMIRS in July 2023. 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 ACM for all buildings is low risk. 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 supports our ongoing commitment to cultural and linguistic diversity (CaLD) as an integral part of becoming the best place to work.

The plan is monitored regularly, and bi-annual progress updates are provided to Corporate Executive.

As at March 2023, our Public Sector Commission quarterly profile indicated that 26.9 per cent of our employees, represented as a percentage of valid responses, identify as CaLD. This exceeds the Public Sector's CaLD employment target of 15.5 per cent by 2025.

During the year, achievements included:

- Displaying the CUAITS2017 (Common Use Arrangement Interpreting and Translating Services 2017) on staff communications throughout Harmony Week 2023 and regularly on the intranet.
- Conducting the 16 Days in WA, Stop Violence Against Women campaign event in December 2022 with guest speaker Dr Carol Kaplanian. It provided insights and awareness on Dr Kaplanian's Churchill Fellowship to investigate family and domestic violence among migrant and refugee populations.
- Promoted and celebrated the benefits of an inclusive culture while raising awareness of intolerance, and educating staff on ways to be more tolerant and how to counter intolerance.

Agency Capability Review

We participated in the Agency Capability Review (ACR) between July 2022 and February 2023.

Conducted by the Public Sector Commission, the ACR was led by Ms Carmel McGregor PSM and we were the first central agency to participate.

The review acknowledged our pivotal central agency role in enabling Government to achieve better outcomes for WA by setting whole of government policy and influencing strategy. The review recognised the mandate we have to ensure agencies comply with the policies and standards we set to enable key Government commitments to be achieved. It also recognised our additional role of providing services directly to other agencies through partnerships to deliver benefits to the community. The ACR identified several areas of strength for Finance, including our embedded values-based culture, strong staff engagement, investment in leadership development, and commitment to our future workforce through our award-winning graduate program.

The ACR highlighted three areas of focus and improvement, referred to as lines of inquiry. The lines of inquiry included clarity on the roles and responsibilities of Finance as a central agency, matching our service delivery model to customer expectations and our role in asset management functional leadership.

We continue to provide clarity to our stakeholders and customers about how we, and other relevant central agencies, work together to deliver outcomes. Alongside this, we continue to emphasise the importance of ensuring agencies comply with the policies and standards we set, while committing to provide our customers with the best possible service regardless of how they interact with us. Throughout the review, and since its conclusion, we have made significant strides in addressing the review's lines of inquiry. Improvements will continue to be implemented in line with our Agency Capability Review Commitment Statement and our Opportunities for Improvement Action Plan.

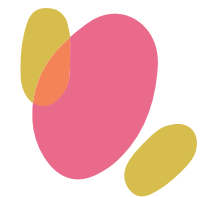


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- Newman Health Service. Photo: ADCO
- Bob Hawke Secondary College under construction. Photo: SoCo Studios

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- Albany Senior High School. Photo: Trasko Industrial Photographics

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- Perth Zoo redevelopment. Photos: SoCo Studios
- Aboriginal Procurement Policy artwork by YirraKurl
- Modular Ward Facility, Bunbury. Photo: Multiplex Constructions
- Newman Health Service. Photo: ADCO

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- Meekatharra landscape. Photo: SoCo Studios

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- His Majesty's Theatre. Photo: Dave Walters, courtesy of Department of Local Government, Sport and Cultural Industries

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- Jodi Cant, The Hon Simone McGurk MLA and Alison Evans, State Commissioning Strategy launch

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- Perth Zoo redevelopment. Photo: SoCo Studios

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- Department of Primary Industries and Regional Development (DPIRD) office accommodation. Photo: Parry and Rosenthal

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- Former Premier Mark McGowan MLA with members of the Whadjuk Cultural Centre Steering Committee and members of Parliament Photo: Department of the Premier and Cabinet

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- Modular Ward Facilities - Bentley, Bunbury, Rockingham and Osborne Park. Photos: Multiplex Constructions

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- Balcatta Senior High School. Photo: Robert Firth
- Hedland Senior High School Sports Centre. Photo: ADCO
- Kensington DPIRD Laboratories. Photo: ADCO

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- Artist impression, Landsdale Gardens Primary School

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- Muresk Institute (left) and visit by Hon Sue Ellery MLC with Muresk Institute staff. Photo: Department of Training and Workforce Development

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- Dianella Secondary College
- Albany Senior High School. Photo: Trasko Industrial Photographics
- Melville Senior High School. Photo: Greg Hocking
- North Regional TAFE Broome

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- His Majesty's Theatre. Photo: Dave Walters, courtesy of Department of Local Government, Sport and Cultural Industries

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- State Football Centre. Photos: Broad Construction
- Artist impression of Perth Zoo project. Supplied: Department of Biodiversity, Conservation and Attractions

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- Opening of Newman Health Service. Supplied: WA Country Health
- Newman Health Service. Photo: ADCO

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- Fitzroy Crossing. Photo: SoCo Studios

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- Perth Rectangular Stadium (HBF Park). Photos: ADCO

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- Department of Transport's Driver Vehicle Service Centre, Butler

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