



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

**Department of Finance**  
Annual Report 2019–20



**19**  
**20**

## 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.

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## We encourage feedback

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

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Inside cover image: Western Australian Museum courtesy of Peter Bennetts.



# Statement of Compliance

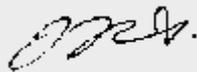
**For the year ended 30 June 2020**

**Hon Ben Wyatt MLA**

**Treasurer; Minister For Finance; Aboriginal Affairs; Lands**

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament the Annual Report of the Department of Finance for the financial year ended 30 June 2020.

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



**Jodi Cant**

Director General

4 September 2020

## About this Report

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Welcome to our 2019–20 Annual Report. The report outlines our operational, financial and business performance for the financial year.

### Key legislation

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

The Department also has responsibility for the administration of 23 Acts and collected taxes, duties and fees, and paid subsidies, grants and rebates during 2019–20 in accordance with legislation.

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# Overview

## Legislation

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### Enabling legislation

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

### Responsible minister

The Department of Finance reports to the Minister for Finance, the Hon Ben Wyatt MLA.

### Legislation administered

The Department of Finance assists the Minister for Finance, the Hon Ben Wyatt MLA, in the administration of 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*
- ▶ *First Home Owner Grant Amendment Act 2003*
- ▶ *Land Tax Act 2002*
- ▶ *Land Tax Assessment Act 2002*
- ▶ *Pay-roll Tax Act 2002*
- ▶ *Pay-roll Tax Assessment Act 2002*
- ▶ *Pay-roll Tax (Indigenous Wages) Rebate Act 2012*
- ▶ *Pay-roll Tax Rebate Act 2010*
- ▶ *Pay-roll Tax Rebate Act 2012*
- ▶ *Pay-roll Tax Relief (COVID-19 Response) Act 2020*
- ▶ *Procurement Act 2020*
- ▶ *Public Works Act 1902*
- ▶ *Rates and Charges (Rebates and Deferments) Act 1992*
- ▶ *Stamp Act 1921*
- ▶ *Stamp Amendment (Assessment) Act 2005*
- ▶ *Stamp Amendment (Budget) Act 2002*
- ▶ *Taxation Administration Act 2003*
- ▶ *Taxation Administration (Consequential Provisions) Act 2002*
- ▶ *State Supply Commission Act 1991*



In these unprecedented times, I am very proud of our agency's performance and contribution to the state's response and recovery plans.

## Message from the Director General

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This has been a challenging year for all Western Australians. The coronavirus (COVID-19) pandemic forced us all to re-evaluate how we live and work. But in these unprecedented times, I am very proud of our agency's performance and contribution to the state's response and recovery plans. I am inspired to be leading a central agency that provides strong whole-of-government leadership and delivers practical, cost-effective and quality outcomes that benefit our customers.

Our people are at the core of what we do, and we are playing a pivotal role in rebuilding Western Australia's economy. Our agility, passion and commitment has enabled us to pivot many times over the year. Our people have taken on various redeployment assignments across government and to multiple locations around WA.

Due to our innovative and digitally focused activity-based work practice, we have been able to work at any time and at any place and continue to deliver critical services to Western Australians.

We led the regional recovery efforts by coordinating and implementing the State's initiatives and playing a critical role in other stimulus measures. We supported the sustainability of the community services sector by facilitating a Working in Partnership on COVID-19 group to manage issues relating to the delivery of community services during the pandemic. We provided strategic advice and business intelligence expertise to the State of Emergency Coordinator to centralise the purchasing and supply chain management of personal protective equipment, ensuring the safety of front-line workers.

Throughout the pandemic our core business has continued. Planning and implementation of the ServiceWA Bunbury trial is on track to be launched in late 2020. The ServiceWA program will allow over 80 transactions to be provided from five different agencies under the one roof making it easier for our customers to do business with government.

The *Enhance Public Sector Procurement* initiative reached a major milestone in June 2020 when the *Procurement Act 2020* received Royal Assent on an accelerated timeframe. The Act will support the economy by making it easier for local suppliers and contractors to interact with government. Reducing red tape will continue to support economic recovery and stimulate jobs for Western Australians.

We delivered significant non-residential building projects on behalf of other agencies, completing around 75 projects valued at approximately \$542 million.

The innovative \$70.6 million inner city Bob Hawke College was managed by Finance on behalf of the Department of Education and officially opened on 2 February 2020. This state-of-the-art facility delivers social infrastructure for the local community and realises a new vision for education in Western Australia.

Our Government Office Accommodation Reform Program was completed well ahead of schedule. Focusing on delivering flexible workplaces, the program has reduced the government's office footprint by around 50,000 square metres. This has realised a total savings of over \$145 million.

We are constantly leveraging our whole-of-government buying power to drive value-for-money outcomes for the State. Our management of 33 Common Use Arrangements has generated approximately \$191 million in savings during the 2019–20 financial year.

The Office of State Revenue collected over \$7 billion in revenue during the year and supported our state's recovery by administering over \$180 million in grants and subsidies.

We provided around \$183 million in payroll tax relief and stimulating the residential and construction industries with the State Government's \$117 million Building Bonus scheme which we will administer with the Australian Government's HomeBuilder grant.

Internally, our One Finance organisational project has achieved significant milestones this year with the implementation of our new functional model and interim structure. As we continue down the road towards our new permanent structure, our people, our customers and our values are the key priorities of the transformation.

Looking to the year ahead I am confident that no matter what comes our way we will continue to deliver high quality services and outcomes in line with our values and core objectives of being customer centric and outcomes focused while providing the best place to work.

**Jodi Cant**  
Director General

## Year in review

In 2019–20 we delivered practical, cost-effective and quality outcomes across Western Australia.



**\$542m**

approximate worth of non-residential building projects delivered on behalf of other government agencies.



**\$191m**

approximate savings through Common Use Arrangement management.



**\$180m+**

in grants and subsidies administered.



**\$1.5m**

worth of contracts awarded to Aboriginal businesses as part of the Capability Building Program.



**10 day**

reduction in payment times for invoices under \$1 million.



**\$7b+**

taxation revenue raised.



**\$2.2b**

approximate value of purchases we provided advice on.



**228,000**

maintenance requests actioned across 2,300+ non-residential government sites.



**560,000m<sup>2</sup>+**

of office accommodation managed.

# Operational structure and governance

## Mission

Our mission remains the same – driving practical, cost-effective and quality outcomes across government to benefit Western Australians – and we are delivering this via three ongoing objectives:

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

## Values

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

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

## One Finance

Our One Finance organisational transformation project, launched last year, delivered a full review and realignment of our structure, meeting significant milestones along the way.

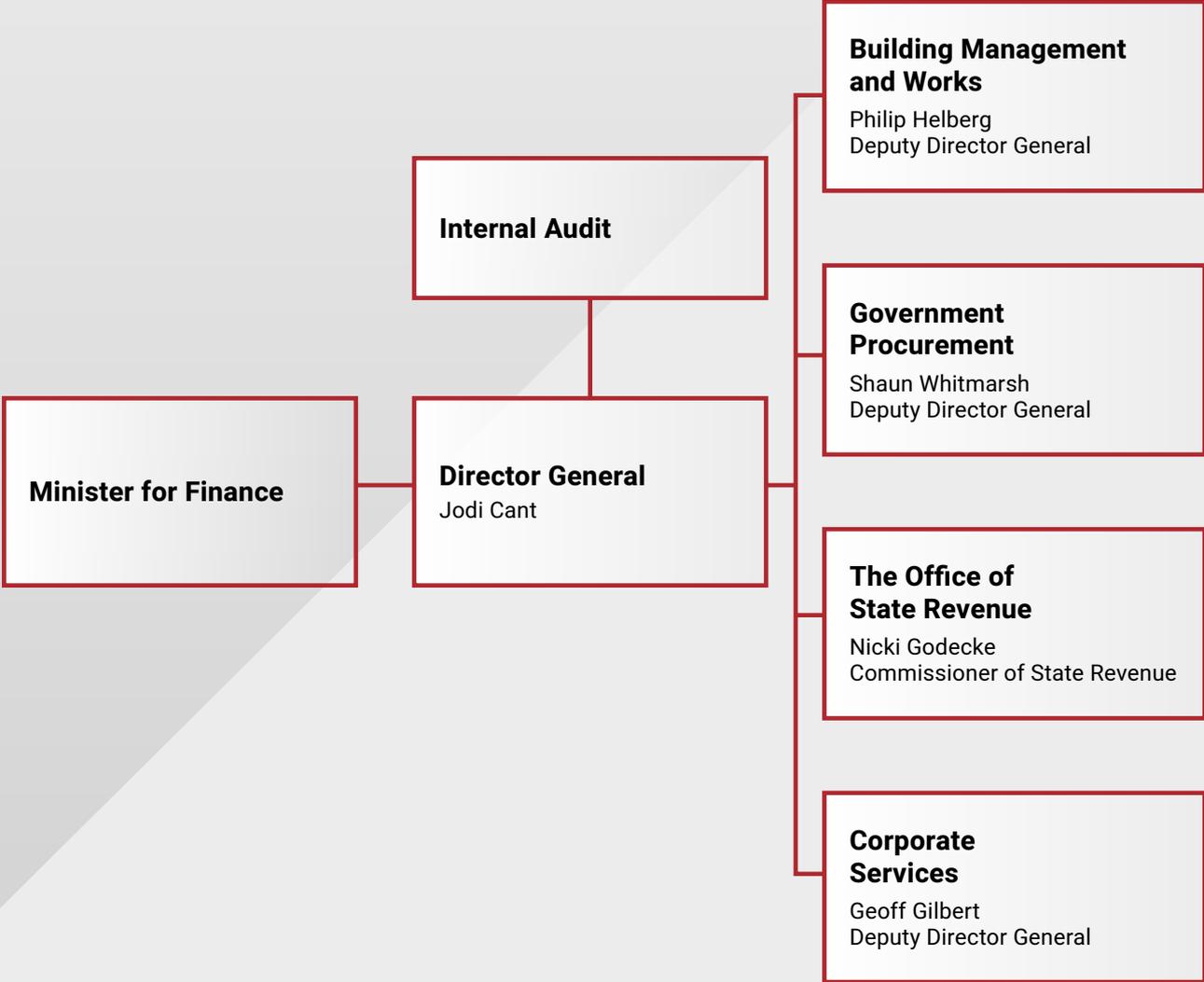
Our consideration of how we can position ourselves to be a high performing central agency has led us to a new functional model based on our core functions of advise, build, buy and collect. Following strong staff consultation at every stage, we have translated this into a new structural model.

We designed an interim structure to align with our core functions as we undergo the full transformation. This will help us continue to deliver on our objectives of being customer centric, outcomes focused and the best place to work.

We are committed to getting this transformation right and are investing in a culture strategy aligned to our three objectives. Our Corporate Executive has led the way by committing to ongoing learning and participating in an executive leadership and team formation program. This program will be cascaded through all levels in the organisation to build a cohesive and high performing agency.

The next financial year will see us complete the detailed work to fully implement our new structure.

# Organisational structure



## What we do

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# Advise

Finance is a strategic advisor to the State Government and associated government departments and agencies. We are central in providing advice on government reform projects, project and asset management, procurement and policy.

# Build

Finance oversees major non-residential building projects including schools, health facilities and prison projects. We also manage government office accommodation to drive efficiencies and savings to the WA taxpayer.

# Buy

Finance are leaders in government procurement. We utilise strong buying power to secure products and services for government, delivering value-for-money outcomes to the WA taxpayer.

# Collect

Finance collects revenue on behalf of government and administers the payments of grants and subsidies to the community.

# Performance management framework

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## **Relationship to government goals**

Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The table on the following page illustrates the relationship between the agency's services and desired outcomes, and the government goal it contributes to. The key effectiveness indicators measure the extent of impact of the delivery of services on the achievement of desired outcomes. The key efficiency indicators monitor the relationship between the services delivered and the resources used to produce the service.

## **Changes to outcome-based management framework**

For 2019–20 Finance's outcome-based management framework was changed to recognise the consolidation of the functions of both Building Management and Works and Strategic Projects into one amalgamated business unit.

The key performance indicators were changed to reflect the level of accountability required in delivering their services on behalf of government.

## **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, we work closely across the sector to facilitate the efficient operation of government, informed decision-making and value-for-money outcomes for Western Australians.

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

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

### Summary of Key Performance Indicators

**Page 44–45**

### Details of Key Performance Indicators

**Page 124–139**

# Agency Performance

## Advise

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**Finance provides strategic advice, leadership, knowledge and innovative thinking across the public sector.**

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We adapted government purchasing policies to support local businesses and drive economic recovery during the COVID-19 pandemic.



We continued to lead a range of projects integral to government including procurement reform and Market-led Proposals.

## Simplifying working with government

Finance continued to lead the *Enhance Public Sector Procurement* initiative – a State Government priority reform project initiated to deliver better outcomes for the community.

Fragmentation and inconsistency in the previous procurement framework led to confusion for industry and agencies, increased the risk of poor process and limited government’s ability to leverage expenditure for social and economic outcomes.

The project’s key objective is to introduce a consolidated whole-of-government procurement framework and bring together disparate approaches to goods, services, community services and works procurement.

We realised a significant milestone in the project in May 2020 when the Procurement Bill 2020 legislation was introduced into Parliament on an accelerated timeframe and will play a pivotal role in supporting the State Government’s COVID-19 response. The bill received Royal Assent on 19 June 2020 to become the *Procurement Act 2020* and will enable further progress to be made on sector-wide procurement reforms.

Through the project, Finance’s ongoing reform will:

- ▶ drive efficiency and reduce red tape;
- ▶ reduce complexity and inconsistencies, to encourage local industry participation;
- ▶ increase public confidence in procurement integrity;
- ▶ make it easier for government to implement and achieve social and economic policy objectives;
- ▶ build sector-wide procurement capability, and encourage collaboration and knowledge sharing across the public sector; and
- ▶ unlock opportunities for innovation and more strategic decision making through better collection and analysis of procurement data.

In the coming year, our focus will include:

- ▶ introducing a simplified procurement framework through the Western Australian Procurement Rules;
- ▶ issuing general and agency specific procurement directions, setting simplified policy and procurement obligations;
- ▶ providing a one stop shop to make it easier to navigate Western Australian procurement policies and processes; and
- ▶ establishing an enhanced procurement audit and investigation function, including a debarment regime that allows State Government to work with suppliers to improve business practices.

## Reducing red tape to boost local businesses

Finance reduced red tape to drive economic recovery, maximise business opportunities and support Western Australian jobs.

To boost local businesses during the COVID-19 pandemic, temporary changes were promptly introduced to the State Supply Commission Open and Effective Competition and the Procurement Planning, Evaluation Reports and Contract Management policies.

These changes run until 31 December 2020 and temporarily lift procurement thresholds for goods and services purchased from local businesses.

They include:

- ▶ allowing agencies to purchase directly from a local business up to \$250,000 (a \$200,000 increase on the current limit);
- ▶ lifting the threshold for public tender processes up to \$500,000 when at least one local business can supply (an increase of \$250,000);
- ▶ enabling agencies to obtain written quotations between \$250,000 and \$500,000, where one or more local businesses can supply; and
- ▶ allowing agencies to extend government contracts with local businesses for up to two years to give businesses certainty.

## Supporting the community services sector

Finance continued to support the community services sector through administering the Delivering Community Services in Partnership (DCSP) Policy. The DCSP Policy applies to State Government agencies that purchase community services and establishes principles and behaviours dedicated to encouraging genuine partnership between government and the community services sector.

To support the sustainability of the sector during the COVID-19 pandemic, Finance implemented additional strategies to reduce the administrative burden on service providers. This was achieved by issuing advice that all service agreements due to expire before 30 June 2021 should be extended until at least that date.

Alongside the extensions, service providers continued to receive payments, even if services were unable to be delivered due to the COVID-19 pandemic. This, in addition to advice to suspend service reviews and advertising requests during the pandemic, freed up service providers to focus on the continuity of services that support Western Australia's most vulnerable community members.

We also supported business continuity planning for the sector by awarding a grant to the Western Australian Council of Social Service to fund community services peak bodies. Seven successful projects were awarded grants, with eligibility assessed on a collaboratively designed set of criteria, including an emphasis on issues requiring an immediate response and those supporting regional and remote organisations.

## Celebrating year one of the Market-led Proposals policy

The Market-led Proposals (MLP) policy provides an innovative opportunity for government and the private sector to work together to create jobs and stimulate the economy in Western Australia.

Designed on the principle of continuous improvement, the policy is reviewed annually to enable industry to present innovative proposals while maintaining the highest levels of probity.

Proposals are received from the private and not-for-profit sector to build or finance infrastructure or provide goods or services where the State Government has not requested the proposal.

In March 2020 the policy was updated to implement seven key enhancements based on market evidence and feedback from key stakeholders.

These include:

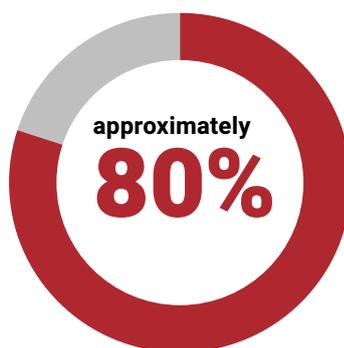
- ▶ providing clearer guidance on the justification for exclusive negotiations;
- ▶ introducing a first mover advantage to provide incentives and reward good ideas;
- ▶ streamlining processes by reducing the total number of stages from four to three;
- ▶ committing to Stage 1 completion within 99 business days;
- ▶ communicating earlier advice for proposals that do not meet the scope of the policy or State Government priorities;
- ▶ making a clearer link to State Government priorities; and
- ▶ updating terms and conditions to reinforce probity.

The MLP policy continues to be governed by the MLP Steering Committee, comprising of an independent Chairperson, the Under Treasurer and Directors General from the Departments of the Premier and Cabinet; Finance; Jobs, Science, Tourism and Innovation; and Primary Industries and Regional Development.



# 21

proposals were received during the 2019–20 financial year.



of proposals were processed within the targeted time frame.

## Improving service delivery through digital capabilities

Finance continues to embrace digital transformation through the implementation of *The Department of Finance Digital Strategy 2018–2022*.

The strategy guides us to re-think service design and delivery, and to transform into a digital service organisation to benefit our customers. The strategy's vision aims to:

- ▶ empower customers by ensuring services are designed to meet their needs;
- ▶ focus on outcomes related to well articulated benefits that can be measured; and
- ▶ create an inspiring workplace that is sought out for employment.

Under the strategy, we have strengthened our governance and rigour surrounding investment drivers. We have established programs of work aimed at increasing digital services to citizens and advanced our analytics capability to strengthen business intelligence. We have continued to leverage cloud computing establishing virtual collaboration capabilities and increasing our workforce mobility, and carried out various initiatives focused on building digital literacy.

These initiatives have helped underpin Finance's activity-based workplace. Our 'digital first' approach benefited Finance by meeting the dynamic working needs generated by the COVID-19 pandemic.

## WA.gov.au

Finance demonstrated strong whole-of-government leadership by being one of the first agencies to transition its informational services into [WA.gov.au](https://www.wa.gov.au).

The 'one sector' approach to a whole-of-government website is designed to allow citizens to locate government services without the need to know, or concern themselves with, the inner structures of government.

In response to direct customer research, we worked closely with the Office of Digital Government to enhance [WA.gov.au](https://www.wa.gov.au) to better meet customer needs. By understanding user journeys, pain points and expectations, we were able to organise our services away from traditional agency-centric architectures to more of a customer-centric model.

We invested in shared capabilities and established a blueprint for change that is now being used to facilitate broader adoption of [WA.gov.au](https://www.wa.gov.au) across the sector.

Among the key benefits, our transition to [WA.gov.au](https://www.wa.gov.au) has enhanced customer experience by simplifying our information, increasing speed-to-service and reducing opportunity costs.

Our excellence in digital transformation was recognised with a special commendation from the Office of Digital Government for Best Practice in Digital Transformation at the *2019 IPAA Achievement Awards*.

# Build

**Finance delivered around 75 community non-residential building projects on behalf of other government agencies this year, with an approximate total value of \$542 million.**

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We actioned over 228,000 maintenance requests across more than 2,300 non-residential government sites state-wide.



Cape Naturaliste College



Alkimos College

## Investing in education

During 2019–20, Finance delivered seven new schools and major upgrades and additions to five secondary schools. All projects were delivered on time and on budget, with a total value in excess of \$298 million.

### 3 new secondary schools

<b>Alkimos College</b> (Stage 1)	<b>\$48.4m</b>
<b>Bob Hawke College</b> (Stage 1)	<b>\$70.6m</b>
<b>Hammond Park Secondary College</b> (Stage 1) Delivered through the WA Schools Public Private Partnership.	

### 4 new primary schools

<b>Beenyup Primary School</b>	<b>\$19.2m</b>
<b>Sheoak Grove Primary School</b>	<b>\$15m</b>
<b>Grandis Primary School</b> (Banksia Grove)	<b>\$20m</b>
<b>Caversham Valley Primary School</b>	<b>\$17.3m</b>

### 5 secondary schools upgraded

<b>Cape Naturaliste College</b> (Stage 2)	<b>\$30.2m</b>
<b>Carine Senior High School</b> (Major additions)	<b>\$19.7m</b>
<b>Carnarvon Community College</b> (Major additions)	<b>\$25.9m</b>
<b>Margaret River Senior High School</b> (Major additions)	<b>\$30m</b>
<b>Harrisdale Senior High School</b> (Stage 2) Delivered through the WA Schools Public Private Partnership	



Bob Hawke College

## Bob Hawke College

Bob Hawke College, project managed by Finance on behalf of the Department of Education, was officially opened on 2 February 2020. The state-of-the-art inner-city secondary school created a central hub for the Subiaco community, providing important social infrastructure for Subiaco East and surrounding areas. It was one of the Government's major election commitments.

The \$70.6 million school was built on the 2.2 hectare Kitchener Park site adjacent to Subiaco Oval, which is used as the school's playing fields.

The project's Stage 1 buildings achieved practical completion on 9 December 2019. Footpaths from the train station, street lighting and other external works were completed in time for the start of the 2020 educational year. The project team worked with the builder on a tight 72-week construction program, handing the project over to the Department of Education ahead of schedule, allowing school staff to set up well in advance of the start of the 2020 school year.

The multi-storey school consists of several three and four storey buildings connected by a central elevated spine and includes:

- ▶ science and technology laboratories;
- ▶ administration and student services;
- ▶ food and textiles technology;
- ▶ library;
- ▶ sports hall;
- ▶ cafeteria;
- ▶ staff common room;
- ▶ landscaped courtyards;
- ▶ multipurpose playing courts; and
- ▶ performing arts centre.

Sustainability was designed throughout, with the following features:

- ▶ photovoltaic solar power array;
- ▶ sophisticated building energy optimisation system; and
- ▶ electrical vehicle charging points.

Public art has been incorporated, including external fins and brick work featuring textured surfaces with hidden words to encourage viewers to discover and learn. Supporting the arts, the school features a multi-purpose gallery space for exhibitions. A bronze sculpture of former Prime Minister Bob Hawke, AC, GCL by Western Australian artist Jon Tarry resides in the entry lobby.

## Broome Senior High School

The \$20 million major upgrade at Broome Senior High School is well over 80 per cent complete with refurbishments to existing buildings, including the science block and food technology building, completed in January and May 2020 respectively. A new two-storey building, landscaping and car parking works are expected to be handed over in late 2020, ready for the start of the 2021 school year.

The works are being delivered by a regional Western Australian contractor with some 29 locally based subcontractors and suppliers involved on the project.

## Science in schools

In 2019–20, Finance completed works valued at \$2.4 million across 32 metropolitan and 18 regional schools as part of the four-year Science in Schools program.

The program aims to convert existing classrooms at up to 200 schools across the State into science laboratories to offer students hands-on, high-quality science lessons by 2021. To date, works have been completed at 150 schools, with three projects delivered through the Public Private Partnership model. Planning has commenced for the 2020–21 stage of the program and will involve 33 metropolitan and 17 regional schools.

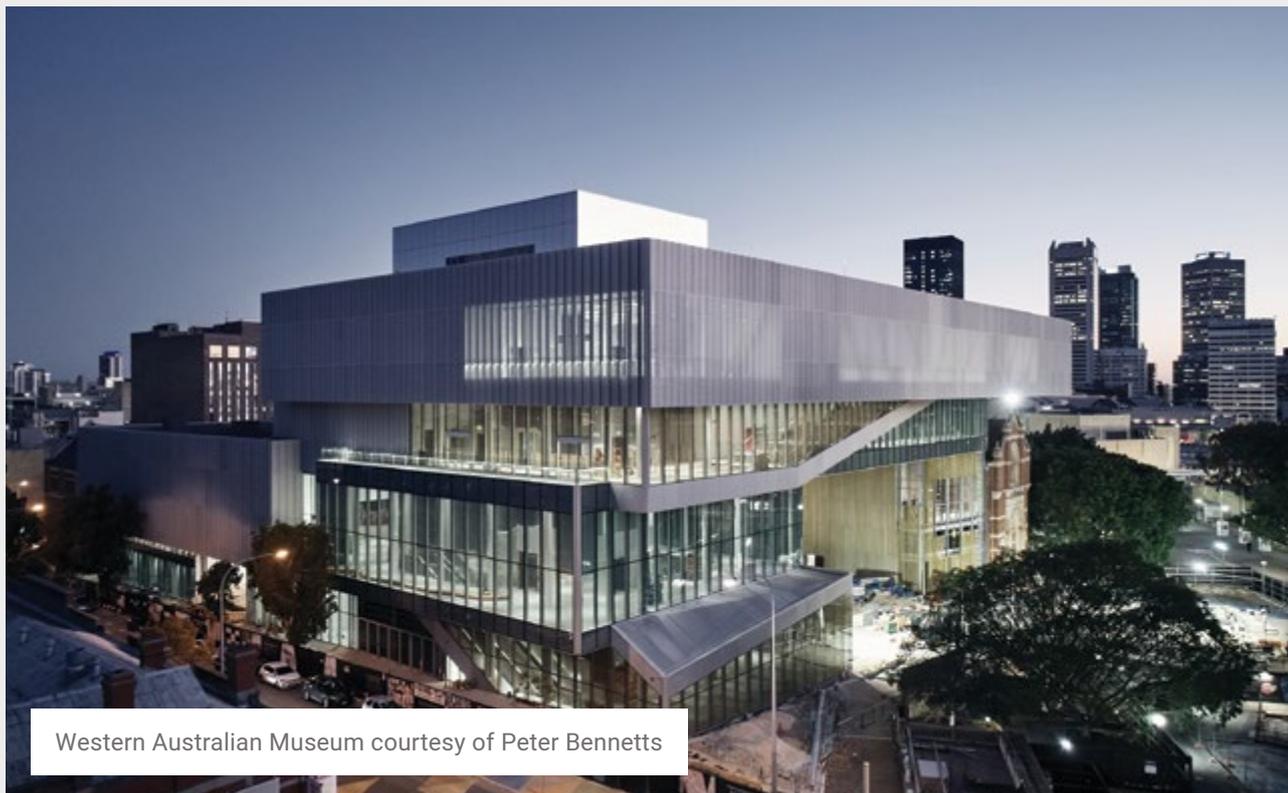
## Education Maintenance Stimulus Program

Finance is assisting the Department of Education to deliver a two-year \$200 million high priority maintenance and minor works program across 789 Western Australian public schools. The program includes a targeted maintenance package involving roof replacements, classroom and playground refurbishments, shade structures and capital works projects comprising of upgrades to existing administration buildings, design and technology rooms and the construction of new transportable buildings.

In 2019–20 Finance met its commitments, completing over 580 targeted maintenance jobs and initiating 44 capital works projects. This is despite the challenging conditions presented by the COVID-19 pandemic including regional travel restrictions, social distancing and contractor availability. The focus for 2020–21 will be collaborating with the Department of Education to finalise all remaining program works.



Artist's impression of Broome Senior High School



Western Australian Museum courtesy of Peter Bennetts

## World-class new museum reaches practical completion

Finance managed the delivery of Western Australia's \$400 million new museum, located in the heart of the Perth Cultural Centre. The museum reached practical completion on time and within budget in November 2019.

The project was managed with a focus on customer needs, in this case providing excellent services and experiences for all museum visitors. The result is a landmark museum for our State.

With its mix of heritage and contemporary architecture, the new museum celebrates Western Australia's culture, history, landscapes and biodiversity.

It will be a major cultural tourism attraction for locals and visitors to the State.

The museum is three times larger than the previous museum, and features:

- ▶ eight major galleries;
- ▶ 1,000m<sup>2</sup> special exhibition gallery;
- ▶ a café;
- ▶ function spaces; and
- ▶ learning studios.

The project employed close to 3,100 construction workers and 65 apprentices on site. The new museum is on schedule to open to the public in November 2020.

# Expanding the State's prison capacity

## Casuarina Prison Expansion Project update

Construction on the \$96.3 million four-unit expansion project is over 93 per cent complete. Two 128-bed units were completed and commissioned in early June 2020.

The third unit will become Western Australia's first Alcohol and Other Drug Treatment Prison for men and will offer 128 prisoners the opportunity to address addictions which have contributed to their offending. The remaining fourth unit is intended to become a dedicated mental health accommodation unit which will be a first for Western Australia. These two units are on track to be completed by August 2020.

The entire project is due for completion in late September 2020.

## Bunbury Regional Prison expansion

The \$23.7 million Bunbury Regional Prison expansion was completed and handed over to the Department of Justice in September 2019.

The new double storey, 160-bed unit supported local industry and created job opportunities for approximately 48 apprentices and 847 local workers across 25 south-west contractors. The project injected valuable skills, experience and employment into the local area and boosted the local economy.

The expansion included a kitchen upgrade, a new transportable dining area, education and program buildings, management and sector fencing, and an upgrade of utilities and services.

# Southern Inland Health Initiative

In 2019–20, Finance completed two key projects on the Southern Inland Health Initiative.

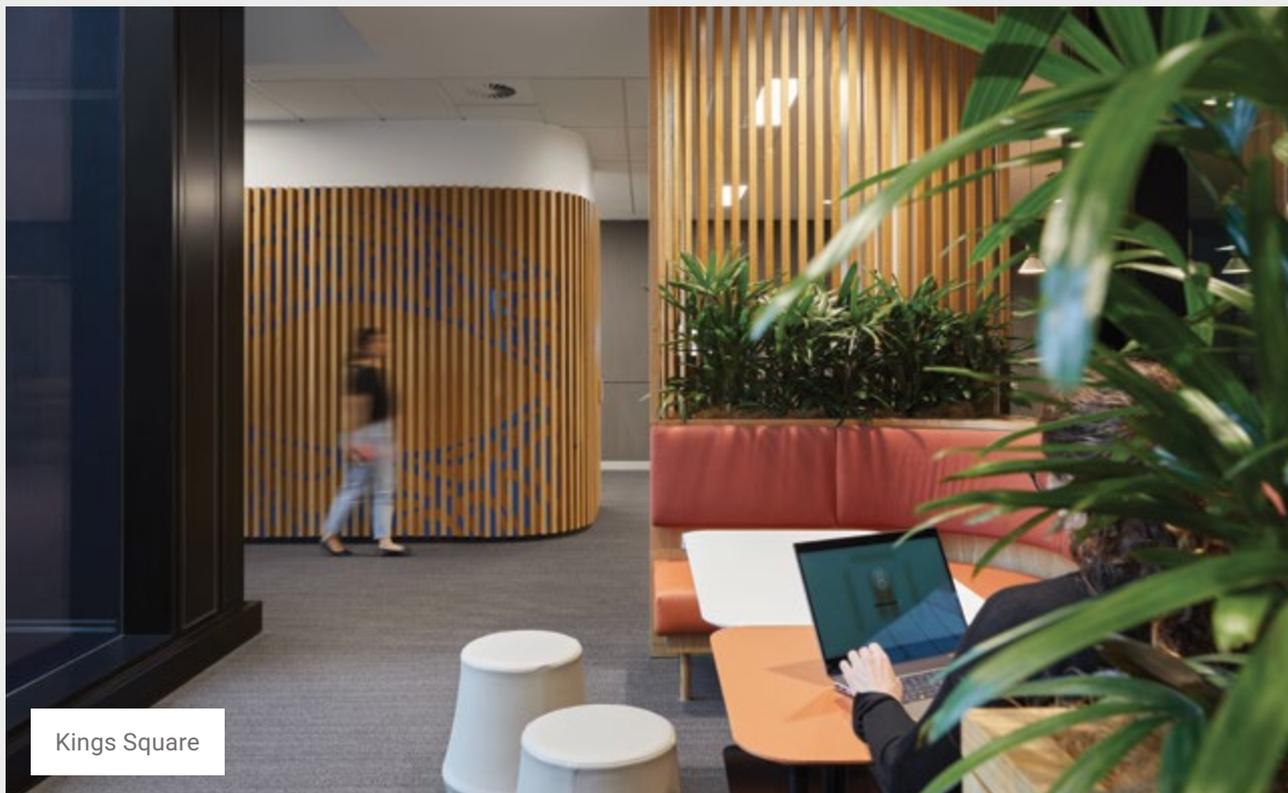
## Narrogin Health Service (Stream 2)

This involved two new multi-purpose theatre suites, a new outpatient building and inpatient ward, two new birthing centres, a sterilising department, new dental and chemotherapy services and a Pathwest Laboratory Collection Centre.

## Northam Health Campus (Stream 2)

This involved delivery of an additional operating theatre as well as a refurbished recovery suite and a central sterile services department.

In 2020–21 and as part of Stream 3, we will continue to progress work on Dongara and Mullewa health services.



Kings Square

## Government office accommodation

### Reform program

Finance manages over 560,000 square metres of office accommodation across the state. Our whole-of-government and portfolio approach to the planning, procurement and management of accommodation enables us to aggregate accommodation needs and leverage buying power to reduce overall accommodation expenditure.

In 2019–20, Finance completed the 2017–2022 Government Office Accommodation Reform Program ahead of schedule, realising a total saving of over \$145 million and enabling a reduction in the government office footprint of around 50,000 square metres.

Additionally, the program improved the quality and efficiency of office accommodation for its client agencies and achieved a total saving of \$5.7 million for own-source funded agencies.

We will continue to partner with agencies to deliver further savings to government, with a strong focus on utilising existing and under-utilised government-owned office space and creating flexible and contemporary workplaces. Co-working spaces provide alternative, flexible and shared workspaces where public servants can work from different locations.

We have launched co-working hubs in the Perth CBD and Joondalup, with another to follow in Fremantle in late 2020.

## Flexible workplaces

Finance's long-term vision is to enable all public servants to use all office space across the government office accommodation portfolio. This vision is maturing with recent advancements in technology and the adoption of flexible workplaces, such as activity-based working (ABW).

These types of spaces support a culture of flexibility and mobility and can accommodate frequent changes in staff numbers. Their design encourages innovation and information flow while increasing collaboration and reducing the overall office accommodation footprint.

Following the successful implementation of ABW at Finance's workplace at Optima Centre, Osborne Park, we have continued to promote ABW to other agencies. In June 2020, the Departments of Communities and Transport successfully relocated to their new ABW workplace in Fremantle.

An ABW workplace for the Department of Planning, Lands and Heritage (DPLH) at Levels 5 and 6, Gordon Stephenson House, Perth is also close to being fully operational and will accommodate over 860 staff. This has realised around \$4 million in savings per annum and enabled the termination of several leases. The transition has received positive feedback from DPLH staff.



Watch our 'Activity Based Work Tour' video at [youtu.be/hGAudxtU6Kw](https://youtu.be/hGAudxtU6Kw)

## Kings Square, Fremantle

In June 2020, the relocation of 1,900 staff from the Departments of Communities and Transport to their new workplace in Fremantle was completed.

The Kings Square office comprises 21,000 square metres across two buildings – North and South Campus.

The new buildings provide a contemporary and flexible workplace, including shared reception areas, meeting/conferencing and refreshment facilities and a social hub for staff.

The office provides an agile working environment, offering a diversity of work point types, supported by a selection of informal and formal collaborative spaces, focus areas and conventional workstations, which encourage cultural change and new ways of working.

The respective agencies have facilitated staff mobility with the provision of laptops, soft and mobile telephony solutions, and the integration of audio-visual and video conferencing amenity across the workplace.



Gordon Stephenson House

# Buy

**Finance is the functional leader in procurement or “buying” on behalf of government. Our central leadership role in driving innovation and value-for-money from public sector procurement consistently improves outcomes for the Western Australian community.**

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We manage 33 whole-of-government Common Use Arrangements (CUA) through which approximately \$1.1 billion of expenditure is recorded annually. In 2019–20, CUAs realised State Government savings of around \$191 million.

CUAs substantially reduce administrative costs and duplication for industry, public authorities and other government entities. They offer the Government protection with consistent and well-established terms and conditions to mitigate financial, legal and reputational risk.

Finance also provides a one stop shop for agencies seeking advice and procurement assistance. We supported the public sector with high value procurement of goods and services worth \$2.2 billion in 2019–20.

Client satisfaction surveys conducted between July 2019 and June 2020 demonstrated the value provided by Finance staff for their procurement expertise, with a 95 per cent satisfaction rate.

During the COVID-19 pandemic, our procurement expertise and leadership was recognised with staff deployed to the State Health Incident Coordination Centre to support hotel procurement for quarantine, and to Health Support Services for personal protective equipment purchasing.

## Leading government purchasing during COVID-19

### Hand sanitiser in schools

At the height of the COVID-19 pandemic, Finance played a critical role for the education sector by facilitating the provision of hand sanitiser supplies to schools for a timely and safe return of Term 2, 2020.

With orders spiralling towards 30,000 litres, we engaged a contractor named 'The Goods' under the Cleaning, Kitchen and Bathroom Products CUA to meet this urgent requirement. 'The Goods' were engaged because of their willingness to engage with local distilleries producing the sanitisers.

Our staff were urgently deployed to their warehouse to ensure all orders were filled for the start of the school. They assisted in packing, making deliveries, calling schools to advise them when their order was ready and organising delivery for regional schools.

The collaboration delivered a fantastic outcome, with all schools having the supplies they needed for Term 2. This demonstrates Finance focusing on its customers, the community and innovation to deliver quality outcomes.



Finance staff at 'The Goods' warehouse

## **Driving outcomes with analytics and business intelligence**

In response to the COVID-19 pandemic, the expertise of Finance was requested by the State Emergency Management Committee Unit to support state-wide purchasing and supply chain management of personal protective equipment (PPE) for critical services.

In collaboration with other government agencies and third-party entities including WA Local Government Authorities and the community services sector, our data analytics and business intelligence team developed dashboards to highlight existing PPE stock, critical stock needs, and forecast future usage.

Finance quickly pivoted to a centralised purchasing model to coordinate purchasing efforts across government, avoid agencies competing with each other for limited stock and ensure suppliers were directed to frontline healthcare workers.

The ability to rapidly adapt and innovate was enabled by the creation of an automated pre-populated weekly stocktake template used by other government agencies and associated entities.

By combining Finance's collated weekly data snapshots with WA Department of Health's PPE information, we drove better decision-making sector wide, contributed to improved efficiencies and achieved value-for-money outcomes.

As the COVID-19 pandemic continued, we enhanced the dashboards and develop costing models to provide further insights on community services and regional PPE management.

The dashboards were regularly distributed to members of the State Health Incident Coordination Centre and State Emergency Coordinator's Directorate.

This is a further example of our strong functional leadership and business intelligence capabilities that continue to deliver timely benefits for the community.

## **Fast tracking payments for small businesses**

Finance is setting a new benchmark with low value invoices being paid faster. From 1 May 2020 invoices under \$1 million have been paid to businesses within 20 days – a 10-day reduction from the previous 30-day term.

This improves cash flow for Western Australian businesses hit hard by the COVID-19 pandemic, helping them pay their staff, suppliers and other bills.

The reduction of standard payment terms is a welcome boost for more than 2,335 local businesses, including construction companies, maintenance contractors and building landlords.

Finance pays invoices worth over \$1.25 billion each year. The new terms applied to invoices for goods and services from 1 May 2020 and works from 18 May 2020. The new terms will continue to apply after the pandemic is over, reflecting our ongoing commitment to faster supplier payment.



## Aboriginal Procurement Policy

Finance is committed to monitoring and measuring the impact of the Aboriginal Procurement Policy's introduction and promoting the contracting success of the Aboriginal business sector.

Finance administers the policy, which aims to provide contract opportunities while improving the economic prosperity of Aboriginal people in businesses, their suppliers, sub contractors and the broader Aboriginal community. The policy is demonstrating achievement of the desired impact and continues to outperform expectations.

Success continued into the policy's second year, with more than 5 per cent of all government contracts being awarded to Aboriginal businesses from July to December 2019. This translated to 90 contracts worth more than \$83 million being awarded to 51 registered Aboriginal businesses.

This performance is well above the 2 per cent target and was met by 18 government agencies, with four agencies awarding more than 10 per cent of their contracts to Aboriginal businesses. Data collection and verification for the full 2019–20 financial year is ongoing and was unavailable for inclusion in this report.

Importantly, the policy provides transparency, highlighting government agencies that have not met the target to ensure more effort is made. As the Aboriginal Procurement Policy targets increase over the next year, State Government agencies will need to examine new contracting opportunities to support continued growth of the sector.



## Building relationships with government

Finance hosted its second Aboriginal Business Expo in early March 2020 to promote the potential for further contracting between the sectors and to support the desired outcomes of the Aboriginal Procurement Policy.

Approximately 280 representatives from the Aboriginal business sector attended the Perth Convention and Exhibition Centre to hear about the impact of the Aboriginal Procurement Policy's first 12 months.

Guests networked with representatives from around 40 government agencies to understand the pipeline of contract opportunities via a 'meet-the-buyer' expo format.

A key attraction was a striking visual timeline of all 179 contracts awarded to Aboriginal businesses in the first 12 months of the Aboriginal Procurement Policy, creating activity and conversation, assisting to forge relationships between Aboriginal businesses and the public sector.

## Empowering businesses to contract with government

Finance is committed to empowering Aboriginal businesses to tender for more government contracts and has awarded contracts totalling \$1.5 million as part of the Capability Building Program. The program was initiated to further support the contracting outcomes of the Aboriginal Procurement Policy and assists Aboriginal businesses to build their capability to respond to contracting opportunities.

Three Western Australian based Aboriginal businesses, Indigenous Professional Services Pty Ltd, Keogh Bay People Pty Ltd and Morrgul Pty Ltd were awarded contracts to develop and deliver training programs throughout the State. The program has already seen over 200 interactions with people from Aboriginal businesses state-wide, through 28 workshops, five online modules and 13 one-on-one business advisory sessions.

The programs have been designed following consultation with Aboriginal businesses and not-for-profit organisations to ensure the varied needs of Aboriginal entities across the State are met. They include information and training on four key topics: tendering skills, business development; internal governance and contractual compliance requirements.

## Medical imaging system

Finance's procurement expertise was sought by the Department of Health on the procurement of a 10.5-year, \$51.8 million contract for a new state-wide medical imaging and storage system. The new medical imaging system, set to be implemented by 2022, will replace the existing Picture Archiving and Communication System/Radiology Information System which has reached its end-of-product life.

It will provide WA public hospitals with a centralised platform for radiology reports and images for X-rays, CT scans, MRIs, ultrasounds and nuclear medicine.

The involvement of key Finance staff in the procurement and contract negotiation was recognised by the Director General of the Department of Health as critical to achieving such positive commercial and service delivery outcomes.

## Emergency services vehicles

Procurement advice provided by Finance was pivotal during a multi-agency collaboration with the Department of Fire and Emergency Services, and the Department of the Premier and Cabinet, to support a \$125 million investment in modern firefighting appliances to combat bushfires across the State.

A working group collaborated with industry and negotiated a viable outcome that realised value-for-money for the State, delivered high quality goods, and established a sustainable emergency services vehicle industry in Collie to support the Government's economic diversification strategy.

The contract was awarded to a Western Australian company, Frontline Fire and Rescue Equipment, which is due to start work on a new 1,700 square metre manufacturing facility in Collie in the second half of 2020.

The project achieved an outstanding result, unlocking Collie's economic potential by stimulating job opportunities and diversification in the south-west region, while ensuring the state has access to the best resources to manage complex bushfires. It again demonstrated Finance's ability to drive high quality outcomes by displaying strong cross-agency collaboration and knowledge sharing.

The project achieved an outstanding result, unlocking Collie's economic potential by stimulating job opportunities and diversification in the south-west region.

# State Fleet

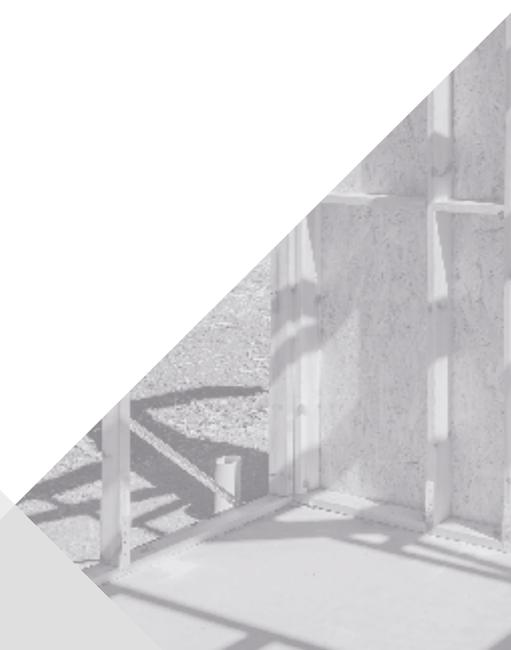
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Finance is responsible for managing the State's vehicle fleet to ensure efficient and effective use of government vehicles with focus on the delivery of a sustainable vehicle fleet.

We are leading the sector into a new era of using technology to better manage vehicle bookings and utilisation. In-vehicle monitoring systems (telematics) and the PoolCar booking system have been mandated throughout the government fleet, with Finance overseeing roll-out.

Some of the benefits include:

- ▶ validating the fleet size and vehicle types required to meet demand;
- ▶ detecting non-compliance with fleet policy;
- ▶ identifying opportunities for inter-agency car sharing;
- ▶ providing data for fringe benefits tax assessment;
- ▶ enabling fuel tax rebates;
- ▶ identifying opportunities for electric vehicles or alternative transport options;
- ▶ remote monitoring of vehicle diagnostics;
- ▶ enhanced driver safety and driver behaviour monitoring; and
- ▶ gathering data for electronic log books, or to validate paper log books.



# Collect

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**Finance's Office of State Revenue raised taxation revenue in excess of \$7 billion on behalf of the State Government and administered over \$180 million in grants and subsidies.**

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We have played a key role in administering State Government COVID-19 relief measures to support Western Australians, implementing system changes for administrative schemes and designing amendments necessary to support legislative changes.



## Payroll tax tax-free threshold increase

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From 1 January 2020, the tax-free threshold was increased from \$850,000 to \$950,000. This increase resulted in around 1,000 Western Australian businesses no longer being liable for payroll tax and reduced the payroll tax liability for an additional 11,000 businesses. This increase provided around \$14 million in payroll tax relief in 2019–20.

## Foreign buyers duty

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Introduced on 1 January 2019, foreign buyers duty is imposed on certain purchases and acquisitions of residential property by foreign persons.

In its first full year since introduction, the additional duty was charged on 570 transactions and raised just over \$19 million in 2019–20. The duty is used to assist in a funding freeze on TAFE fees and budget repair.

## Off-the-plan duty rebate scheme

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On 23 October 2019, a duty rebate was announced for people who enter into a contract from 23 October 2019 to 23 October 2021 to purchase property in a multi-tiered development prior to construction commencing. The scheme is designed to promote investment in the residential apartment market and stimulate jobs in the construction industry.

The rebate is 75 per cent of the transfer duty paid (including foreign buyers duty, if applicable), capped at \$50,000. There is no cap on the purchase price, or the value of the unit or apartment purchased, and multiple rebates can be paid to the same applicant on separate purchases in the same or different developments.

As well as supporting first home buyers, the rebate will benefit older Western Australians looking to downsize into a smaller, more fit-for-purpose dwelling.

# COVID-19 relief measures

In response to the COVID-19 pandemic, the State Government announced several measures to support Western Australian businesses and the community. Finance has played a key role in delivering these measures to provide economic stimulus and relief.

## Payroll tax relief

COVID-19 has significantly impacted the Western Australian economy, with many small to medium businesses experiencing a downturn in revenue. Providing an estimated \$183 million in payroll tax relief, the State Government introduced a suite of measures to support businesses:

- ▶ the payroll tax tax-free threshold increase to \$1 million was brought forward to 1 July 2020 from 1 January 2021;
- ▶ payroll tax was waived for March to June 2020 for employers, or groups of employers, with Australian taxable wages of less than \$7.5 million at 30 June 2020;
- ▶ a one-off grant payment of \$17,500 to employers, or groups of employers, whose annual Australian taxable wages for 2018–19 were more than \$1 million and less than \$4 million. The grant also applies to eligible employers who commenced paying payroll tax in 2019–20. It is estimated around 6,200 businesses will benefit from the grant; and
- ▶ payments made under the Australian Government's JobKeeper scheme were exempted from payroll tax.

## Building Bonus and HomeBuilder grants

Finance led the implementation of the State Government's Building Bonus grant and the Australian Government's HomeBuilder grant, which aim to promote investment in Western Australia's residential market and stimulate jobs in the construction industry.

In June 2020, the State Government committed \$117 million for \$20,000 grants available to owner-occupiers and investors who enter into a contract to build a new home on vacant land or purchase a new home off-the-plan in a single-tier development that is under construction.

The Australian Government's HomeBuilder grant announced on 4 June 2020 will also be administered by Finance and provides a \$25,000 grant for owner-occupiers who build a new home, renovate an existing home or purchase a home off-the-plan and meet all Commonwealth eligibility criteria.

Both grants are available to eligible applicants who enter into contracts from 4 June to 31 December 2020 and are intended to complement other existing homebuyer arrangements such as the First Home Owner grant.

Since the announcement of the grants, we have been working closely with the Australian Government and other jurisdictions to streamline and implement the grant schemes. We have implemented a single application process for both grants.

## Off-the-plan duty rebate extended

The off-the-plan duty rebate available for apartments in multi-tiered developments was extended to include contracts to purchase an apartment or unit that is under construction.

Buyers who enter into a contract between 4 June 2020 and 31 December 2020 will be eligible for a 75 per cent rebate on the transfer duty (including foreign buyers duty, if applicable), capped at \$25,000.

The package commits \$8.2 million to the expansion of the existing 75 per cent off-the-plan duty rebate scheme applying to apartments or units purchased prior to construction commencing.

## Payment relief and support

From 23 March 2020 the Commissioner remitted late payment penalty tax in full for taxpayers who demonstrated the COVID-19 pandemic has directly or indirectly impacted their financial circumstances.

In addition to penalty remissions, tax payment arrangements were interest-free where a taxpayer demonstrated they were unable to pay their tax on time or in full. Interest-free tax payment arrangements applied to payroll tax, land tax, transfer duty and landholder duty.

A one-off bonus payment administered through the Energy Concession Extension Scheme doubled the Energy Assistance Payment to \$610.25 to support vulnerable Western Australians, including pensioners.

# Proposed amendments

A number of proposed legislative amendments were announced by the Minister for Finance in 2019–20 to ensure certain taxpayer exemptions and concessions worked as intended. We are progressing the necessary drafting to allow the amendments to be introduced into the Parliament during 2020–21.

## Land tax exemptions

Several amendments to the *Land Tax Assessment Act 2002* were announced to introduce land tax exemptions for home owners in full-time care and owner-occupied relocatable homes in residential parks. The exemptions will apply from the 2020–21 assessment year.

On 11 May 2020, the Minister announced amendments to preserve existing land tax exemptions for people who stop living in their homes because they move into full-time care.

The amendments will mean the exemption for a person's primary residence can continue to apply if the person moves into permanent full-time care such as a nursing home and their home is not used to generate income.

On 30 June 2020, the Minister for Finance announced amendments to exempt residential parks that comprise at least 75 per cent owner-occupied relocatable homes. A partial exemption will apply to residential and caravan parks that comprise less than 75 per cent owner-occupied relocatable homes or caravan and camp sites.

## Duty on strata title subdivisions

On 26 February 2020, the Minister announced amendments to the *Duties Act 2008* to restore the transfer duty treatment of strata title subdivisions. The amendments follow a State Administrative Tribunal decision in February 2019 which created duty outcomes that are inconsistent with the Commissioner's longstanding assessment practices.

# Our People

**Finance is striving to be the best that it can be now, and into the future. Our staff are engaged, inspired and accountable.**

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We are focused on being a contemporary and dynamic department that provides practical solutions and consciously works to deliver outcomes for its customers.

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





## Graduate Program

In October 2019, Finance was recognised for excellence in the graduate recruitment and development industry when it was awarded the Best Graduate Employer and Best Graduate Development Program by the Australian Association of Graduate Employers.

Our Graduate Program has employed 149 graduates since 2011. The 2020 program recruited eight graduates from a range of qualifications including international relations, engineering, law, philosophy and economics. The program is regarded for its innovative recruitment that considers qualifications from all disciplines and focuses on values displayed by the applicants. The program's ability to attract exceptional candidates allows Finance to place suitable candidates in a pool that is shared across the sector, with several securing positions at other agencies.

During the year, graduates rotate through three business areas and broaden their experience in fields such as information communication and technology, procurement, policy, insights and analytics. They are supported with a documented workplan, buddy, direct line manager, by co-workers and a graduate consultant. They also participate in the Public Sector Commission Graduate Launch Program, which allows them to network and collaborate with other graduates across the sector.

Graduates complete a core training program that focuses on technical skills, including Microsoft applications, writing for government, project management and policy training, and soft skills, including negotiation and influencing, emotional intelligence, effective conversations and meeting skills.

# Public Sector Traineeship Program

Finance participated in the Public Sector Commission's 2019 Traineeship Program supporting two trainees, one School-Based Trainee (18-month program) and one Aboriginal Trainee (12-month program). A rotation program was created based on developing skills, capabilities and addressing the trainee's interests, and they worked in a variety of areas, enabling a broader development of their skillsets.

A formal workplan was completed for each rotation by the trainee and supervisor, which highlighted tasks, skills developed or improved, and on the job training. During the program trainees were also supported by a buddy, supervisor, Registered Training Authority (RTO) and the traineeship consultant to complete their Certificate II or III in Government.

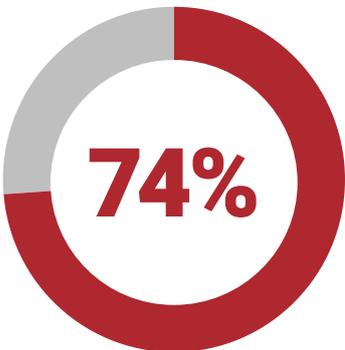
# Aspiring Leaders Program

The commitment by Finance to developing our future leaders was demonstrated with the commencement of the Aspiring Leaders Program. The program targets staff at levels 3 to 6 who aspire to management positions within the sector.

Two cohorts were offered in 2019 with 41 staff participating. The program provided knowledge and tools on the application of management and leadership, and assisted participants to build on their skillsets.

It included 360 degree feedback and individual appraisal to promote understanding, self-reflection and development.

A survey of participant's managers' perceptions, conducted after program completion, was very positive, indicating 74 per cent of participants had improved interaction with their team, and had confidence initiating challenging conversations in the workplace.



74% of Aspiring Leader Program participants had improved interaction with their team.

# Interagency Mentoring Program

Finance continues to support cross-agency collaboration by leading the Interagency Mentoring Program. Now in its 14th year, the program promotes collaboration and cooperation with over 300 mentee and mentors participating from 14 agencies.

The program's commitment to continuous improvement was recognised by its shortlisting for the Best Practice in Collaboration across Government Agencies at the *2019 IPAA Achievement Awards*.

The 2019 program innovatively introduced survey technology to match participants by responses on sector capabilities and desired public sector expertise.

By streamlining the matching processes, we were able to offer the program to a wider number of applicants and agencies.

The program supports workforce planning, leadership development, performance management and succession planning and is recognised for its achievements in:

- ▶ facilitating quality mentee/mentor matches;
- ▶ developing and improving professional competence; and
- ▶ supporting networking and knowledge exchange across the sector.

## Training and events

Our training and development programs focus on enabling a highly-skilled workforce to think innovatively to deliver services to the community and provide value-for-money outcomes for all Western Australians.

In 2019–20 many of our development opportunities were delivered in-house and online, including:

- ▶ broad technical skills training focused on building professional expertise;
- ▶ 27 separate events were offered to staff in the areas of OSH and wellness;
- ▶ personal and professional development, including training in career development, collaborative teams, communication and personal skillsets realised over 1,200 registrations;
- ▶ over 50 per cent of staff completed diversity and inclusion development training in Disability Awareness, Cultural Awareness or Cultural Competency; and
- ▶ inductions for all new starters included Accountable and Ethical Decision Making (AEDM) training and over 300 existing staff completed AEDM refresher training.



Jodi Cant presenting at Curtin University's Switch Program

## Innovation

Finance is passionate about fostering a culture of innovation and diversity in the workplace.

Staff are supported to spend up to 5 per cent of their time exploring innovative ideas to drive business improvements and deliver better outcomes for our customers. We have an internal innovation portal open to all staff to socialise ideas and collaborate online with their colleagues on changes that add value.

We formed a dedicated Innovation Unit with internal staff filling the roles on a rotational basis. This provides excellent development opportunities for staff to build capability and bring a fresh approach to innovation management.



Be unique. Be the change you want to see. If you're prepared to roll up your sleeves and back yourself, you'll be surprised by how much positive change you can create.

**Jodi Cant**  
Director General

'Innovation Month' is held annually in October, and the 2019 theme was 'Best Place to Work'. Staff took part in a range of events, including presentations from guest speakers, an internal projects expo and interactive challenges that facilitated collaboration and information sharing between business areas.

Using technology, the challenges supported our activity-based workplace and were participated in by staff across both our metropolitan and regional offices.

We take a lead role in fostering innovation across the public sector with involvement in the WA Public Sector Innovation Network and supporting the Public Sector Commission's 'iThink' ideas platform. Director General Jodi Cant regularly provides keynote presentations at public sector events and spoke at the Curtin University Switch Innovation Program where she raised the profile of innovation in the public sector.

# Summary of Non-Financial Performance for 2019–20

## Outcome

Key Effectiveness Indicator	Unit	Target	Actual	Page
Debt as a percentage of revenue raised	%	0.93	1.08	<a href="#">127</a>
Extent to which correct grants, subsidies and rebates are paid	%	100	100	<a href="#">127</a>
Average annual vehicle net capital cost:				<a href="#">131</a>
Per passenger vehicle	\$	5,000	4,361	<a href="#">131</a>
Per commercial vehicle	\$	4,905	5,021	<a href="#">131</a>
Extent to which client agencies agree that their agency contracts and common use arrangements achieved value for money	%	92	95	<a href="#">131</a>
Percentage of new building projects valued over \$5 million, delivered within the approved budget	%	100	94	<a href="#">137</a>
Average office accommodation floor space per work point	m <sup>2</sup>	14.35	14.07	<a href="#">137</a>

## Service

Key Efficiency Indicator	Unit	Target	Actual	Page
Average cost per tax or duty determination	\$	33.22	31.27	<a href="#">129</a>
Average cost per grant or subsidy determination	\$	11.22	10.90	<a href="#">129</a>
Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value	%	1.3	0.9	<a href="#">133</a>
Average administrative cost per vehicle for financing and managing the State Fleet service	\$	120	115	<a href="#">133</a>
Cost of developing and managing whole-of-government common use contract arrangements as a percentage of the total annual value of purchases through the arrangements	%	1.4	1.0	<a href="#">133</a>
Percentage of new building projects, valued over \$5 million, delivered within the approved timeframes	%	100	83	<a href="#">139</a>
Percentage of high priority breakdown repairs completed within agreed timeframes	%	80	74	<a href="#">139</a>
The costs of managing government buildings including the planning, project delivery and maintenance thereof, as a percentage of services delivered	\$	8.6	8.82	<a href="#">139</a>

# Summary of Financial Performance for 2019–20

The Department of Finance 2019–20 estimated total cost of services allocation was approximately \$1.27 billion, funded largely through the charging of other government departments for building works, maintenance and leasing. The other key funding source is appropriation of \$0.17 billion.

The estimated \$1.27 billion in expenses primarily relates to building works across the whole-of-government (\$1.07 billion), employee expenses (\$0.12 billion) and depreciation (\$0.08 billion).

## Actual results versus estimate for 2019–2020

Actual results versus estimate	Estimate \$000	Actual \$000	Variance \$000	Reason for significant variation between actual and estimate
Total cost of services (expense limit)	1,270,972	1,312,315	41,343	Actual expenditure is higher due to a change in the treatment of depreciation of AASB16 right of use assets for Government Office Accommodation
Net cost of services	175,253	188,507	13,254	The increase is due to the change in treatment of depreciation as a result of AASB 16 implementation
Total equity	1,218,762	1,122,108	(96,654)	Total equity has been reduced as a result of AASB 16 changes to the balance sheet and a reduction in receivables
Net increase/ (decrease) in cash held	37,715	(76)	(37,791)	Cash balances are lower than estimate due to moneys transferred to the Consolidated Account
Approved salary expense level	103,731	97,453	(6,278)	Reduced expenditure on salaries is a result of higher than forecast vacancy levels
Agreed borrowing limit	61,563	57,794	(3,769)	Reduction due to the earlier than expected repayment of a number of State Fleet loans
Working cash limit	66,620	68,592	1,972	The working cash limit is 5 per cent of recurrent payments (operating and financing)

## Cost of services for 2019–20

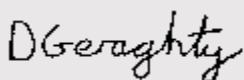
Services	Cost (\$) \$'000	%
Revenue assessment and collection, and grants and subsidies administration	62,295	4.75
Development and management of Common Use Contract Arrangements, state fleet leasing and disposal, and providing facilitation service for agency specific contracts	72,527	5.53
Corporate services to client agencies	6,351	0.48
Leads the management of government buildings including planning, project delivery, and maintenance thereof	1,171,142	89.24

# Certification of Financial Statements

**For the reporting period ended 30 June 2020**

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 2020 and the financial position as at 30 June 2020.

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  
4 September 2020



**Jodi Cant**  
Director General  
4 September 2020



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

### DEPARTMENT OF FINANCE

#### Report on the financial statements

##### **Opinion**

I have audited the financial statements of the Department of Finance which comprise the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information, including administered transactions and balances.

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 2020 and the financial position at the end of that period. They are 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 Responsibility for the Audit of the Financial Statements section of my report. I am independent of the Department in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Responsibility of the Director General for the financial statements**

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

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 and 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 responsibility for the audit of the financial statements***

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

### **Report on controls**

#### ***Opinion***

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Department of Finance. The controls exercised by the Department are those policies and procedures established by the Director General to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

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

In my opinion, in all material respects, the controls exercised by the Department of Finance are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2020.

#### ***The Director General's responsibilities***

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

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

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

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the 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 the controls are 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 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 2020. 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 2020.

**The Director General's responsibility for the key performance indicators**

The Director General is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Director General determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

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

**Auditor General's responsibility**

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

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

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

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

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

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

This auditor's report relates to the financial statements and key performance indicators of the Department of Finance for the year ended 30 June 2020 included on the Department's website. The Department's management is responsible for the integrity of the Department's website. This audit does not provide assurance on the integrity of the Department's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.



CAROLINE SPENCER  
AUDITOR GENERAL  
FOR WESTERN AUSTRALIA  
Perth, Western Australia  
7 September 2020

# Disclosures and Legal Compliance



**Financial  
Statements**

## Statement of Comprehensive Income

For the year ended 30 June 2020

	Notes	2020 (\$000)	2019 (\$000)
<b>Cost of Services</b>			
<b>Expenses</b>			
Employee benefits expense	3.1(a)	108,765	104,839
Supplies and services	3.4	870,998	1,039,189
Depreciation and amortisation expense	5.1, 5.2, 5.3	237,460	68,159
Finance costs	7.5	53,933	7,362
Accommodation expenses	3.4	35,918	46,230
Grants and subsidies	3.2	1,519	528
Loss on disposal of non-current assets	3.3	106	444
Other expenses	3.4	3,616	1,082
<b>Total cost of services</b>		<b>1,312,315</b>	<b>1,267,833</b>
<b>Income</b>			
<b>Revenue</b>			
User charges and fees	4.2	1,110,284	1,109,482
Commonwealth grants and contributions	4.3	5,454	6,596
Interest revenue	7.4	158	310
Other revenue	4.4	5,204	4,486
<b>Total revenue</b>		<b>1,121,100</b>	<b>1,120,874</b>
<b>Gains</b>			
Gain on disposal of non-current assets	4.5	2,708	1,859
Gain from revaluation	4.5	-	12,465
<b>Total gains</b>		<b>2,708</b>	<b>14,324</b>
<b>Total income other than income from State Government</b>		<b>1,123,808</b>	<b>1,135,198</b>
<b>Net Cost of Services</b>		<b>188,507</b>	<b>132,635</b>
<b>Income from State Government</b>			
Service appropriation	4.1	169,780	154,400
Services received free of charge	4.1	13,066	13,512
Royalties for Regions Fund	4.1	1,644	91
<b>Total income from State Government</b>		<b>184,490</b>	<b>168,003</b>
<b>Surplus/(Deficit) for the Period</b>		<b>(4,017)</b>	<b>35,368</b>
<b>Total Comprehensive Income/(Deficit) for the Period</b>		<b>(4,017)</b>	<b>35,368</b>

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

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

## Statement of Financial Position

As at 30 June 2020

	Notes	2020 (\$'000)	2019 (\$'000)
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7.6	81,848	82,395
Restricted cash and cash equivalents	7.6	141	22
Asset held for distribution to owners	6.4	200	-
Receivables	6.1	65,625	114,528
Finance lease receivables	7.3	128	225
Amounts receivable for services	6.2	540	806
Contract assets	6.3	51,856	-
Other current assets	6.5	7,088	29,483
<b>Total Current Assets</b>		<b>207,426</b>	<b>227,459</b>
<b>Non-Current Assets</b>			
Restricted cash and cash equivalents	7.6	1,428	1,076
Finance lease receivables	7.3	391	303
Amounts receivable for services	6.2	615,325	583,439
Property, equipment and vehicles	5.1	725,962	691,918
Right-of-use assets	5.2	1,443,852	-
Intangible assets	5.3	37,505	36,488
Other non-current assets	6.5	238	7,124
<b>Total Non-Current Assets</b>		<b>2,824,701</b>	<b>1,320,348</b>
<b>Total Assets</b>		<b>3,032,127</b>	<b>1,547,807</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables	6.6	65,801	94,226
Borrowings	7.1	6,281	11,487
Lease liabilities	7.2	161,943	-
Employee related provisions	3.1(b)	26,129	25,738
Contract liabilities	6.8	40,269	-
Other provisions	6.7	207	-
Lease incentives	6.10	-	17,186
Other liabilities	6.9	34,823	24,412
<b>Total Current Liabilities</b>		<b>335,453</b>	<b>173,049</b>
<b>Non-Current Liabilities</b>			
Borrowings	7.1	51,513	50,664
Lease liabilities	7.2	1,514,797	-
Employee related provisions	3.1(b)	4,928	4,953
Other provisions	6.7	3,328	544
Lease incentives	6.10	-	176,266
<b>Total Non-Current Liabilities</b>		<b>1,574,566</b>	<b>232,427</b>
<b>Total Liabilities</b>		<b>1,910,019</b>	<b>405,476</b>
<b>Net Assets</b>		<b>1,122,108</b>	<b>1,142,331</b>
<b>Equity</b>			
Contributed equity	9.9	1,041,907	1,068,039
Accumulated surplus/(deficit)		80,201	74,292
<b>Total Equity</b>		<b>1,122,108</b>	<b>1,142,331</b>

See also the 'Schedule of Assets and Liabilities by Service'.

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

## Statement of Changes in Equity

For the year ended 30 June 2020

	Notes	Contributed equity (\$'000)	Accumulated surplus/(deficit) (\$'000)	Total equity (\$'000)
<b>Balance at 1 July 2018</b>		1,056,019	38,928	1,094,947
Changes in accounting policy		-	(4)	(4)
<b>Restated balance at 1 July 2018</b>		<b>1,056,019</b>	<b>38,924</b>	<b>1,094,943</b>
Surplus/(Deficit)		-	35,368	35,368
Other comprehensive income		-	-	-
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>35,368</b>	<b>35,368</b>
Transactions with owners in their capacity as owners:				
	9.9			
Capital appropriations		11,820	-	11,820
Other contributions by owners		200	-	200
Distributions to owners		-	-	-
<b>Total</b>		<b>12,020</b>	<b>-</b>	<b>12,020</b>
<b>Balance at 30 June 2019</b>		<b>1,068,039</b>	<b>74,292</b>	<b>1,142,331</b>
<b>Balance at 1 July 2019</b>		1,068,039	74,292	1,142,331
Initial application of AASB 16	9.2(b)	-	9,926	9,926
<b>Restated balance at 1 July 2019</b>		<b>1,068,039</b>	<b>84,218</b>	<b>1,152,257</b>
Surplus/(Deficit)		-	(4,017)	(4,017)
Other comprehensive income		-	-	-
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>(4,017)</b>	<b>(4,017)</b>
Transactions with owners in their capacity as owners:				
	9.9			
Capital appropriations		5,265	-	5,265
Other contributions by owners		-	-	-
Distributions to owners		(31,397)	-	(31,397)
<b>Total</b>		<b>(26,132)</b>	<b>-</b>	<b>(26,132)</b>
<b>Balance at 30 June 2020</b>		<b>1,041,907</b>	<b>80,201</b>	<b>1,122,108</b>

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 2020

	Notes	2020 (\$000)	2019 (\$000)
<b>Cash Flows from State Government</b>			
Service appropriation		137,643	93,239
Capital appropriations		5,265	11,820
Funding from Treasury Administered		-	200
Holding account drawdowns		517	779
Royalties for Regions Fund		94	90
Distribution to owners		(31,300)	-
<b>Net cash provided by State Government</b>		<b>112,219</b>	<b>106,128</b>
Utilised as follows:			
<b>Cash Flows from Operating Activities</b>			
<b>Payments</b>			
Employee benefits		(106,972)	(105,098)
Supplies and services		(865,529)	(1,033,285)
Finance costs		(52,711)	(6,237)
Accommodation		(35,016)	(46,926)
Grants and subsidies		(1,519)	(521)
GST payments on purchases		(122,549)	(121,256)
GST payments to taxation authority		(7,331)	(6,759)
Other payments		(1,799)	(4,056)
<b>Receipts</b>			
User charges and fees		1,093,787	1,106,235
Commonwealth grants and contributions		7,226	8,280
Interest received		202	319
GST receipts on sales		122,464	121,593
GST receipts from taxation authority		6,967	6,178
Other receipts		5,803	6,395
<b>Net cash provided by/(used in) operating activities</b>	7.6.2	<b>43,023</b>	<b>(75,138)</b>
<b>Cash Flows from Investing Activities</b>			
<b>Payments</b>			
Purchase of non-current assets		(128,334)	(92,774)
<b>Receipts</b>			
Proceeds from sale of non-current assets		33,517	30,379
Receipts from lease incentives		-	55,757
<b>Net cash provided by/(used in) investing activities</b>		<b>(94,817)</b>	<b>(6,638)</b>
<b>Cash Flows from Financing Activities</b>			
<b>Payments</b>			
Repayment of borrowings		(5,433)	(18,922)
Principal elements of lease		(141,375)	-
<b>Receipts</b>			
Proceeds from borrowings		-	-
Finance leases receipts		231	438
Receipts from lease incentives		86,076	-
<b>Net cash provided by/(used in) financing activities</b>		<b>(60,501)</b>	<b>(18,484)</b>
Net increase/(decrease) in cash and cash equivalents		(76)	5,868
Cash and cash equivalents at the beginning of the period		83,493	77,625
<b>Cash and Cash Equivalents at the End of the Period</b>	7.6	<b>83,417</b>	<b>83,493</b>

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

## Summary of Consolidated Account Appropriations and Income Estimates

For the year ended 30 June 2020

	2020 Estimate (\$000)	2020 Actual (\$000)	Variance (\$000)	2020 Actual (\$000)	2019 Actual (\$000)	Variance (\$000)
<b>Delivery of Services</b>						
Item 40 Net amount appropriated to deliver services	168,291	168,179	(112)	168,179	152,799	15,380
Amount Authorised by Other Statutes: - <i>Salaries and Allowances Act 1975</i>	1,601	1,601	-	1,601	1,601	-
<b>Total appropriations provided to deliver services</b>	<b>169,892</b>	<b>169,780</b>	<b>(112)</b>	<b>169,780</b>	<b>154,400</b>	<b>15,380</b>
<b>Capital</b>						
Item 120 Capital appropriations	5,265	5,265	-	5,265	11,820	(6,555)
<b>Administered Transactions</b>						
Community service obligation payments:						
Item 41 Amount provided for Administered Grants, Subsidies and Other Transfer Payments	188,739	176,298	(12,441)	176,298	150,761	25,537
Amount Authorised by Other Statutes: - <i>First Home Owner Grant Act 2000</i>	55,695	52,761	(2,934)	52,761	56,540	(3,779)
<b>Total administered transactions</b>	<b>244,434</b>	<b>229,059</b>	<b>(15,375)</b>	<b>229,059</b>	<b>207,301</b>	<b>21,758</b>
<b>Grand Total</b>	<b>419,591</b>	<b>404,104</b>	<b>(15,487)</b>	<b>404,104</b>	<b>373,521</b>	<b>30,583</b>
<b>Details of Expenses by Service</b>						
Revenue Assessment and Collection and Grants and Subsidies Administration	67,793	62,295	(5,498)	62,295	60,062	2,233
Development and Management of Common Use Contract Arrangements, State Fleet Leasing and Disposal, and Providing Facilitation Service for Agency Specific Contracts	76,906	72,527	(4,379)	72,527	79,806	(7,279)
Corporate Services to Client Agencies	5,855	6,351	496	6,351	6,364	(13)
Leads the Management of Government Buildings including Planning, Project Delivery, and Maintenance thereof	1,120,418	1,171,142	50,724	1,171,142	-	1,171,142
Leads the Planning, Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation	-	-	-	-	972,171	(972,171)
Leads the Planning and Delivery of Major Government Building Projects	-	-	-	-	149,430	(149,430)
Total Cost of Services	1,270,972	1,312,315	41,343	1,312,315	1,267,833	44,482
Less Total Income	(1,095,719)	(1,123,808)	(28,089)	(1,123,808)	(1,135,198)	11,390
Net Cost of Services	175,253	188,507	13,254	188,507	132,635	55,872
Adjustments	(5,361)	(18,727)	(13,366)	(18,727)	21,765	(40,492)
<b>Total appropriations provided to deliver services</b>	<b>169,892</b>	<b>169,780</b>	<b>(112)</b>	<b>169,780</b>	<b>154,400</b>	<b>15,380</b>
<b>Capital Expenditure</b>						
Purchase of non-current assets	138,504	128,334	(10,170)	128,334	92,774	35,560
Repayment of borrowings and leases	140,620	146,808	6,188	146,808	18,922	127,866
Adjustments for other funding sources	(273,859)	(269,877)	3,982	(269,877)	(99,876)	(170,001)
<b>Capital appropriations</b>	<b>5,265</b>	<b>5,265</b>	<b>-</b>	<b>5,265</b>	<b>11,820</b>	<b>(6,555)</b>

## Summary of Consolidated Account Appropriations and Income Estimates (cntd)

For the year ended 30 June 2020

	2020 Estimate (\$000)	2020 Actual (\$000)	Variance (\$000)	2020 Actual (\$000)	2019 Actual (\$000)	Variance (\$000)
<b>Details of Administered Income Estimates</b>						
Taxation:						
Insurance Duty	677,174	694,863	17,689	694,863	644,832	50,031
Land Tax	790,145	793,263	3,118	793,263	808,097	(14,834)
Metropolitan Region Improvement Tax	88,971	87,863	(1,108)	87,863	89,686	(1,823)
Payroll Tax	3,751,394	3,645,535	(105,859)	3,645,535	3,567,449	78,086
Racing and Wagering Western Australian Tax						
Australian Tax	78,400	76,893	(1,507)	76,893	55,014	21,879
Transfer Duty <sup>(a)</sup>	1,145,146	1,189,929	44,783	1,189,929	1,095,309	94,620
Foreign Buyer Surcharge <sup>(b)</sup>	19,000	19,039	39	19,039	5,504	13,535
Landholder Duty	100,000	121,612	21,612	121,612	33,375	88,237
Vehicle Licence Duty	372,760	375,364	2,604	375,364	363,603	11,761
Other duties	1	(4)	(5)	(4)	8	(12)
Commonwealth Mirror Taxes	47,853	44,616	(3,237)	44,616	44,151	465
<b>Total taxation</b>	<b>7,070,844</b>	<b>7,048,973</b>	<b>(21,871)</b>	<b>7,048,973</b>	<b>6,707,028</b>	<b>341,945</b>
(a)(b) \$5,504,000 was reclassified from Transfer Duty to Foreign Buyer Surcharge for 2019.						
Other revenue:						
Office lease rental revenue	39,700	38,402	(1,298)	38,402	39,776	(1,374)
Other income	65,251	52,142	(13,109)	52,142	64,355	(12,213)
<b>Total other revenue</b>	<b>104,951</b>	<b>90,544</b>	<b>(14,407)</b>	<b>90,544</b>	<b>104,131</b>	<b>(13,587)</b>
Appropriations:						
<i>First Home Owner Grant Act 2000</i>	55,695	52,761	(2,934)	52,761	56,540	(3,779)
Administered grants and transfer payments	188,739	176,298	(12,441)	176,298	150,761	25,537
<b>Total appropriations</b>	<b>244,434</b>	<b>229,059</b>	<b>(15,375)</b>	<b>229,059</b>	<b>207,301</b>	<b>21,758</b>
<b>Total Administered Income Estimates</b>	<b>7,420,229</b>	<b>7,368,576</b>	<b>(51,653)</b>	<b>7,368,576</b>	<b>7,018,460</b>	<b>350,116</b>

Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation. Note 10.2 'Disclosure of administered income and expenses by service' and Note 10.4 'Explanatory statement for administered items – income and expenses' provide details of any significant variations between estimates and actual results for 2020 and between actual results for 2020 and 2019.

# Notes to the Financial Statements

## 1 | Basis of preparation

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

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

These annual financial statements were authorised for issue by the Department's Director General on 4 September 2020.

### 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 (the Instructions or TI)
- 3) Australian Accounting Standards (AAS) – reduced disclosure requirements
- 4) Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The *Financial Management Act 2006* and the Treasurer's Instructions (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

### Basis of preparation

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

### Judgements and estimates

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

## Contributed equity

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

## 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:

	<b>Note</b>
Department objectives	<u>2.1</u>
Schedule of Income and Expenses by Service	<u>2.2</u>
Schedule of Assets and Liability by Service	<u>2.3</u>

### 2.1 Department objectives

#### Mission

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

#### Services

The Department provides the following services:

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

The Department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral to, the function of the Department. These administered balances and transactions are not recognised in the principal financial statements of the Department but schedules are prepared using the same basis as the financial statements and are presented at [Note 10.2](#) 'Disclosure of administered income and expenses by service' and [Note 10.3](#) 'Administered assets and liabilities'.

## 2.2 Schedule of income and expenses by service

For the year ended 30 June 2020

	Service 1		Service 2		Service 3		Service 4		Service 5		Service 6		Total		
	2020 (\$000)	2019 (\$000)	2020 (\$000)	2019 (\$000)	2020 (\$000)	2019 (\$000)	2020 (\$000)	2019 (\$000)	2020 (\$000)	2019 (\$000)	2020 (\$000)	2019 (\$000)	2020 (\$000)	2019 (\$000)	2020 (\$000)
<b>Cost of Services</b>															
Expenses															
Employee benefits expense	35,177	33,413	24,291	22,973	3,307	2,938	45,990	-	-	42,701	-	2,814	108,765	104,839	
Supplies and services	17,629	18,254	5,871	14,850	2,446	2,718	845,052	-	-	857,254	-	146,113	870,998	1,039,189	
Depreciation and amortisation expense	7,484	4,373	38,767	39,135	132	123	191,077	-	-	24,446	-	82	237,460	68,159	
Finance costs	238	-	627	372	45	-	53,023	-	-	6,990	-	-	53,933	7,362	
Accommodation expenses	1,075	3,602	415	1,796	118	444	34,310	-	-	40,034	-	354	35,918	46,230	
Grants and subsidies	3	1	1,512	410	1	1	3	-	-	116	-	-	1,519	528	
Loss on disposal of non-current assets	-	194	106	59	-	77	-	-	-	102	-	12	106	444	
Other expenses	689	225	938	211	302	63	1,687	-	-	528	-	55	3,616	1,082	
<b>Total cost of services</b>	<b>62,295</b>	<b>60,062</b>	<b>72,527</b>	<b>79,806</b>	<b>6,351</b>	<b>6,364</b>	<b>1,171,142</b>	-	-	<b>972,171</b>	-	<b>149,430</b>	<b>1,312,315</b>	<b>1,267,833</b>	
<b>Income</b>															
User charges and fees	3,359	3,216	51,102	59,772	-	-	1,055,823	-	-	901,289	-	145,205	1,110,284	1,109,482	
Commonwealth grants and contributions	125	94	-	-	-	-	5,329	-	-	6,502	-	-	5,454	6,596	
Interest revenue	-	-	158	310	-	-	-	-	-	-	-	-	158	310	
Other revenue	467	718	3,421	2,432	376	345	940	-	-	970	-	21	5,204	4,486	
Gain on disposal of non-current assets	-	-	2,708	1,859	-	-	-	-	-	-	-	-	2,708	1,859	
Gain from revaluation	-	-	-	-	-	-	-	-	-	12,465	-	-	-	12,465	
<b>Total income other than income from State Government</b>	<b>3,951</b>	<b>4,028</b>	<b>57,389</b>	<b>64,373</b>	<b>376</b>	<b>345</b>	<b>1,062,092</b>	-	-	<b>921,226</b>	-	<b>145,226</b>	<b>1,123,808</b>	<b>1,135,198</b>	
<b>Net Cost of Services</b>	<b>58,344</b>	<b>56,034</b>	<b>15,138</b>	<b>15,433</b>	<b>5,975</b>	<b>6,019</b>	<b>109,050</b>	-	-	<b>50,945</b>	-	<b>4,204</b>	<b>188,507</b>	<b>132,635</b>	
<b>Income from State Government</b>															
Service appropriation	50,159	46,660	30,676	34,841	5,978	6,019	82,967	-	-	62,492	-	4,388	169,780	154,400	
Services received free of charge	12,295	12,725	190	60	-	-	581	-	-	436	-	291	13,066	13,512	
Royalties for Regions Fund	-	-	-	-	-	-	1,644	-	-	91	-	-	1,644	91	
<b>Total income from State Government</b>	<b>62,454</b>	<b>59,385</b>	<b>30,866</b>	<b>34,901</b>	<b>5,978</b>	<b>6,019</b>	<b>85,192</b>	-	-	<b>63,019</b>	-	<b>4,679</b>	<b>184,490</b>	<b>168,003</b>	
<b>Surplus/(Deficit) for the Period</b>	<b>4,110</b>	<b>3,351</b>	<b>15,728</b>	<b>19,468</b>	<b>3</b>	<b>-</b>	<b>(23,858)</b>	-	-	<b>12,074</b>	-	<b>475</b>	<b>(4,017)</b>	<b>35,368</b>	

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.

Service 5: Leads the planning, delivery, management and maintenance of government buildings, projects and office accommodation (not applicable for 2020 and is now part of Service 4).

Service 6: Leads the planning and delivery of major government building projects (not applicable for 2020 and is now part of Service 4).

## 2.3 Schedule of assets and liabilities by service

As at 30 June 2020

	Service 1		Service 2		Service 3		Service 4		Service 5		Service 6		Total		
	2020 (\$000)	2019 (\$000)	2020 (\$000)	2019 (\$000)	2020 (\$000)	2019 (\$000)	2,020 (\$000)	2019 (\$000)	2020 (\$000)	2019 (\$000)	2020 (\$000)	2019 (\$000)	2020 (\$000)	2019 (\$000)	2020 (\$000)
<b>Assets</b>															
Current assets	26,443	30,491	42,033	33,669	-	-	138,950	-	-	155,370	-	7,929	207,426	227,459	
Non-current assets	202,832	186,788	333,803	352,943	-	-	2,288,066	-	-	763,471	-	17,146	2,824,701	1,320,348	
<b>Total assets</b>	<b>229,275</b>	<b>217,279</b>	<b>375,836</b>	<b>386,612</b>	<b>-</b>	<b>-</b>	<b>2,427,016</b>	<b>-</b>	<b>-</b>	<b>918,841</b>	<b>-</b>	<b>25,075</b>	<b>3,032,127</b>	<b>1,547,807</b>	
<b>Liabilities</b>															
Current liabilities	11,481	10,395	16,013	18,996	-	-	307,959	-	-	123,151	-	20,507	335,453	173,049	
Non-current liabilities	1,711	1,874	1,247	1,281	-	-	1,571,608	-	-	229,008	-	264	1,574,566	232,427	
<b>Total liabilities</b>	<b>13,192</b>	<b>12,269</b>	<b>17,260</b>	<b>20,277</b>	<b>-</b>	<b>-</b>	<b>1,879,567</b>	<b>-</b>	<b>-</b>	<b>352,159</b>	<b>-</b>	<b>20,771</b>	<b>1,910,019</b>	<b>405,476</b>	
<b>Net Assets</b>	<b>216,083</b>	<b>205,010</b>	<b>358,576</b>	<b>366,335</b>	<b>-</b>	<b>-</b>	<b>547,449</b>	<b>-</b>	<b>-</b>	<b>566,682</b>	<b>-</b>	<b>4,304</b>	<b>1,122,108</b>	<b>1,142,331</b>	

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

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

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

Service 3: Corporate services to client agencies.

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

Service 5: Leads the planning, delivery, management and maintenance of government buildings, projects and office accommodation (not applicable for 2020 and is now part of Service 4).

Service 6: Leads the planning and delivery of major government building projects (not applicable for 2020 and is now part of Service 4).

### 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	2020 (\$000)	2019 (\$000)
Employee benefits expenses	3.1(a)	108,765	104,839
Employee related provisions	3.1(b)	31,057	30,691
Grants and subsidies	3.2	1,519	528
Loss on disposal of non-current assets	3.3	106	444
Other expenditure	3.4	910,532	1,086,501

#### 3.1(a) Employee benefits expense

	2020 (\$000)	2019 (\$000)
Employee benefits	98,148	94,845
Termination benefits	871	104
Superannuation – defined contribution plans	9,746	9,890
<b>Total employee benefits expenses</b>	<b>108,765</b>	<b>104,839</b>
Add: AASB 16 Non-monetary benefits	283	-
Less: Employee contributions	(142)	-
<b>Net employee benefits</b>	<b>108,906</b>	<b>104,839</b>

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

**Termination benefits:** Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Department is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value. The total termination benefits gross payout for 2020 was \$1,006,131 with \$243,017 related to leave entitlements (Refer to Note 3.1(b)).

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

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

### 3.1(b) Employee related provisions

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.

	2020 (\$000)	2019 (\$000)
<b>Current</b>		
<b>Employee-benefits provisions</b>		
Annual leave <sup>(a)</sup>	11,178	9,644
Long service leave <sup>(b)</sup>	14,654	15,848
Deferred salary scheme <sup>(c)</sup>	185	163
Purchased leave	65	36
	<b>26,082</b>	<b>25,691</b>
<b>Other provisions</b>		
Employment on-costs <sup>(d)</sup>	47	47
<b>Total current employee related provisions</b>	<b>26,129</b>	<b>25,738</b>
<b>Non-current</b>		
<b>Employee-benefits provisions</b>		
Long service leave <sup>(b)</sup>	4,919	4,944
<b>Other provisions</b>		
Employment on-costs <sup>(d)</sup>	9	9
<b>Total non-current employee related provisions</b>	<b>4,928</b>	<b>4,953</b>
<b>Total employee related provisions</b>	<b>31,057</b>	<b>30,691</b>

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

	2020 (\$000)	2019 (\$000)
Within 12 months of the end of the reporting period	7,357	6,559
More than 12 months after the end of the reporting period	3,821	3,085
	<b>11,178</b>	<b>9,644</b>

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

(b) **Long service leave liabilities:** Unconditional long service leave provisions are classified as current liabilities as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Department has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2020 (\$000)	2019 (\$000)
Within 12 months of the end of the reporting period	5,720	6,126
More than 12 months after the end of the reporting period	13,853	14,666
	<b>19,573</b>	<b>20,792</b>

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

(c) **Deferred salary scheme liabilities:** Classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

Actual settlement of the liabilities is expected to occur as follows:

	2020 (\$000)	2019 (\$000)
Within 12 months of the end of the reporting period	112	84
More than 12 months after the end of the reporting period	73	79
	<b>185</b>	<b>163</b>

(d) **Employment on-costs:** The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses, Note 3.4 (apart from the unwinding of the discount (finance cost))' and are not included as part of the Department's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2020 (\$000)	2019 (\$000)
<b>Employment on-costs provision</b>		
Carrying amount at start of period	56	56
Additional/(reversals of) provisions recognised	9	9
Payments/other sacrifices of economic benefits	(9)	(9)
Carrying amount at end of period	<b>56</b>	<b>56</b>

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

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

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

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

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

### 3.2 Grants and subsidies

	2020 (\$000)	2019 (\$000)
<b>Recurrent</b>		
Sponsorship	9	8
Subsidy	-	111
Community and social services	1,510	409
<b>Total grants and subsidies</b>	<b>1,519</b>	<b>528</b>

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

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

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

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

	2020 (\$000)	2019 (\$000)
Computer equipment	15	213
Office fitout	33	105
Computer software	58	126
<b>Total loss on disposal of non-current assets</b>	<b>106</b>	<b>444</b>

### 3.4 Other expenditure

	2020 (\$000)	2019 (\$000)
<b>Supplies and services</b>		
Managed contracts <sup>(a)</sup>	818,356	987,940
Communications	482	2,029
Consultants and contractors	40,437	42,128
Consumables	2,252	349
Repairs and maintenance	17	135
Travel	309	304
Legal costs	4,992	693
Other <sup>(b)</sup>	4,153	5,611
<b>Total supplies and services expenses</b>	<b>870,998</b>	<b>1,039,189</b>
<b>Accommodation expenses</b>		
Repairs and maintenance buildings	33,644	36,394
Cleaning and security <sup>(c)</sup>	2,274	2,074
Rental <sup>(d)</sup>	-	7,762
<b>Total accommodation expenses</b>	<b>35,918</b>	<b>46,230</b>
<b>Other</b>		
Minor equipment	1,680	487
Restoration costs	100	-
Expected credit losses expense	20	10
Employment on-costs <sup>(e)</sup>	1	-
Audit fees	435	413
Revaluation decrements	730	-
Miscellaneous <sup>(f)</sup>	598	172
Loss on termination	52	-
<b>Total other expenses</b>	<b>3,616</b>	<b>1,082</b>
<b>Total other expenditure</b>	<b>910,532</b>	<b>1,086,501</b>

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

(b) During the period the Department paid \$504,292 (2019: \$828,499) for insurance to the Insurance Commission of Western Australia.

(c) Includes variable outgoings.

(d) Includes short term leases and low value leases of up to \$5,000.

(e) 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'.

(f) Mainly attributable to carbon offset expense.

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

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

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

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

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

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

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

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

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

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

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

## 4 | Our funding sources

### How we obtain our funding

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

	Notes	2020 (\$000)	2019 (\$000)
Income from State Government	4.1	184,490	168,003
User charges and fees	4.2	1,110,284	1,109,482
Commonwealth grants and contributions	4.3	5,454	6,596
Other revenue	4.4	5,204	4,486
Gains	4.5	2,708	14,324

### 4.1 Income from State Government

	2020 (\$000)	2019 (\$000)
Appropriation received during the period:		
Service appropriation <sup>(a)</sup>	169,780	154,400
<b>Total appropriation received</b>	<b>169,780</b>	<b>154,400</b>
Services received free of charge from other State government agencies during the period:		
Department of Justice	1,502	1,972
Landgate	11,319	11,381
Department of Treasury	135	133
Department of Education	23	-
Department of Primary Industries and Regional Development	87	26
<b>Total services received</b>	<b>13,066</b>	<b>13,512</b>
Royalties for Regions Fund:		
Regional Infrastructure and Headworks Account <sup>(b)</sup>	1,644	91
<b>Total Royalties for Regions Funds</b>	<b>1,644</b>	<b>91</b>
<b>Total income from State Government</b>	<b>184,490</b>	<b>168,003</b>

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

Service appropriations fund the net cost of services delivered. Appropriation revenue comprises the following:

- Cash component; and
- A receivable (asset).

**(b) 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 revenue when the Department receives the funds. The Department has assessed Royalties for Regions agreements and concludes that they are not within the scope of AASB 15 as they do not meet the 'sufficiently specific' criterion.

The application of AASB 15 and AASB 1058 from 1 July 2019 has had no impact on the treatment of income from State Government.

## 4.2 User charges and fees

	<b>2020 (\$000)</b>	<b>2019 (\$000)</b>
Revenue for Government office accommodation	268,653	271,563
Managed building works	753,189	747,371
Vehicle fleet lease rental	50,839	51,885
Fees <sup>(a)</sup>	37,603	38,663
	<b>1,110,284</b>	<b>1,109,482</b>

Until 30 June 2019, revenue was recognised and measured at the fair value of consideration received or receivable.

From 1 July 2019, revenue is recognised at the transaction price when the Department transfers control of the services to customers. Revenue is recognised for the major activities as follows:

### Revenue for Government office accommodation

Revenue from accommodation service arrangements are recognised as income over time.

### Managed building works

Revenue is recognised over time as the criteria for performance obligations satisfied over time under AASB 15 *Revenue from Contracts with Customers* are met.

### Vehicle fleet lease rentals

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

### Fees

Fees revenue is recognised over time as the criteria for performance obligations satisfied over time under AASB 15 *Revenue from Contracts with Customers* are met.

(a) \$529,000 of Sales revenue has been included in fees for 2018–19.

## 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 2019–20 Budget Statements, the Department retained \$1,124 million in 2020 (\$1,135 million in 2019) from the following:

- (a) proceeds from fees and charges;
- (b) sale of goods;
- (c) Commonwealth specific purpose grants and contributions;
- (d) rental revenue recognised in accordance with lease agreements, entered into with State Government agencies, statutory authorities and other State Government entities and vehicle bailment revenue held under bailment rights;
- (e) provision of contract services and rental income sufficient to cover outgoings paid for government owned buildings; and
- (f) other departmental revenue.

## 4.3 Commonwealth grants and contributions

	<b>2020</b> <b>(\$000)</b>	<b>2019</b> <b>(\$000)</b>
Recurrent grants <sup>(a)</sup>	5,454	6,596
	<b>5,454</b>	<b>6,596</b>

(a) \$1,580,000 reported as capital grants in FY 2018–19 was reclassified to recurrent grants.

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

Until 30 June 2019, income from Commonwealth grants is recognised at fair value when the grant is receivable. From 1 July 2019, recurrent grants are recognised as income when the grants are receivable.

## 4.4 Other revenue

	<b>2020</b> <b>(\$000)</b>	<b>2019</b> <b>(\$000)</b>
Recoups	3,215	2,536
Government vehicle schemes	66	75
Gain on termination	42	-
Other <sup>(a)</sup>	1,881	1,875
	<b>5,204</b>	<b>4,486</b>

Other revenue is recognised over time as and when the performance obligations are satisfied.

(a) Relates mainly to refunds from suppliers and recovery of corporate services provided to other agencies.

## 4.5 Gains

	2020 (\$000)	2019 (\$000)
<b>Net proceeds from disposal of non-current assets</b>		
Motor vehicles	33,510	30,356
<b>Carrying amount of non-current assets disposed</b>		
Motor vehicles	30,802	28,497
<b>Net gain/(loss)</b>	<b>2,708</b>	<b>1,859</b>
Revaluation gain	-	12,465
<b>Total other income</b>	<b>2,708</b>	<b>14,324</b>

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

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 the statement of comprehensive income (from the proceeds of sale).

## 5 | Key assets

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

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

	Notes	2020 (\$000)	2019 (\$000)
Property, equipment and vehicles	5.1	725,962	691,918
Right-of-use assets	5.2	1,443,852	-
Intangibles	5.3	37,505	36,488
<b>Total key assets</b>		<b>2,207,319</b>	<b>728,406</b>

## 5.1 Property, equipment and vehicles

Year ended 30 June 2019	Land (\$'000)	Buildings (\$'000)	Leasehold improvements (\$'000)	Office equipment (\$'000)	Computer equipment (\$'000)	Office fitout (\$'000)	Motor vehicles (\$'000)	Work in progress (\$'000)	Total (\$'000)
<b>1 July 2018</b>									
Gross carrying amounts	131,229	126,512	119,710	376	5,851	177,112	335,501	14,652	910,943
Accumulated depreciation	-	(2,382)	(37,259)	(214)	(5,472)	(78,487)	(100,035)	-	(223,849)
Accumulated impairment loss	-	-	-	-	-	-	-	-	-
<b>Carrying amount at start of period</b>	<b>131,229</b>	<b>124,130</b>	<b>82,451</b>	<b>162</b>	<b>379</b>	<b>98,625</b>	<b>235,466</b>	<b>14,652</b>	<b>687,094</b>
Additions	-	-	-	-	-	11	60,780	23,038	83,829
Transfers <sup>(a)</sup>	-	753	30,881	(3)	(19)	3,664	(330)	(35,323)	(377)
Other disposals	-	-	-	-	(213)	(104)	(28,497)	-	(28,814)
Revaluations	5,965	6,500	-	-	-	-	-	-	12,465
Depreciation	-	(3,179)	(9,850)	(53)	(131)	(11,396)	(37,670)	-	(62,279)
<b>Carrying amount at 30 June 2019</b>	<b>137,194</b>	<b>128,204</b>	<b>103,482</b>	<b>106</b>	<b>16</b>	<b>90,800</b>	<b>229,749</b>	<b>2,367</b>	<b>691,918</b>
Gross carrying amount	137,194	131,231	150,591	339	2,993	180,466	329,697	2,367	934,878
Accumulated depreciation	-	(3,027)	(47,109)	(233)	(2,977)	(89,666)	(99,948)	-	(242,960)
Accumulated impairment loss	-	-	-	-	-	-	-	-	-

(a) Work in Progress was transferred to Leasehold Improvements for \$30,881,435 and to Office Fitout for \$3,689,140 and to Buildings for \$752,872. During the financial year, two items of Office Fitout (Network Equipment) have been transferred to Department of the Premier and Cabinet for \$11,721. Two items of Office Equipment have been transferred to Department of Treasury for \$2,582. Six items of Computer Equipment have been transferred to North Metropolitan Tafe for \$19,339. Two items of Office Fitout (Network Equipment) have been transferred to South Metropolitan Tafe for \$12,558.

## 5.1 Property, equipment and vehicles (cntd)

Year ended 30 June 2020	Land (\$'000)	Buildings (\$'000)	Leasehold improvements (\$'000)	Office equipment (\$'000)	Computer equipment (\$'000)	Office fitout (\$'000)	Motor vehicles (\$'000)	Work in progress (\$'000)	Total (\$'000)
<b>1 July 2019</b>									
Gross carrying amounts	137,194	131,231	150,591	339	2,993	180,466	329,697	2,367	934,878
Accumulated depreciation	-	(3,027)	(47,109)	(233)	(2,977)	(89,666)	(99,948)	-	(242,960)
Accumulated impairment loss	-	-	-	-	-	-	-	-	-
<b>Carrying amount at start of period</b>	<b>137,194</b>	<b>128,204</b>	<b>103,482</b>	<b>106</b>	<b>16</b>	<b>90,800</b>	<b>229,749</b>	<b>2,367</b>	<b>691,918</b>
Additions	-	-	-	44	-	78	68,242	60,813	129,177
Transfers <sup>(a)</sup>	(297)	10	39,237	-	-	529	(234)	(39,776)	(531)
Other disposals	-	-	-	-	(15)	(33)	(30,836)	-	(30,884)
Revaluations	(71)	(659)	-	-	-	-	-	-	(730)
Depreciation	-	(3,383)	(11,291)	(53)	(1)	(11,222)	(37,038)	-	(62,988)
<b>Carrying amount at 30 June 2020</b>	<b>136,826</b>	<b>124,172</b>	<b>131,428</b>	<b>97</b>	<b>-</b>	<b>80,152</b>	<b>229,883</b>	<b>23,404</b>	<b>725,962</b>
Gross carrying amount	136,826	127,422	189,828	383	248	180,789	329,154	23,404	988,054
Accumulated depreciation	-	(3,250)	(58,400)	(286)	(248)	(100,637)	(99,271)	-	(262,092)
Accumulated impairment loss	-	-	-	-	-	-	-	-	-

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

## **Initial recognition**

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

Assets transferred as part of a machinery of government change are transferred at their fair value.

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

## **Subsequent measurement**

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

- land; and
- buildings

Land is carried at fair value.

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

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

**Land and buildings** are independently valued annually by the Western Australian Land Information Authority (Valuations and Property Analytics) 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 2019 by the Western Australian Land Information Authority (Valuations and Property Analytics). The valuations were performed during the year ended 30 June 2020 and recognised at 30 June 2020. In undertaking the revaluation, fair value was determined by reference to market values for land: \$58,803,000 (2019: \$59,057,000) and buildings: \$92,037,000 (2019: \$92,130,000). 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).

## Revaluation model:

(a) Fair value where market-based evidence is available:

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

(b) Fair value in the absence of market-based evidence:

**Buildings are specialised or where land is restricted:** Fair value of land and buildings is determined on the basis of existing use.

**Existing use buildings:** Fair value is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the current replacement cost. Where the fair value of buildings is determined on the current replacement cost basis, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset.

**Restricted use land:** Fair value is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

**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.

The contractual commitments for the acquisition of property, equipment and vehicles is \$52,071,000 as at 30 June 2020.

### 5.1.1 Depreciation and impairment

Charge for the period

	2020 (\$000)	2019 (\$000)
<b>Depreciation</b>		
Office fitout	11,222	11,396
Computer equipment	1	131
Vehicles	37,038	37,670
Buildings	3,383	3,179
Leasehold improvements	11,292	9,850
Office equipment	52	53
<b>Total depreciation for the period</b>	<b>62,988</b>	<b>62,279</b>

As at 30 June 2020 there were no indications of impairment to property, equipment and vehicles.

All surplus assets at 30 June 2020 have either been classified as assets held for sale or have been written-off.

## Finite useful lives

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

Depreciation is calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

Typical estimated useful lives for each class of depreciable assets are in the table below:

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

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

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

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

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

## Impairment

Non-financial assets, including 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

	2020 (\$000)	2019 (\$000)
Commercial buildings	1,443,634	-
Residential buildings	218	-
<b>Net carrying amount at 30 June 2020</b>	<b>1,443,852</b>	<b>-</b>

Additions to right-of-use assets during the 2020 financial year were \$270,575,703.

### Initial recognition

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

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

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

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

### Subsequent measurement

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

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

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

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

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

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

	<b>2020</b> <b>(\$000)</b>	<b>2019</b> <b>(\$000)</b>
Commercial buildings	168,674	-
Residential buildings	280	-
<b>Total right-of-use asset depreciation</b>	<b>168,954</b>	<b>-</b>
Lease interest expense	46,621	-
Expenses relating to variable lease payments not included in lease liabilities	-	-
Short-term leases	-	-
Low-value leases	-	-
Gains or losses arising from sale and leaseback transactions	-	-

The total cash outflow for leases in 2020 was \$187,996,093.

The Department has leases for office and residential accommodations.

Up to 30 June 2019, the Department classified leases as either finance leases or operating leases. From 1 July 2019, at 1 July 2019, the Department recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

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 corresponding lease liabilities in relation to these right-of-use assets have been disclosed in [Note 7.2](#).

### 5.3 Intangible assets

	Licences (\$000)	Computer Software (\$000)	Work in Progress (\$000)	Total (\$000)
<b>Year ended 30 June 2019</b>				
<b>1 July 2018</b>				
Gross carrying amount	13,782	188,831	11,882	214,495
Accumulated amortisation	(13,782)	(166,250)	-	(180,032)
<b>Carrying amount at start of period</b>	<b>-</b>	<b>22,581</b>	<b>11,882</b>	<b>34,463</b>
Additions	-	-	8,031	8,031
Transfers to computer software and licence	-	11,010	(11,010)	-
Other disposal	-	(126)	-	(126)
Amortisation expense	-	(5,880)	-	(5,880)
<b>Carrying amount at 30 June 2019</b>	<b>-</b>	<b>27,585</b>	<b>8,903</b>	<b>36,488</b>
<b>Year ended 30 June 2020</b>				
<b>1 July 2019</b>				
Gross carrying amount	13,782	199,502	8,903	222,187
Accumulated amortisation	(13,782)	(171,917)	-	(185,699)
<b>Carrying amount at start of period</b>	<b>-</b>	<b>27,585</b>	<b>8,903</b>	<b>36,488</b>
Additions	-	1,137	5,456	6,593
Transfers to computer software and licence	-	9,075	(9,075)	-
Other disposal	-	(58)	-	(58)
Amortisation expense	-	(5,518)	-	(5,518)
<b>Carrying amount at 30 June 2020</b>	<b>-</b>	<b>32,221</b>	<b>5,284</b>	<b>37,505</b>

## Initial recognition

Intangible assets are initially recognised at cost. For assets acquired at significantly less than fair value, the cost is their fair value at the date of acquisition.

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

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

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

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

## Subsequent measurement

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

### 5.3.1 Amortisation and impairment

Charge for the period

	2020 (\$000)	2019 (\$000)
Computer software	5,518	5,880
<b>Total amortisation for the period</b>	<b>5,518</b>	<b>5,880</b>

As at 30 June 2020 there were no indications of impairment to intangible assets.

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

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

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

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

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

**Computer software**

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

**Licences**

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

**Impairment of intangible assets**

Intangible assets with finite 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	2020 (\$000)	2019 (\$000)
Receivables	6.1	65,625	114,528
Amounts receivable for services (Holding Account)	6.2	615,865	584,245
Contract assets	6.3	51,856	-
Asset held for distribution to owners	6.4	200	-
Other assets	6.5	7,326	36,607
Payables	6.6	65,801	94,226
Other provisions	6.7	3,535	544
Contract liabilities	6.8	40,269	-
Other liabilities	6.9	34,823	24,412
Lease incentives	6.10	-	193,452

### 6.1 Receivables

	Notes	2020 (\$000)	2019 (\$000)
Trade receivables		59,459	59,679
Allowance for impairment of trade receivables	6.1.1	(28)	(8)
Miscellaneous receivable		-	535
Accrued revenue		-	7,815
GST receivable		4,660	2,570
Interest receivable		9	53
Trust account <sup>(a)</sup>		1,525	3,557
Underbillings <sup>(b)</sup>		-	40,327
<b>Total current receivables</b>		<b>65,625</b>	<b>114,528</b>

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

(b) Contract costs incurred but not yet billed to clients.

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

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

	2020 (\$000)	2019 (\$000)
<b>Reconciliation of changes in the allowance for impairment of trade receivables</b>		
Balance at start of period	8	-
Remeasurement under AASB 9	-	4
<b>Restated balance at start of period</b>	<b>8</b>	<b>4</b>
Expected credit losses expense	20	10
Amounts written off during the period	-	(6)
<b>Balance at end of period</b>	<b>28</b>	<b>8</b>

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

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

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

	2020 (\$000)	2019 (\$000)
Current	540	806
Non-current	615,325	583,439
<b>Balance at end of period</b>	<b>615,865</b>	<b>584,245</b>

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

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

### 6.3 Contract assets

	2020 (\$000)	2019 (\$000)
Opening balance at the beginning of the period	48,142	-
Additions	51,856	-
Revenue recognised in the reporting period	(48,142)	-
<b>Closing balance at the end of period</b>	<b>51,856</b>	<b>-</b>
Current	51,856	-
Non-current	-	-

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

## 6.4 Asset held for distribution to owners

	2020 (\$000)	2019 (\$000)
Land	200	-
	<b>200</b>	<b>-</b>

The Department has listed a parcel of land for sale through the Department of Planning, Lands and Heritage that is surplus to requirement.

## 6.5 Other assets

	2020 (\$000)	2019 (\$000)
<b>Current</b>		
Prepayments	7,054	26,322
Other <sup>(a)</sup>	34	3,161
<b>Total current</b>	<b>7,088</b>	<b>29,483</b>
<b>Non-current</b>		
Prepayments	238	325
Other <sup>(a)</sup>	-	6,799
<b>Total non-current</b>	<b>238</b>	<b>7,124</b>
<b>Balance at end of period</b>	<b>7,326</b>	<b>36,607</b>

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

(a) Relates mainly to lease incentives.

## 6.6 Payables

	2020 (\$000)	2019 (\$000)
<b>Current</b>		
Trade payables	1,338	1,027
Accrued salaries	1,238	350
Accrued expenses	63,135	62,894
Interest – Western Australian Treasury Corporation (WATC)	-	9
Other	90	193
Overbillings <sup>(a)</sup>	-	29,753
<b>Total current</b>	<b>65,801</b>	<b>94,226</b>
<b>Balance at end of period</b>	<b>65,801</b>	<b>94,226</b>

(a) Billings to clients less contract costs incurred.

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

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

The accrued salaries suspense account (See restricted cash disclosure in Note 7.6.1 'Reconciliation of cash') consists of amounts paid annually, from Department appropriations for salaries expense, into a Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

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

## 6.7 Other provisions

	Notes	2020 (\$000)	2019 (\$000)
<b>Current</b>			
Make good	6.7.1	207	-
<b>Total current</b>		<b>207</b>	<b>-</b>
<b>Non-current</b>			
Make good	6.7.1	2,677	-
Restoration costs <sup>(a)</sup>	6.7.2	651	544
<b>Total non-current</b>		<b>3,328</b>	<b>544</b>
<b>Balance at end of period</b>		<b>3,535</b>	<b>544</b>

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

### 6.7.1 Make good 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 make good provision at each reporting date.

As at 30 June 2020, the anticipated timing of payments for make good are as follows:

	<b>\$'000</b>
Within 1 year	207
Later than 1 year and not later than 5 years	2,339
Later than 5 years	337
	<b>2,883</b>

### 6.7.2 Provision for restoration

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

A provision for restoration is recognised when:

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

The estimated future obligations include the costs of decommissioning and rehabilitating the site to a standard suitable for future land use. An environmental analysis to provide a quantifiable estimate of the amount required to rehabilitate the Mt Walton East intractable waste disposal site was obtained for the 2019–20 financial year. Calculations performed in assessing the restoration costs provisions incorporates a number of key estimates. Calculation of the provision will be conducted annually and adjusted using the most up-to-date information available. Please see [Note 8.2 'Contingent assets and liabilities'](#).

### 6.7.3 Movements in provision

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

	<b>2020</b>	<b>2019</b>
	<b>(\$000)</b>	<b>(\$000)</b>
<b>Make good provision</b>		
Carrying amount at start of period	5,574	-
Additional/(reversals of) provisions recognised	-	-
Payments	(2,840)	-
Unwinding of the discount	150	-
<b>Carrying amount at end of period</b>	<b>2,884</b>	-
<b>Restoration costs provision</b>		
Carrying amount at start of period	544	534
Additional/(reversals of) provisions recognised	100	10
Payments	-	-
Unwinding of the discount	7	-
<b>Carrying amount at end of period</b>	<b>651</b>	<b>544</b>

## 6.8 Contract liabilities

	2020 (\$000)	2019 (\$000)
Opening balance at the beginning of the period	49,410	-
Additions	40,269	-
Revenue recognised in the reporting period	(49,410)	-
<b>Closing balance at the end of period</b>	<b>40,269</b>	<b>-</b>
Current	40,269	-
Non-current	-	-

Contract liabilities, classified as amounts due to customers for services yet to be provided, primarily relate to when the Department has received consideration in advance of satisfying the performance obligation. Refer to [Note 4.2](#) for details of the revenue recognition policy.

## 6.9 Other liabilities

	2020 (\$000)	2019 (\$000)
<b>Current</b>		
Unearned revenue	2,079	24,412
Lease incentives <sup>(a)</sup>	32,744	-
<b>Total current</b>	<b>34,823</b>	<b>24,412</b>
<b>Balance at end of period</b>	<b>34,823</b>	<b>24,412</b>

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

## 6.10 Lease incentives

	2020 (\$000)	2019 (\$000)
<b>Current</b>		
Lease incentives <sup>(a)</sup>	-	17,186
<b>Total current</b>	<b>-</b>	<b>17,186</b>
<b>Non-current</b>		
Lease incentives <sup>(a)</sup>	-	176,266
<b>Total non-current</b>	<b>-</b>	<b>176,266</b>
<b>Balance at end of period</b>	<b>-</b>	<b>193,452</b>

(a) In instances where the lessor has provided incentives for the Department to enter into an operating lease, the Department has recognised the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight line basis. Examples of lease incentives include up-front cash payments or the reimbursement or assumption by the lessor of costs of the lease such as leasehold improvements. The treatment of lease incentives for FY 19–20 has changed due to the implementation of AASB 16 *Leases*.

## 7 | Financing

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

	<b>Notes</b>
Borrowings	7.1
Lease liabilities	7.2
Finance lease receivables	7.3
Interest revenue	7.4
Finance costs	7.5
Cash and cash equivalents	7.6
Reconciliation of cash	7.6.1
Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities	7.6.2

### 7.1 Borrowings

	<b>2020 (\$000)</b>	<b>2019 (\$000)</b>
<b>Current</b>		
Western Australian Treasury Corporation	-	5,433
Heritage Maintenance Payments	6,281	6,054
<b>Total current</b>	<b>6,281</b>	<b>11,487</b>
<b>Non-current</b>		
Western Australian Treasury Corporation	-	-
Heritage Maintenance Payments	51,513	50,664
<b>Total non-current</b>	<b>51,513</b>	<b>50,664</b>
<b>Balance at end of period</b>	<b>57,794</b>	<b>62,151</b>

All loans payable are initially recognised at fair value, being the net proceeds received. Subsequent measurement is at amortised cost using the effective interest rate method.

### 7.2 Lease liabilities

	<b>2020 (\$000)</b>	<b>2019 (\$000)</b>
Current	161,943	-
Non-current	1,514,797	-
	<b>1,676,740</b>	<b>-</b>

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

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

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

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

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

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

This section should be read in conjunction with [Note 5.2](#).

### **Subsequent measurement**

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

Additional information on leases:

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

The property leases are non-cancellable and have terms up to 25 years, with rent generally payable monthly in advance. Depending on the terms and conditions of the lease concerned, rent review provisions exist which generally result in rental increases throughout the lease terms. Options exist in most leases which permit leases to be extended under the prevailing lease terms and conditions, which may result in leases being extended beyond their original lease term.

(1) As listed in State Budget Paper No. 3 – Economic and Fiscal Outlook, Composition of Sectors, General Government.

The Department has concessionary leases as part of its government office accommodation portfolio. These concessionary leases are for land and buildings and are utilised by government agencies to further their operational objectives. During the financial year 2019/20 there were no rental charges for these category of leases. The lease terms are varied and are in accordance with government requirements.

### 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.

	<b>2020</b>	<b>2019</b>
	<b>(\$000)</b>	<b>(\$000)</b>
Gross investment in finance lease contracts	546	556
Less: Unearned finance income	(27)	(28)
<b>Net investment in finance lease contracts</b>	<b>519</b>	<b>528</b>
Less: Unguaranteed residual values of the finance leases at the balance date	-	-
<b>Present value of the future minimum lease payment receivables</b>	<b>519</b>	<b>528</b>
Accumulated allowances for unallocated minimum lease payment receivables	-	-
As at balance date, the gross investment and present value of receivables relating to the future minimum lease payments under non-cancellable finance lease arrangements were distributed as follows:		
Within 1 year	128	225
Later than 1 year and not later than 5 years	341	257
Later than 5 years	50	46
<b>Present value of finance lease receivables</b>	<b>519</b>	<b>528</b>
Included in the financial statements as:		
Current	128	225
Non-current	391	303
<b>Total</b>	<b>519</b>	<b>528</b>

**Finance lease** rights are initially recognised, at the commencement of the lease term, as assets equal in amount to the fair value of the leased item or, if lower, the present value of the minimum lease payments, determined at the inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability, according to the interest rate implicit in the lease.

## 7.4 Interest revenue

	2020 (\$000)	2019 (\$000)
Interest revenue	158	310

Revenue is recognised as the interest accrues.

## 7.5 Finance costs

	2020 (\$000)	2019 (\$000)
<b>Finance costs</b>		
Unwinding of discounts applied to provisions	157	-
Western Australian Treasury Corporation – interest on borrowings	25	372
Interest on Heritage Maintenance payments	7,130	6,990
Lease interest expense	46,621	-
<b>Finance costs expended</b>	<b>53,933</b>	<b>7,362</b>

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

## 7.6 Cash and cash equivalents

### 7.6.1 Reconciliation of cash

	Notes	2020 (\$000)	2019 (\$000)
Cash at bank		81,846	82,393
Cash on hand		2	2
Restricted cash and cash equivalents	8.1(b)		
– Indian Ocean Territories Trust Fund <sup>(a)</sup>		141	22
– Accrued salaries suspense account <sup>(b)</sup>		1,428	1,076
<b>Balance at end of period</b>		<b>83,417</b>	<b>83,493</b>

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

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

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

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

	Notes	2020 (\$000)	2019 (\$000)
Net cost of services		(188,507)	(132,635)
<b>Non-cash items</b>			
Depreciation and amortisation expense	5.1, 5.2 & 5.3	237,460	68,159
Expected credit losses expense	3.4	20	10
Services received free of charge	4.1	13,065	13,512
Restoration costs	3.4	100	-
Loss on revaluation decrement	3.4	730	-
Gain from revaluation increment	4.5	-	(12,465)
Net gain on disposal of property, equipment and vehicles	3.3, 4.5	(2,602)	(1,415)
<b>(Increase)/decrease in assets</b>			
Current receivables <sup>(a)</sup>		(11,816)	(1,441)
Other current assets		45	9
<b>Increase/(decrease) in liabilities</b>			
Current payables <sup>(a)</sup>		(6,775)	(8,265)
Accrued salaries		761	(19)
Employee benefits		992	(345)
Net GST receipts/(payments) <sup>(b)</sup>		(365)	(581)
Change in GST in receivables/payables <sup>(c)</sup>		(85)	338
<b>Net cash provided by/(used in) operating activities</b>		<b>43,023</b>	<b>(75,138)</b>

(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

(b) This is the net GST paid/received i.e. cash transactions.

(c) This reverses out the GST in receivables and payables.

## 8 | Risks and Contingencies

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

	<b>Note</b>
Financial risk management	<u>8.1</u>
Contingent assets and liabilities	<u>8.2</u>
Fair value measurements	<u>8.3</u>

### 8.1 Financial risk management

Financial instruments held by the Department are cash and cash equivalents, restricted cash and cash equivalents, borrowings, lease liabilities, Treasurer's advances, loans and receivables and payables. The Department has limited exposure to financial risks. The Department's overall risk management program focuses on managing the risks identified below.

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

##### Credit risk

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

Credit risk associated with the Department's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than Government, the Department trades only with recognised, creditworthy third parties. The Department has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Department's exposure to bad debts is minimal. Debt will be written-off against the allowance account when it is improbable or uneconomical to recover the debt. At the end of the reporting period there were no significant concentrations of credit risk.

##### Liquidity risk

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

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

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

The Department has a facility agreement in place with the Western Australian Treasury Corporation (WATC) to borrow up to \$250,000,000 to meet State Fleet contractual requirements, purchase vehicles and provide working capital. All amounts drawn against this facility were fully repaid at 30 June 2020.

### 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:

	2020 (\$000)	2019 (\$000)
<b>Financial assets</b>		
Cash and cash equivalents	81,848	82,395
Restricted cash and cash equivalents	1,569	1,098
Financial assets at amortised cost – receivables <sup>(a)</sup>	60,965	111,958
Finance lease receivables	519	528
Financial assets at amortised cost – amounts receivable for services	615,865	584,245
	<b>760,766</b>	<b>780,224</b>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost – payables <sup>(b)</sup>	65,801	94,226
Financial liabilities at amortised cost – Western Australian Treasury Corporation borrowings	-	5,433
Financial liabilities at amortised cost – Heritage Maintenance Payments	57,794	56,718
Lease liabilities	1,676,740	-
	<b>1,800,335</b>	<b>156,377</b>

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

(b) The amount of payables excludes GST payable to the ATO (statutory payable).

(c) **Credit risk exposure**

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

	Days past due					
	Total (\$000)	Current (\$000)	<30 days (\$000)	31-60 days (\$000)	61-90 days (\$000)	>91 days (\$000)
<b>30 June 2020</b>						
Expected credit loss rate		0%	0%	0%	0%	4.66%
Estimated total gross carrying amount at default	<b>59,459</b>	53,696	4,540	380	235	608
Expected credit losses	<b>(28)</b>	-	-	-	-	(28)
<b>30 June 2019</b>						
Expected credit loss rate		0%	0%	0%	0%	1.88%
Estimated total gross carrying amount at default	<b>59,679</b>	53,209	3,808	1,100	1,113	449
Expected credit losses	<b>(8)</b>	-	-	-	-	(8)

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

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

Interest rate exposure and maturity analysis of financial assets and financial liabilities										
Weighted average effective interest rate %	Interest rate exposure					Maturity dates				
	Carrying amount (\$000)	Fixed interest rate (\$000)	Variable interest rate (\$000)	Non-interest bearing (\$000)	Nominal amount (\$000)	Up to 1 month (\$000)	1-3 months (\$000)	3 months to 1 year (\$000)	1-5 years (\$000)	More than 5 years (\$000)
<b>2020</b>										
<b>Financial assets</b>										
-	81,848	-	-	81,848	81,848	81,848	-	-	-	-
-	1,569	-	-	1,569	1,569	-	141	-	-	1,428
-	60,965	-	-	60,965	60,965	60,965	-	-	-	-
2.02	519	519	-	-	546	6	33	99	357	51
-	615,865	-	-	615,865	615,865	-	-	517	2,137	613,211
	<b>760,766</b>	<b>519</b>	<b>-</b>	<b>760,247</b>	<b>760,793</b>	<b>142,819</b>	<b>174</b>	<b>616</b>	<b>2,494</b>	<b>614,690</b>
<b>Financial liabilities</b>										
-	65,801	-	-	65,801	65,801	65,729	72	-	-	-
-	-	-	-	-	-	-	-	-	-	-
12.46	57,794	57,794	-	-	179,008	519	1,037	4,725	27,569	145,158
2.98	1,676,740	1,676,740	-	-	2,091,289	13,688	27,337	123,081	621,265	1,305,918
	<b>1,800,335</b>	<b>1,734,534</b>	<b>-</b>	<b>65,801</b>	<b>2,336,098</b>	<b>79,936</b>	<b>28,446</b>	<b>127,806</b>	<b>648,834</b>	<b>1,451,076</b>

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

(b) The amount of payables excludes the GST payable to the ATO (statutory receivable).

**(d) Liquidity risk and Interest rate exposure (cntd)**

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)
<b>2019</b>										
<b>Financial assets</b>										
Cash and cash equivalents	2.22	82,395	-	13,466	68,929	82,395	-	-	-	-
Restricted cash and cash equivalents	-	1,098	-	-	1,098	1,098	22	-	-	1,076
Receivables <sup>(a)</sup>	-	111,958	-	-	111,958	111,958	-	535	-	-
Finance lease receivables	2.63	528	528	-	-	556	17	147	273	47
Amounts receivable for services	-	584,245	-	-	584,245	584,245	-	806	3,293	580,146
		<b>780,224</b>	<b>528</b>	<b>13,466</b>	<b>766,230</b>	<b>780,252</b>	<b>94</b>	<b>1,488</b>	<b>3,566</b>	<b>581,269</b>
<b>Financial liabilities</b>										
Payables <sup>(b)</sup>	-	94,226	-	-	94,226	94,226	-	-	-	-
WATC borrowings	2.23	5,433	5,433	-	-	5,462	1,650	2,273	-	-
Heritage Maintenance Payments	12.46	56,718	56,718	-	-	185,062	500	4,554	26,573	152,435
		<b>156,377</b>	<b>62,151</b>	<b>-</b>	<b>94,226</b>	<b>284,750</b>	<b>96,376</b>	<b>6,827</b>	<b>26,573</b>	<b>152,435</b>

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

(b) The amount of payables excludes the GST payable to the ATO (statutory receivable).

### (e) Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Department's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying amount (\$000)	-100 basis points		+100 basis points	
		Surplus (\$000)	Equity (\$000)	Surplus (\$000)	Equity (\$000)
<b>2020</b>					
<b>Financial assets</b>					
Cash and cash equivalents	-	-	-	-	-
<b>Total increase/(decrease)</b>		-	-	-	-
<b>2019</b>					
<b>Financial assets</b>					
Cash and cash equivalents	13,466	(135)	(135)	135	135
<b>Total increase/(decrease)</b>		<b>(135)</b>	<b>(135)</b>	<b>135</b>	<b>135</b>

## 8.2 Contingent assets and liabilities

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

A range of significant infrastructure projects have reached or are reaching completion (such as the Perth Children's Hospital). There may be claims that arise in relation to works or activities associated with such projects. Claims will generally be subject to a period of negotiation and may either be withdrawn, subsequently settled (at a value agreed between the two parties), or proceed to some alternative process for resolution such as through legal action. Where costs are negotiated and claims settled, these are reflected in the financial statements.

### 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 Act, 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*, *contaminated – restricted use or possibly contaminated – investigation required*, the Department may have a liability in respect of investigation or remediation expenses.

The Department has reported two suspected contaminated sites to DWER. The first site has been classified as *possibly contaminated – investigation required*. The Department is unable to assess the likely outcome of the classification process and accordingly it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the Department may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

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

### 8.3 Fair value measurements

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

<b>Assets measured at fair value: 2019</b>	<b>Level 1 (\$000)</b>	<b>Level 2 (\$000)</b>	<b>Level 3 (\$000)</b>	<b>Fair value at end of period (\$000)</b>
Land ( <a href="#">Note 5.1</a> )	-	59,057	78,137	137,194
Buildings ( <a href="#">Note 5.1</a> )	-	92,130	36,074	128,204
	-	<b>151,187</b>	<b>114,211</b>	<b>265,398</b>

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

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

Level 2 fair values Land and Buildings (office accommodation) are derived using the market approach. Market evidence of sales prices of comparable land and buildings (office accommodation) in close proximity is used to determine price per square metre.

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

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

	<b>Land (\$000)</b>	<b>Buildings (\$000)</b>
<b>2020</b>		
Fair value at start of period	78,137	36,074
Additions	-	10
Transfers	(97)	-
Revaluation increments/(decrements) recognised in Profit or Loss	(17)	(3,445)
Revaluation increments/(decrements) recognised in Other Comprehensive Income	-	-
Depreciation expense	-	(504)
<b>Fair value at end of period</b>	<b>78,023</b>	<b>32,135</b>
Total losses for the period included in profit or loss, under 'Other expenses'	(17)	(3,445)
<b>2019</b>		
Fair value at start of period	77,044	34,815
Additions	-	753
Transfers	-	-
Revaluation increments/(decrements) recognised in Profit or Loss	1,093	978
Revaluation increments/(decrements) recognised in Other Comprehensive Income	-	-
Depreciation expense	-	(472)
<b>Fair value at end of period</b>	<b>78,137</b>	<b>36,074</b>
Total gain for the period included in profit or loss, under 'Gains'	1,093	978

### Valuation processes

There were no changes in valuation techniques during the period.

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

### **Land (Level 3 fair values)**

Fair value for restricted use land is based on comparison with market evidence for land with low level utility (high restricted use land). The relevant comparators of land with low level utility is selected by the Western Australian Land Information Authority (Valuations and Property Analytics) 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 Western Australian Land Information Authority (Valuations and Property Analytics). 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.

	<b>Note</b>
Events occurring after the end of the reporting period	<u>9.1</u>
Initial application of Australian Accounting Standards	<u>9.2</u>
Key management personnel	<u>9.3</u>
Related party transactions	<u>9.4</u>
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Explanatory statement – Statement of Comprehensive Income Variances	<u>9.12.1</u>
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Services provided free of charge	<u>9.13</u>

### 9.1 Events occurring after the end of the reporting period

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

### 9.2 Initial application of Australian Accounting Standards

#### (a) **AASB 15 Revenue from Contract with Customers and AASB 1058 Income of Not-for-Profit Entities**

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* for annual reporting periods on or after 1 January 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer and is based upon the transfer of control rather than transfer of risks and rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- Identifying contracts with customers.
- Identifying separate performance obligations.
- Determining the transaction price of the contract.
- Allocating the transaction price to each of the performance obligations.
- Recognising revenue as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, income other than from contracts with customers are subject to AASB 1058 *Income of Not-for-Profit Entities*. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by the Department.

The Department adopts the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information is restated under this approach, and the Department recognises the cumulative effect of initially applying the Standards as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 July 2019).

Under this transition method, the Department elects not to apply the standards retrospectively to non-completed contracts at the date of initial application.

Refer to Note 4.1 and 4.2 for the revenue and income accounting policies adopted from 1 July 2019.

The effect of adopting AASB 15 and AASB 1058 are as follows:

	<b>30-Jun-20</b>	<b>Adjustments</b>	<b>30-Jun-20 under AASB 118 and 1004</b>
Revenue for Government office accommodation	268,653	-	268,653
Managed building works	753,189	-	753,189
Fees	37,603	-	37,603
Commonwealth grants	5,454	-	5,454
<b>Net result</b>	<b>1,064,899</b>	<b>-</b>	<b>1,064,899</b>

## (b) AASB 16 Leases

AASB 16 *Leases* supersedes AASB 117 *Leases and related Interpretations*. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The Department applies AASB 16 *Leases* from 1 July 2019 using the modified retrospective approach. As permitted under the specific transition provisions, comparatives are not restated. The cumulative effect of initially applying this Standard is recognised as an adjustment to the opening balance of accumulated surplus/(deficit).

The main changes introduced by this Standard include identification of lease within a contract and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) on the Statement of Financial Position as right-of-use assets and lease liabilities, except for short term leases (lease terms of 12 months or less at commencement date) and low-value assets (where the underlying asset is valued less than \$5,000). The operating lease and finance lease distinction for lessees no longer exists.

Under AASB 16, the Department takes into consideration all operating leases that were off balance sheet under AASB 117 and recognises:

- (a) right-of-use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of future lease payments, discounted using the weighted average incremental borrowing rate of 2.99% on 1 July 2019;
- (b) depreciation of right-of-use assets and interest on lease liabilities in the Statement of Comprehensive Income; and
- (c) the total amount of cash paid as principal amount, which is presented in the cash flows from financing activities, and interest paid, which is presented in the cash flows from operating activities, in the Statement of Cash Flows.

In relation to leased vehicles that were previously classified as finance leases, their carrying amount before transition is used as the carrying amount of the right-of-use assets and the lease liabilities as of 1 July 2019.

The Department measures concessionary leases that are of low value terms and conditions at cost at inception. Although the Department has concessionary leases at the date of transition, there is no financial impact as the concessionary lease right-of-use assets are measured at nil cost.

The right-of-use assets are assessed for impairment at the date of transition and the Department has not identified any impairments to its right-of-use assets.

On transition, the Department has elected to apply the following practical expedients in the assessment of their leases that were previously classified as operating leases under AASB 117:

- (a) A single discount rate has been applied to a portfolio of leases with reasonably similar characteristics;
- (b) The Department has relied on its assessment of whether existing leases were onerous in applying AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of initial application as an alternative to performing an impairment review. The Department has adjusted the right-of-use asset at 1 July 2019 by the amount of any provisions included for onerous leases recognised in the statement of financial position at 30 June 2019;
- (c) Where the lease term at initial application ended within 12 months, the Department has accounted for these as short-term leases;
- (d) Initial direct costs have been excluded from the measurement of the right-of-use asset; and
- (e) Hindsight has been used to determine if the contracts contained options to extend or terminate the lease.

The Department has not reassessed whether existing contracts are, or contained a lease at 1 July 2019. The requirements of paragraphs 9-11 of AASB 16 are applied to contracts that came into existence post 1 July 2019.

<b>Measurement of lease liabilities</b>	<b>(\$000)</b>
Operating lease commitments disclosed as at 30 June 2019	73,015
Discounted using incremental borrowing rate at date of initial application <sup>(1)</sup>	61,842
Add: Other lease commitments not previously disclosed and recognised as at 1 July 2019	1,503,518
(Less): Short term leases not recognised as liability	-
(Less): Low value leases not recognised as liability	-
<b>Lease liability recognised at 1 July 2019</b>	<b>1,565,360</b>
Current lease liabilities	170,362
Non-current lease liabilities	1,394,998

- (1) The applicable WATC incremental borrowing rate was used for the purposes of calculating the lease transition opening balance.

### 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:

<b>Compensation band (\$)</b>	<b>2020</b>	<b>2019</b>
90,001 – 100,000	-	1
120,001 – 130,000	2	-
150,001 – 160,000	1	-
190,001 – 200,000	-	1
200,001 – 210,000	-	1
280,001 – 290,000	1	2
310,001 – 320,000	1	-
360,001 – 370,000	-	1
370,001 – 380,000	1	-
500,001 – 510,000	1	-
680,001 – 690,000	-	1
	<b>2020</b>	<b>2019</b>
	<b>(\$000)</b>	<b>(\$000)</b>
Short-term employee benefits	1,390	1,463
Post employment benefits	170	155
Other long term benefits	273	502
Termination benefits	65	-
<b>Total compensation of senior officers</b>	<b>1,898</b>	<b>2,120</b>

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 4.2);
- Vehicle fleet lease rental revenue from vehicle leasing arrangements (Note 4.2);
- Revenue from government office accommodation (Note 4.2);
- Provide vehicle finance leases (Note 7.3);
- Remuneration for services provided by the Auditor General (Note 9.7);
- Provide corporate services, accommodation leasing services and fitouts free of charge (Note 9.13);
- Loan facility from the Western Australian Treasury Corporation (Note 7.1);
- Services received free of charge from Department of Justice, Landgate, Department of Treasury, Department of Education and Department of Primary Industries and Regional Development (Note 4.1);
- Service appropriations (Note 4.1);
- Insurance payments to the Insurance Commission of Western Australia (Note 3.4); and
- Capital appropriations (Note 9.9).

## Material transactions with other related parties

During the year, the Department paid \$8,564,704 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 Special purpose accounts – controlled

### State Supply Commission – State Fleet<sup>(a)</sup>

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

	2020 (\$000)	2019 (\$000)
Balance at start of period	22,548	-
Receipts	15,113	-
Payments	(12,953)	-
<b>Balance at end of period</b>	<b>24,708</b>	<b>-</b>

(a) Established under *State Supply Commission Act 1991* Section 30 (2-6). The special purpose account came into effect on 1 May 2020.

## 9.7 Remuneration of auditors

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

	<b>2020</b> <b>(\$000)</b>	<b>2019</b> <b>(\$000)</b>
Auditing the accounts, financial statements, controls, and key performance indicators	394	394

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

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

## 9.9 Equity

	<b>2020</b> <b>(\$000)</b>	<b>2019</b> <b>(\$000)</b>
<b>Contributed equity</b>		
Balance at start of period	1,068,039	1,056,019
<i>Contributions by owners</i>		
Capital appropriation	5,265	11,820
<i>Other contributions by owners</i>		
Funding from Treasury Administered	-	200
Total contributions by owners	5,265	12,020
<i>Distribution to owners</i>		
Transfer of land to the Department of Communities	(97)	-
Lease incentives transferred to consolidated account	(31,300)	-
<b>Total distributions to owners</b>	<b>(31,397)</b>	<b>-</b>
<b>Balance at end of period</b>	<b>1,041,907</b>	<b>1,068,039</b>

## 9.10 Supplementary financial information

### (a) Write-offs

During the year, \$18.156 million (2019: \$10.834 million) was written off by the Department under the authority of:

	<b>2020</b> <b>(\$000)</b>	<b>2019</b> <b>(\$000)</b>
The accountable authority	7,165	6,248
The Minister	3,747	1,655
Executive Council	7,244	2,931
	<b>18,156</b>	<b>10,834</b>

### (b) Write-offs by category

	2020 (\$000)	2019 (\$000)
Public assets	1,980	1,661
Debts due to the State	16,176	9,173
	<b>18,156</b>	<b>10,834</b>

### 9.11 Service delivery arrangements Indian Ocean Territories

	2020 (\$000)	2019 (\$000)
<b>Revenue</b>		
Commonwealth receipts	7,226	8,279
	<b>7,226</b>	<b>8,279</b>
<b>Expenditure</b>		
Consultants and contractors	6,579	8,678
Administration and other costs	489	491
Payroll Tax and business franchise	24	34
Duties	-	1
Land Tax	4	3
Compliance	11	51
	<b>7,107</b>	<b>9,258</b>
Surplus/(deficit) for the period	119	(979)
Balance brought forward	22	1,001
<b>Balance carried forward</b>	<b>141</b>	<b>22</b>

### 9.12 Explanatory statement (Controlled Operations)

All variances between estimates (original budget) and actual results for 2020, and between the actual results for 2020 and 2019 are shown below. Narratives are provided for key major variances, which are greater than 10% and \$1 million for the Statements of Comprehensive Income, Cash Flows, and the Statement of Financial Position.

## 9.12.1 Statement of Comprehensive Income Variances

	Variance note	Estimate 2020 (\$000)	Actual 2020 (\$000)	Actual 2019 (\$000)	Variance between estimate and actual (\$000)	Variance between actual results for 2020 and 2019 (\$000)
<b>Expenses</b>						
Employee benefits expense		118,249	108,765	104,839	(9,484)	3,926
Supplies and services	1	943,071	870,998	1,039,189	(72,073)	(168,191)
Depreciation and amortisation expense	2	85,596	237,460	68,159	151,864	169,301
Finance costs	3	76,027	53,933	7,362	(22,094)	46,571
Accommodation expenses	4	35,981	35,918	46,230	(63)	(10,312)
Grants and subsidies		2,323	1,519	528	(804)	991
Loss on disposal of non-current assets		-	106	444	106	(338)
Other expenses	5	9,725	3,616	1,082	(6,109)	2,534
<b>Total cost of services</b>		<b>1,270,972</b>	<b>1,312,315</b>	<b>1,267,833</b>	<b>41,343</b>	<b>44,482</b>
<b>Income</b>						
<i>Revenue</i>						
User charges and fees		1,016,218	1,110,284	1,109,482	94,066	802
Commonwealth grants and contributions	6	4,700	5,454	6,596	754	(1,142)
Interest revenue	7	64,929	158	310	(64,771)	(152)
Other revenue	8	8,872	5,204	4,486	(3,668)	718
<b>Total revenue</b>		<b>1,094,719</b>	<b>1,121,100</b>	<b>1,120,874</b>	<b>26,381</b>	<b>226</b>
<i>Gains</i>						
Gain on disposal of non-current assets	9	1,000	2,708	1,859	1,708	849
Gain from revaluation	10	-	-	12,465	-	(12,465)
<b>Total gains</b>		<b>1,000</b>	<b>2,708</b>	<b>14,324</b>	<b>1,708</b>	<b>(11,616)</b>
<b>Total income other than income from State Government</b>		<b>1,095,719</b>	<b>1,123,808</b>	<b>1,135,198</b>	<b>28,089</b>	<b>(11,390)</b>
<b>Net Cost of Services</b>		<b>175,253</b>	<b>188,507</b>	<b>132,635</b>	<b>13,254</b>	<b>55,872</b>
<b>Income From State Government</b>						
Service appropriation		169,892	169,780	154,400	(112)	15,380
Services received free of charge	11	14,676	13,066	13,512	(1,610)	(446)
Royalties for Regions Fund	12	106	1,644	91	1,538	1,553
<b>Total income from State Government</b>		<b>184,674</b>	<b>184,490</b>	<b>168,003</b>	<b>(184)</b>	<b>16,487</b>
<b>Surplus/(Deficit) for the Period</b>		<b>9,421</b>	<b>(4,017)</b>	<b>35,368</b>	<b>(13,438)</b>	<b>(39,385)</b>
<b>Total Comprehensive Income/(Deficit) for the Period</b>		<b>9,421</b>	<b>(4,017)</b>	<b>35,368</b>	<b>(13,438)</b>	<b>(39,385)</b>

### **Major Estimate and Actual (2020) Variance Narratives**

- 2 The 2020 actual is higher due to a change in the treatment of depreciation of AASB 16 right of use assets for Government Office Accommodation. The depreciation for all of Government Office Accommodation leases is reflected in the Department's financial statements.
- 3 The 2020 actual is lower due to reductions in the interest rate since the budget was prepared. This relates to the introduction of AASB 16 for leases.
- 5 The lower 2020 actual when compared to the estimate for other expenses is predominantly due to the transfer of expenditure for laptops to a recipient agency as part of an activity based working solution.
- 7 The 2020 actual is lower due to the change in the whole of government treatment of AASB 16 for Government Office Accommodation. The 2020 estimate reflected interest revenue on finance lease receivables from other Government Agencies.
- 8 The 2020 actual is lower than estimate largely due to the cessation of services provided under ServiceNet and Government Campus Network (GCN).
- 9 Gains on disposal is higher than estimate due to higher resale values achieved for the sale of State Fleet vehicles.
- 11 The 2020 services received free of charge is lower than estimate due to a reduction in the requirement of government legal services.
- 12 The 2020 Royalties for Regions (RfR) income is higher than estimated due to the receipt of unbudgeted monies for RfR program.

### **Major Actual (2020) and Comparative (2019) Variance Narratives**

- 1 The 2020 actual is lower than 2019 due to the implementation of AASB 16, with rental payments no longer recognised as an operating expense.
- 2 The higher 2020 actual is due to the increase in depreciation on Government Office Accommodation right of use assets resulting from the implementation AASB 16 for leases.
- 3 The 2020 actual is higher than 2019 due to the increase in interest expense on Government Office Accommodation as a result of the introduction of AASB 16 from 1 July 2019.
- 4 The lower 2020 actual is due to the implementation of AASB 16 and rent no longer reflected as an expense in the statement of comprehensive income.
- 5 The 2020 actual expenditure increased from 2019 primarily due to the land and building revaluation expense and additional ICT equipment procured to enable work from home arrangements in response to COVID19.
- 6 The 2020 actual was lower when compared to 2019 due to a decrease in the scope of capital works requested by the Commonwealth government for the Indian Ocean Territories.
- 10 There was no gain from revaluation of land and buildings in 2020 compared to 2019 actual.
- 12 The 2020 Royalties for Regions (RfR) income is higher than 2019 actual due to monies received for a one-off program in 2020.

## 9.12.2 Statement of Financial Position Variances

	Variance note	Estimate 2020 (\$000)	Actual 2020 (\$000)	Actual 2019 (\$000)	Variance between estimate and actual (\$000)	Variance between actual results for 2020 and 2019 (\$000)
<b>Assets</b>						
<i>Current Assets</i>						
Cash and cash equivalents		157,485	81,848	82,395	(75,637)	(547)
Restricted cash and cash equivalents		841	141	22	(700)	119
Asset held for distribution to owners		-	200	-	200	200
Receivables		120,118	65,625	114,528	(54,493)	(48,903)
Finance lease receivables		259	128	225	(131)	(97)
Amounts receivable for services		806	540	806	(266)	(266)
Contract assets	1	-	51,856	-	51,856	51,856
Other current assets	2	29,347	7,088	29,483	(22,259)	(22,395)
<b>Total Current Assets</b>		<b>308,856</b>	<b>207,426</b>	<b>227,459</b>	<b>(101,430)</b>	<b>(20,033)</b>
<i>Non-Current Assets</i>						
Restricted cash and cash equivalents		619	1,428	1,076	809	352
Finance lease receivables	3	1,511,793	391	303	(1,511,402)	88
Amounts receivable for services		614,889	615,325	583,439	436	31,886
Property, equipment and vehicles		727,851	725,962	691,918	(1,889)	34,044
Right-of-use assets	4	83,084	1,443,852	-	1,360,768	1,443,852
Intangible assets		35,407	37,505	36,488	2,098	1,017
Other non-current assets	5	4,842	238	7,124	(4,604)	(6,886)
<b>Total Non-Current Assets</b>		<b>2,978,485</b>	<b>2,824,701</b>	<b>1,320,348</b>	<b>(153,784)</b>	<b>1,504,353</b>
<b>Total Assets</b>		<b>3,287,341</b>	<b>3,032,127</b>	<b>1,547,807</b>	<b>(255,214)</b>	<b>1,484,320</b>
<b>Liabilities</b>						
<i>Current Liabilities</i>						
Payables		158,920	65,801	94,226	(93,119)	(28,425)
Borrowings	6	9,835	6,281	11,487	(3,554)	(5,206)
Lease liabilities	7	23,058	161,943	-	138,885	161,943
Employee related provisions		25,111	26,129	25,738	1,018	391
Contract liabilities	8	-	40,269	-	40,269	40,269
Other provisions	9	-	207	-	207	207
Lease incentives	10	16,846	-	17,186	(16,846)	(17,186)
Other liabilities	11	-	34,823	24,412	34,823	10,411
<b>Total Current Liabilities</b>		<b>233,770</b>	<b>335,453</b>	<b>173,049</b>	<b>101,683</b>	<b>162,404</b>
<i>Non-Current Liabilities</i>						
Borrowings		51,728	51,513	50,664	(215)	849
Lease liabilities	12	1,593,329	1,514,797	-	(78,532)	1,514,797
Employee related provisions		4,847	4,928	4,953	81	(25)
Other provisions	13	543	3,328	544	2,785	2,784
Lease incentives	14	184,362	-	176,266	(184,362)	(176,266)
<b>Total Non-Current Liabilities</b>		<b>1,834,809</b>	<b>1,574,566</b>	<b>232,427</b>	<b>(260,243)</b>	<b>1,342,139</b>
<b>Total Liabilities</b>		<b>2,068,579</b>	<b>1,910,019</b>	<b>405,476</b>	<b>(158,560)</b>	<b>1,504,543</b>
<b>Net Assets</b>		<b>1,218,762</b>	<b>1,122,108</b>	<b>1,142,331</b>	<b>(96,654)</b>	<b>(20,223)</b>
<b>Equity</b>						
Contributed equity		1,161,813	1,041,907	1,068,039	(119,906)	(26,132)
Accumulated surplus/(deficit)		56,949	80,201	74,292	23,252	5,909
<b>Total Equity</b>		<b>1,218,762</b>	<b>1,122,108</b>	<b>1,142,331</b>	<b>(96,654)</b>	<b>(20,223)</b>

## Major Estimate and Actual (2020) Variance Narratives

- 1 The 2020 actual reflects the introduction of AASB 15 from 1 July 2019. This has resulted in a change of classification from receivables to contract assets. This mainly relates to the estimated recognition of works turnover performed.
- 2 The lower 2020 actual when compared to the estimate was mainly due to the introduction of AASB 16. Rent free lease incentives and rent prepayments are no longer recognised as other current assets.
- 3 The 2020 actual is lower due to the change in the AASB 16 treatment of Government Office Accommodation. The 2020 estimate reflected finance lease receivables from other Government Agencies.
- 4 The 2020 actual is higher due to the change in the AASB 16 treatment of Government Office Accommodation. The actual includes the right of use asset for the whole Government Office Accommodation portfolio.
- 5 Other non-current assets actual balances was lower than the estimate due to the reclassification of rent free lease incentives to equity.
- 6 The 2020 actual is lower than the budget due to the finalisation of the repayment of State Fleet borrowings.
- 7 The 2020 actual is higher due to the change in the AASB 16 treatment of Government Office Accommodation. The actual includes the lease liability for the whole of Government Office Accommodation portfolio.
- 8 The actual 2020 reflects the introduction of AASB 15 from 1 July 2019. This has resulted in a change of classification from payables to contract liabilities. This mainly relates to the billing in advance for government office accommodation rental and the estimated recognition of works turnover performed.
- 9 The 2020 actual reflects the current restoration provision for leased Government Office Accommodation.
- 10 The 2020 actual no longer reflects lease incentives as a result of the change in accounting treatment with the introduction of AASB16 from 1 July 2019.
- 11 The actual 2020 reflects lease incentives received in advance for Government Office Accommodation leases.
- 13 The 2020 actual reflects the non current restoration provision for leased Government Office Accommodation.
- 14 The 2020 actual no longer reflects lease incentives as a result of the change in accounting treatment with the introduction of AASB16 from 1 July 2019.

## Major Actual (2020) and Comparative (2019) Variance Narratives

- 1 The 2020 actual reflects the introduction of AASB 15 from 1 July 2019. This has resulted in a change of classification from receivables to contract assets. This mainly relates to the estimated recognition of works turnover performed.
- 2 The lower 2020 actual was mainly due to the introduction of AASB 16. Rent free lease incentives and rent prepayments are no longer recognised as other current assets.
- 4 The 2020 actual reflects the right of use asset for the entire Government Office Accommodation portfolio as a result of the implementation of AASB 16 on 1 July 2019.
- 5 The lower 2020 actual for other non-current assets is mainly due to the reclassification of rent free lease incentives to equity.
- 6 The 2020 actual is lower due to the finalisation of the repayment of State Fleet borrowings.
- 7 The 2020 actual is higher due to the change in the AASB 16 treatment of Government Office Accommodation. The actual includes the leases liability for the whole Government Office Accommodation portfolio.
- 8 The actual 2020 reflects the introduction of AASB 15 from 1 July 2019. This has resulted in a change of classification from payables to contract liabilities. This mainly relates to the billing in advance for government office accommodation rental and the estimated recognition of works turnover performed.
- 9 The 2020 actual reflects the current restoration provision for leased Government Office Accommodation.
- 10 The 2020 actual no longer reflects lease incentives as a result of the change in accounting treatment with the introduction of AASB 16 from 1 July 2019.
- 11 The actual 2020 reflects the introduction of AASB15 from 1 July 2019. This has resulted in a change of classification from unearned revenue to contract liabilities. The actual 2020 reflects lease incentives received in advance for Government Office Accommodation leases.
- 12 The 2020 actual is higher due to the change in the AASB 16 treatment of Government Office Accommodation. The actual includes the leases liability for the whole of Government Office Accommodation portfolio.
- 13 The 2020 actual reflects the non current restoration provision for leased Government Office Accommodation.
- 14 The 2020 actual no longer reflects lease incentives as a result of the change in accounting treatment with the introduction of AASB 16 from 1 July 2019.

### 9.12.3 Statement of Cash Flows Variances

	Variance note	Estimate 2020 (\$000)	Actual 2020 (\$000)	Actual 2019 (\$000)	Variance between estimate and actual (\$000)	Variance between actual results for 2020 and 2019 (\$000)
<b>Cash Flows from State Government</b>						
Service appropriation	1	137,538	137,643	93,239	105	44,404
Capital appropriations	2	10,265	5,265	11,820	(5,000)	(6,555)
Funding from Treasury Administered		-	-	200	-	(200)
Holding account drawdowns		806	517	779	(289)	(262)
Royalties for Regions Fund		106	94	90	(12)	4
Distribution to owners	3	-	(31,300)	-	(31,300)	(31,300)
<b>Net cash provided by State Government</b>		<b>148,715</b>	<b>112,219</b>	<b>106,128</b>	<b>(36,496)</b>	<b>6,091</b>
<b>Cash Flows From Operating Activities</b>						
<i>Payments</i>						
Employee benefits		(118,181)	(106,972)	(105,098)	11,209	(1,874)
Supplies and services	4	(945,827)	(865,529)	(1,033,285)	80,298	167,756
Finance costs	5	(72,277)	(52,711)	(6,237)	19,566	(46,474)
Accommodation	6	(36,822)	(35,016)	(46,926)	1,806	11,910
Grants and subsidies		(2,323)	(1,519)	(521)	804	(998)
GST payments on purchases		(133,014)	(122,549)	(121,256)	10,465	(1,293)
GST payments to taxation authority	7	(3,234)	(7,331)	(6,759)	(4,097)	(572)
Other payments	8	(3,408)	(1,799)	(4,056)	1,609	2,257
<i>Receipts</i>						
User charges and fees		1,016,265	1,093,787	1,106,235	77,522	(12,448)
Commonwealth grants and contributions	9	4,700	7,226	8,280	2,526	(1,054)
Interest received	10	64,925	202	319	(64,723)	(117)
GST receipts on sales		124,480	122,464	121,593	(2,016)	871
GST receipts from taxation authority	11	12,374	6,967	6,178	(5,407)	789
Other receipts	12	16,683	5,803	6,395	(10,880)	(592)
<b>Net cash provided by/(used in) operating activities</b>		<b>(75,659)</b>	<b>43,023</b>	<b>(75,138)</b>	<b>118,682</b>	<b>118,161</b>
<b>Cash Flows from Investing Activities</b>						
<i>Payments</i>						
Purchase of non-current assets	13	(138,504)	(128,334)	(92,774)	10,170	(35,560)
<i>Receipts</i>						
Proceeds from sale of non-current assets	14	51,464	33,517	30,379	(17,947)	3,138
Receipts from lease incentives	15	-	-	55,757	-	(55,757)
<b>Net cash provided by/(used in) investing activities</b>		<b>(87,040)</b>	<b>(94,817)</b>	<b>(6,638)</b>	<b>(7,777)</b>	<b>(88,179)</b>
<b>Cash Flows from Financing Activities</b>						
<i>Payments</i>						
Repayment of borrowings	16	(11,400)	(5,433)	(18,922)	5,967	13,489
Principal elements of lease	17	(142,168)	(141,375)	-	793	(141,375)
<i>Receipts</i>						
Proceeds from borrowings	18	6,000	-	-	(6,000)	-
Finance leases receipts	19	134,068	231	438	(133,837)	(207)
Receipts from lease incentives	20	65,199	86,076	-	20,877	86,076
<b>Net cash provided by/(used in) financing activities</b>		<b>51,699</b>	<b>(60,501)</b>	<b>(18,484)</b>	<b>(112,200)</b>	<b>(42,017)</b>
Net increase/(decrease) in cash and cash equivalents		37,715	(76)	5,868	(37,791)	(5,944)
Cash and cash equivalents at the beginning of the period		121,230	83,493	77,625	(37,737)	5,868
<b>Cash and Cash Equivalents at the End of the Period</b>		<b>158,945</b>	<b>83,417</b>	<b>83,493</b>	<b>(75,528)</b>	<b>(76)</b>

## Major Estimate and Actual (2020) Variance Narratives

- 2 The 2020 actual capital appropriation is lower than the estimate as a result of the transfer of administered appropriation from capital to service to fund the development of an asset management platform.
- 3 The higher 2020 actual relates to lease incentive funding returned to consolidated account.
- 5 The 2020 actual is lower due to reductions in the interest rate since the budget was prepared. This relates to the introduction of AASB 16 for leases.
- 7 The higher 2020 actuals can be attributed to the increased user fees and charges received.
- 8 The variance between estimate and actual is due to reduced payments to third parties for the building maintenance works program.
- 9 Commonwealth grants and contributions were higher than estimate due to an increase in the scope of capital works requested by the Commonwealth government for the Indian Ocean Territories.
- 10 The 2020 actual is lower due to the change in the whole of government treatment of AASB 16 for Government Office Accommodation. The 2020 estimate reflected interest revenue on finance lease receivables from other Government Agencies.
- 11 The lower 2020 actual can be attributed to the decreased expenditure on supplies and services.
- 12 The 2020 actual is lower than estimate largely due to the cessation of services provided under ServiceNet and Government Campus Network (GCN).
- 14 Proceeds from the sale of non-current assets were lower than estimate due to lower vehicle turnover across the sector.
- 16 The lower 2020 actual relates to State Fleet repayment of borrowings which were fully repaid during the 2019–20 financial year.
- 18 The department did not drawdown any proceeds from borrowings in 2020.
- 19 The 2020 actual is lower due to the change in the whole of government treatment of AASB16 for Government Office Accommodation. The 2020 estimate reflected interest revenue on finance lease receivables from other Government Agencies.
- 20 The higher 2020 actual when compared to estimate is due to negotiation and receipt of unbudgeted lease incentives.

## Major Actual (2020) and Comparative (2019) Variance Narratives

- 1 The increase in service appropriation addresses a historical \$30m cash shortfall plus Expenditure Review Committee approved funding for a number of Government initiatives.
- 2 The 2020 actual is lower than the 2019 actual due to a reduction in capital funding for State Revenue Digital Transformation Program and Joondalup accommodation project.
- 3 The higher 2020 actual relates to lease incentive funding returned to consolidated account.
- 4 The lower 2020 actual when compared to 2019 is due to the implementation of AASB16 with rental payments no longer recognised as an operating expense.
- 5 The higher 2020 actual is due to the increase in interest expense on Government Office Accommodation lease portfolio resulting from the implementation of AASB 16.

- 6 The lower 2020 actual is due to the implementation of AASB 16 and rent no longer reflected as an expense in the statement of comprehensive income.
- 8 The lower 2020 actual is due to reduced payments to third parties for the building maintenance works program.
- 9 The 2020 Commonwealth grants and subsidies were lower than 2019 due to a lower scope of works requested for the Indian Ocean Territories.
- 13 The purchase of non-current physical assets was higher in 2020 than 2019 due to an increase in lease incentive funded capital projects.
- 15 The reduction in 2020 actual is a result of a reclassification of lease incentives due to the implementation of AASB 16 from 1 July 2019.
- 16 The lower 2020 actual relates to State Fleet repayment of borrowings which were fully repaid during the 2019–20 financial year.
- 17 The 2020 actual reflects the repayment of principal as a result of the implementation of AASB 16 from 1 July 2019.
- 20 The increase in 2020 actual is a result of the reclassification of lease incentives due to the implementation of AASB 16 from 1 July 2019.

### 9.13 Services provided free of charge

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

	<b>2020</b> <b>(\$000)</b>	<b>2019</b> <b>(\$000)</b>
Department of the Premier and Cabinet	3,221	3,126
Department of Transport	644	679
Office of the Auditor General	417	406
Department of Training & Workforce Development	328	338
Public Sector Commission	719	671
Western Australia Police	485	489
Department of Treasury	4,617	5,998
The Ombudsman	294	280
Department of Health	514	458
Department of Justice	2,368	2,236
Department of Planning, Lands and Heritage	1,036	1,239
Department of Communities	1,566	1,924
Department of Primary Industries and Regional Development	702	690
Department of Mines, Industry Regulation and Safety	640	607
Department of Local Government, Sports and Cultural Industries	478	560
Other Agencies <sup>(a)</sup>	2,831	1,442
	<b>20,860</b>	<b>21,143</b>

(a) Includes 28 agencies in 2019 and 29 agencies in 2020.

## 10 | Administered disclosures

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

	<b>Note</b>
Special purpose accounts – administered	<u>10.1</u>
Disclosure of administered income and expenses by service	<u>10.2</u>
Administered assets and liabilities	<u>10.3</u>
Explanatory statement for Administered items – Income and Expenses	<u>10.4</u>

### 10.1 Special purpose accounts – administered

	<b>2020</b>	<b>2019</b>
	<b>(\$000)</b>	<b>(\$000)</b>
<b>Departmental Receipts in Suspense – State Revenue</b>		
The purpose of the special purpose account is to hold funds pending identification of the purpose of which those monies were received or identification of where those monies are to be credited or paid.		
Balance at the start of period	1	1
Receipts	-	-
Payments	-	-
<b>Balance at the end of period</b>	<b>1</b>	<b>1</b>
<b>Indian Ocean Territories</b>		
The purpose of the special account is to hold taxation collections pending transfer to the Commonwealth of Australia in accordance with the Service Level Agreement entered into with the Commonwealth.		
Balance at the start of period	204	428
Receipts	2,346	3,032
Payments	(2,398)	(3,256)
<b>Balance at the end of period</b>	<b>152</b>	<b>204</b>

## 10.2 Disclosure of administered income and expenses by service

	2020 (\$000)	2019 (\$000)
<b>Revenue Assessment and Collection, and Grants and Subsidies Administration</b>		
<b>Cost of Services</b>		
<i>Income<sup>(a)</sup></i>		
Taxation	7,048,972	6,707,028
Other revenue	38,402	39,776
Appropriations	229,058	207,302
Collections raised on behalf of other agencies	52,142	64,355
<b>Total Administered Income</b>	<b>7,368,574</b>	<b>7,018,461</b>
<i>Expenses</i>		
Grants, subsidies and transfers	229,058	207,302
Other expenses	7,023,033	7,007,237
Collections transferred to other agencies	52,142	64,355
<b>Total Administered Expenses</b>	<b>7,304,233</b>	<b>7,278,894</b>

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

## 10.3 Administered assets and liabilities

	2020 (\$000)	2019 (\$000)
<b>Current Assets</b>		
Taxation receivable	507,993	447,520
Other receivables	49,178	38,575
Other current assets	138	19,729
<b>Total Administered Current Assets</b>	<b>557,309</b>	<b>505,824</b>
<b>Non-Current Assets</b>		
Other receivables	51,300	51,300
<b>Total Administered Non-Current Assets</b>	<b>51,300</b>	<b>51,300</b>
<b>Total Administered Assets</b>	<b>608,609</b>	<b>557,124</b>
<b>Current Liabilities</b>		
Other payables	49,316	58,304
<b>Total Administered Current Liabilities</b>	<b>49,316</b>	<b>58,304</b>
<b>Total Administered Liabilities</b>	<b>49,316</b>	<b>58,304</b>

## 10.4 Explanatory statement for Administered Items – Income and Expenses

For the year ended 30 June 2019

All variances between estimates (original budget) and actual results for 2020, and between the actual results for 2020 and 2019 are shown below. Narratives are provided for key major variances, which are generally greater than 10% and \$1 million.

	Variance note	Estimate 2020 (\$000)	Actual 2020 (\$000)	Actual 2019 (\$000)	Variance between estimate and actual (\$000)	Variance between actual results for 2020 and 2019 (\$000)
<b>Income from Administered Items</b>						
<b>Income</b>						
Taxation						
Insurance duty		677,174	694,863	644,832	17,689	50,031
Land tax		790,145	793,263	808,097	3,118	(14,834)
Payroll tax		3,751,394	3,645,533	3,567,449	(105,861)	78,084
Transfer duty <sup>(a)</sup>		1,145,146	1,189,929	1,095,309	44,783	94,620
Foreign Buyer Surcharge <sup>(b)</sup>	1	19,000	19,039	5,504	39	13,535
Landholder duty	2	100,000	121,612	33,375	21,612	88,237
Vehicle licence duty		372,760	375,364	363,603	2,604	11,761
Other income <sup>(c)</sup>		215,225	209,368	188,859	(5,857)	20,509
Other revenue						
Other revenue		39,700	38,402	39,776	(1,298)	(1,374)
Appropriations						
First Home Owners Grant Act 2000		55,695	52,761	56,540	(2,934)	(3,779)
Administered grants and transfer payments <sup>(d)</sup>	3	188,739	176,298	150,761	(12,441)	25,537
Collections raised on behalf of other agencies	4	65,251	52,142	64,355	(13,109)	(12,213)
<b>Total administered income</b>		<b>7,420,229</b>	<b>7,368,574</b>	<b>7,018,460</b>	<b>(51,655)</b>	<b>350,114</b>
<b>Expenses</b>						
Grants and subsidies						
Administered grants, subsidies and other transfer payments <sup>(d)</sup>	3	188,739	176,298	150,761	(12,441)	25,537
First Home Owners Scheme		55,695	52,761	56,540	(2,934)	(3,779)
Other expenses		7,110,544	7,023,032	7,007,237	(87,512)	15,795
Collections transferred to other agencies	4	65,251	52,142	64,355	(13,109)	(12,213)
<b>Total administered expenses</b>		<b>7,420,229</b>	<b>7,304,233</b>	<b>7,278,893</b>	<b>(115,996)</b>	<b>25,340</b>

(a)(b) \$5,504,000 was reclassified from Transfer Duty to Foreign Buyer Surcharge for 2019.

(c) Other income includes Metropolitan Region Improvement Tax, Point of Consumption Tax, Other Duties and Commonwealth Mirror Taxes.

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

### **Major Estimate and Actual (2020) Variance Narratives**

- 2 Landholder duty was stronger than expected in 2020, primarily reflecting an unanticipated high value commercial landholder transaction in the June 2020 quarter. The number and/or value of high value commercial transactions tend to be infrequent and volatile within and between years<sup>(a)</sup>.
- 4 Lower than expected collections raised on behalf of (and transferred to) other agencies in 2019 20 largely reflects lower Perth Parking Levy collections. This is mainly due to the impact of the COVID 19 pandemic, on demand for business car parking bays in the second half of the financial year.

### **Major Actual (2020) and Comparative (2019) Variance Narratives**

- 1 Collections from the Foreign Buyer Surcharge were higher in 2020 than in 2019, primarily reflecting the full year impact of the surcharge (which was implemented on 1 January 2019).
- 2 Landholder duty collections were higher in 2020 than in 2019, mainly due to a number of high value commercial landholder transactions. The number and/or value of high value commercial transactions tend to be infrequent and volatile within and between years<sup>(a)</sup>.
- 3 Administered grants, subsidies and other transfer payments were \$25.5 million higher than 2019, mainly reflecting higher than expected refunds of past year's revenue (up \$22.9 million) and local government rates rebates for pensioners and seniors (up \$1.4 million). Higher refunds from past years revenue was primarily due to a large refund in the area of transfer duty.
- 4 Lower than expected collections raised on behalf of (and transferred to) other agencies in 2020 largely reflects lower Perth Parking Levy collections. This is mainly due to the impact of the COVID-19 pandemic, on demand for business car parking bays in the second half of the financial year.

(a) Landholder duty applies to certain acquisitions of land made through the purchase of interests in corporations and unit trust schemes. This differs from transfer duty which is paid by the purchaser on the basis of the dutiable value of property transferred.

# Certification of Key Performance Indicators

**For the year ended 30 June 2020**

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 2020.



**Jodi Cant**  
Director General  
4 September 2020

# Performance assessment

## Outcomes

The government desired outcomes that Finance works to achieve through its services are:

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

### Measuring the performance

Finance measures its performance through statistical information and survey questionnaires. Statistical indicators are included to help report performance in both outcome and service areas.

The use of in-house statistical data complements the survey-based results and adds scope and objectivity to the sources of information used in measuring our performance.

# Key Effectiveness Indicators

## State Revenue

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### Outcome 1

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

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

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



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

2019–20 Actual	1.08 <sup>(1)</sup>
2019–20 Budget	0.93
2018–19 Actual	1.11
2017–18 Actual	0.99

- (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 increase in 2019–20 actual compared to budget is due to lower than budget payroll tax revenue as a result of COVID-19 measures and larger than budgeted land tax outstanding debt.



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

2019–20 Actual	100
2019–20 Budget	100
2018–19 Actual	100
2017–18 Actual	100

- (b) This indicator measures the accuracy of the revenue assessment process by State Revenue. 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 results. The payments are for First Home Owner Grants, Pensioners and Seniors Rebates, the Life Support Equipment Electricity Subsidy, the Thermoregulatory Dysfunction Energy Subsidy and the Energy Concession Extension Scheme.

# Key Efficiency Indicators

## State Revenue

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### Service 1

Revenue assessment and collection, and grants and subsidies administration.

This service involves the assessment and collection of a range of statutory based revenue, including duties, land tax and payroll tax, and those that are collected on behalf of other agencies (e.g. Perth Parking Licence fees on behalf of Department of Transport) or other jurisdictions (e.g. collection of a range of taxes for the Commonwealth in the Indian Ocean Territories).

State Revenue is also involved in the assessment and payment of a range of grants and subsidies under both statutory and administrative schemes.

The major payments relate to the First Home Owner Grant Scheme, as well as concessions on water rates, local government rates and the Emergency Services Levy for pensioners and seniors.

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



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

2019–20 Actual	31.27 <sup>(1)</sup>
2019–20 Budget	33.22
2018–19 Actual	30.54
2017–18 Actual	32.08

- (a) This indicator is used to measure the cost to produce a tax or duty determination across all major tax lines administered by State Revenue. It is calculated by dividing the 'total State Revenue costs plus departmental overhead costs' by the 'total number of tax or duty determinations'. 2017–18 actual, 2018–19 actual and 2019–20 budget/target have been recast due to changes in the data collection methodology resulting in a decrease in land tax determinations and an increase in offline duties determinations.
- (1) The better than budgeted result in 2019–20 is due to delays recruiting FTE supporting the Digital Transformation project.



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

2019–20 Actual	10.90
2019–20 Budget	11.22
2018–19 Actual	10.76
2017–18 Actual	10.84

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

# Key Effectiveness Indicators

## Government Procurement

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### Outcome 2

Value for money from public sector procurement.

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

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

- a) client agencies agree that Common Use Arrangements (CUAs) are awarded and managed on a value for money basis. This includes the value for money results from the State Fleet surveys.

State Fleet is surveyed annually using a similar value for money method to other CUAs and agency specific contract surveys;

- b) client agencies agree that their contracts are awarded on a value for money basis; and
- c) economies of scale are achieved through the aggregation of the acquisition, fleet management and disposal activities related to the government's light vehicle fleet aimed at achieving a value for money outcome for the government's fleet expenditure and revenue.



**Average annual vehicle net capital cost<sup>(a)</sup>**  
Per passenger vehicle

2019-20 Actual	4,361 <sup>(1)</sup>
2019-20 Budget	5,000
2018-19 Actual	4,995
2017-18 Actual	4,754

**Per commercial vehicle**

2019-20 Actual	5,021
2019-20 Budget	4,905
2018-19 Actual	4,823
2017-18 Actual	4,701

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

(1) The difference between 2019-20 budget and 2019-20 actual is largely due to lower passenger vehicle usage levels leading to higher than anticipated resale values combined with extended lease terms.



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

2019-20 Actual	95
2019-20 Budget	92
2018-19 Actual	96
2017-18 Actual	93

(b) This indicator is calculated by dividing the total number of satisfied responses by the total number of survey respondents for users of CUAs and clients of agency specific contracts. In 2019-20, 937 surveys were issued with a response rate of 89% with 1.14% error sampling rate at the 95% confidence level.

# Key Efficiency Indicators

## Government Procurement

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### Service 2

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

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

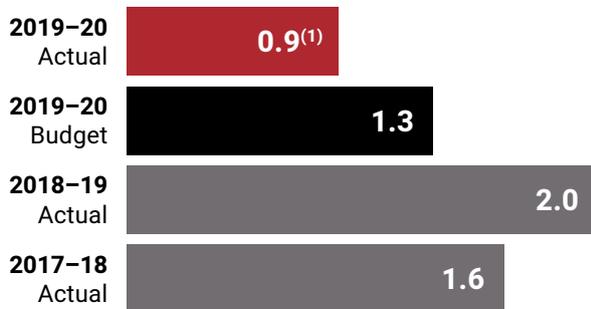
In facilitating the development and management of client agency contracts, State Fleet and CUAs, the Department needs to effectively manage the cost of delivering this service which ensures agencies achieve value for money outcomes.

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

The indicator demonstrates the efficiency of managing the financing and administration of the Government's light vehicle fleet.



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



- (a) This indicator is used to measure how efficient Finance has been in facilitating the development and management of agency specific contracts.
- (1) A number of high value contracts scheduled to be delivered in 2018-19 were delivered in 2019-20, leading to a better than budgeted and prior year performance.



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



- (b) This indicator measures State Fleet's administrative cost efficiency in financing and managing the leasing of government vehicles.
- (2) The 2019-20 actual result is lower than the 2019-20 target due to both the operational costs and the fleet size remaining more stable than anticipated.



**Cost of developing and managing whole-of-government Common Use Contract Arrangements as a percentage of the total annual value of purchases through the arrangements<sup>(c)</sup>**



- (c) This indicator is used to measure how efficient Finance has been in developing and managing whole-of-government Common Use Contract Arrangements.
- (3) The 2019-20 actual result is better than target due to the earlier than anticipated decommissioning of GCN and ServiceNet services, slightly lower than anticipated operating costs and higher Common Use Arrangement turnover.

# Key Effectiveness and Efficiency Indicators

## Corporate Services

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### Outcome 3

Efficient and effective corporate services to client agencies.

### Service 3

Corporate services to client agencies.

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

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

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# Key Effectiveness Indicators

## Building Management and Works

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### Outcome 4

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

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



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

2019–20 Actual	94 <sup>(1)</sup>
2019–20 Budget	100
2018–19 Actual	100
2017–18 Actual	100

- (a) This indicator captures projects with an estimated total cost greater than or equal to \$5 million that reached handover in the financial year. The calculation compares the anticipated final cost for each project with its current approved budget. Achievement of projects on-budget is an important requirement for client agencies and is a key contributor to value for money outcomes. This indicator now reflects the combined output of both BMW and Strategic Projects.
- (1) Seventeen of the 18 new buildings projects within the Building Management and Works Program were delivered within budget. Northam Health Service Redevelopment is currently projected as over-budget.



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

2019–20 Actual	14.07 <sup>(2)</sup>
2019–20 Budget	14.35
2018–19 Actual	14.42
2017–18 Actual	14.65

- (b) This indicator refers to the average workspace density across the office accommodation portfolio and calculated at the whole-of-government level.
- (2) Over the past 12 months Finance has implemented a significant relocation program across the office accommodation portfolio, including the increase in work points across existing owned and leased office buildings.

# Key Efficiency Indicators

## Building Management and Works

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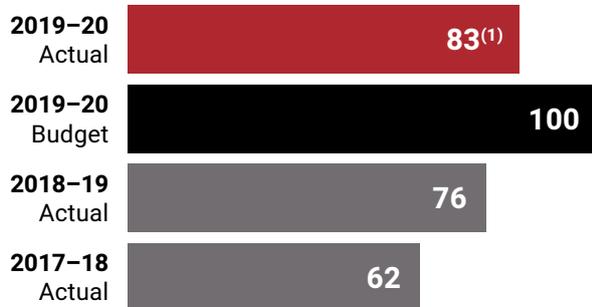
### Service 4

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

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



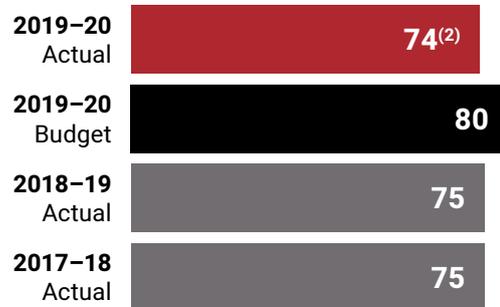
**Percentage of new buildings projects valued over \$5 million, delivered by the approved timeframe<sup>(a)</sup>**



- (a) This indicator measures the percentage of projects with current approved budgets of \$5 million or more that have been handed over to the client agency in the current financial year. This indicator has been modified and now includes the combined operations of both BMW and Strategic Projects. The 2017–18 and 2018–19 actuals have been recast for comparative purposes.
- (1) Fifteen of the 18 new building projects within the Building Management and Works Program were delivered by the approved handover date. Of the remaining three projects, one was delivered within five weeks of the approved handover date whilst the remaining two projects for the Northam and Narrogin Health Services Redevelopments experienced construction delays leading to the projects being delivered late by some 14 months and seven months respectively.



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



- (b) This indicator measures the percentage of high priority breakdown repairs attended to within the approved timeframe across the State. High priority breakdowns are more time-critical and typically include breakdowns or failures that have an immediate adverse effect on the security, safety and/or health of occupants.
- (2) Maintenance was impacted by a number of severe weather events across the State during the period. This increased the number of high priority jobs and reduced capacity to complete those jobs within the targeted time.



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



- (c) This indicator measures the costs of delivering BMW's services as a percentage of the Works Program Turnover (WPT) costs. This indicator has been modified and now includes the combined operations of both BMW and Strategic Projects. The 2017–18 and 2018–19 actuals have been recast for comparative purposes.

# Disclosures

## Ministerial directives

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

No ministerial directives were received during this financial year.

# Other Financial Disclosures

## Pricing policies of services provided

Finance's fees and charges were reviewed in 2019–20 in accordance with the State Government's policy. No changes were made.

Aside from Finance's retained fees and charges, we collect fees and taxes on behalf of a range of State Government and other agencies with costings set by the respective agency pricing policies and approval processes.

## Capital works

In 2019–20, Finance spent a total of \$133.53 million on capital investments. The key capital projects included in this figure are detailed below:

Project	Expected completion date	Actual expenditure 2018–19 \$000	Actual expenditure 2019–20 \$000	Estimated cost to complete \$000	Estimated total cost \$000
State Fleet annual vehicle acquisition program	2020	62,399	65,980	-	-
New public sector offices in Fremantle	2020	1,358	28,403	12,451	42,212
Digital Transformation Project	2025	-	2,174	17,782	19,956
Revenue Systems Consolidation and Enhancement Program	2020	6,693	1,137	-	33,758

# Employment and industrial relations

## Comparative full-time equivalent (FTE) allocation by category

2018–19	2019–20
<b>Full-time permanent</b>	
<b>722</b>	<b>732</b>
<b>Full-time contract</b>	
<b>106</b>	<b>99</b>
<b>Part-time measured on a FTE basis</b>	
<b>82</b>	<b>77</b>
<b>On secondment</b>	
<b>9</b>	<b>8</b>
<b>Total</b>	
<b>919</b>	<b>916</b>

Source Data: 2019–2020 MOIR Data

### Notes

- ▶ Part time = hours less than full-time hours of 37.5 per week.
- ▶ Both fulltime and part-time employees seconded out of and paid by Finance have been included in the on secondment category.
- ▶ Approved FTE target for 2019–20 was 1,037.

## Industrial relations

The majority of Finance staff are employed under the *Public Service Award 1992* and *Public Sector CSA Agreement 2019*. Five senior officers are employed under the conditions of the *Salaries and Allowances Tribunal Act 1975*.

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

## Staff development

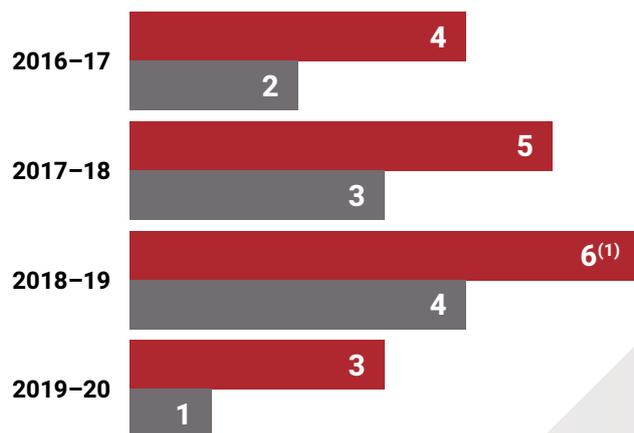
Finance’s training and development is supported by its Capability Framework, which is based on the Australian Public Sector Capability Framework.

Staff work with their managers in their Performance and Development Plans to assess capability needs and create targeted development plans to identify career pathways. The program continues to build core and technical capabilities and supporting behaviours in our staff, and builds the organisational capabilities required to deliver on departmental outcomes.

## Workers’ compensation

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

### Worker’s compensation Lost time injuries



(1) Liability on one claim included in this calculation had not yet been decided as at 30 June 2020, although no time was lost in this claim.

One claim only had a part day off to visit a doctor so is not classed as a lost time injuries claim. The claim that was approved for lost time was provided with specialised injury management assistance and has returned to pre-injury capacity.

# Governance

# Disclosures

## Board and committee remuneration

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In 2019–20, Finance had no board or committee costs and memberships.

## Audit and Risk Management Committee

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The Audit and Risk Management Committee oversees the operation of Finance’s audit and risk management functions and provides independent advice and assurance to the Director General on risk management and internal control. The committee endorses and tracks the annual Internal Audit Work Plan, which guides our internal audit activities.

This year, the committee transitioned to a fully independent membership to further enhance our audit and risk management operations and ensure compliance with the updated Treasurer’s Instruction 1201 – Internal Audit. The independence of the four members of the committee help bring an objective perspective and fresh insights to the audit and risk function.

In 2019–20, the committee oversaw a significant overhaul of Finance’s business continuity and fraud and corruption frameworks, which guide key activities in these critical areas. The committee also oversaw the performance of an integrity self-assessment review, which will assist in promoting integrity and preventing misconduct in line with the *Public Sector Commission Integrity Strategy 2020–23*.

# Other Legal Requirements

## Act of grace payments

Date	Purpose	2020 \$
1/08/2019	Reimbursement of costs incurred as a result of receiving incorrect advice concerning the conduct of triennial reviews from the Department of Finance's State Revenue	11,319.15
1/08/2019	Reimbursement of costs incurred as a result of receiving incorrect advice concerning the conduct of triennial reviews from the Department of Finance's State Revenue	4,484.50

## Unauthorised use of credit cards

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

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

This year, there were 15 instances of inadvertent use of credit cards. The total credit card expenses accumulated to \$2.59 million, of which, \$641.47 was identified as not related to departmental operations.

These transactions represent 0.02 per cent of our total credit card transactions completed during the year.

Measure	2019–20 \$
Aggregate amount of personal use expenditure for the reporting period	641.47
Aggregate amount of personal use expenditure settled by the due date (within 5 working days)	439.56
Aggregate amount of personal use expenditure settled after the period (after 5 working days)	201.91
Aggregate amount of personal use expenditure outstanding at balance date	0

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.

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

In accordance with section 175ZE of the *Electoral Act 1907*, total advertising related expenditure this year was \$4,949.

Agency/Organisation	Amount \$	Total \$
<b>Advertising agencies</b>		<b>4,949</b>
Initiative Media Australia	1,512	
State Law Publisher	3,437	
<b>Market research organisations</b>		<b>Nil</b>
Polling organisations	Nil	
Direct mail organisations	Nil	
Media advertising organisations	Nil	
<b>Total Expenditure</b>		<b>4,949</b>

# Disability Access and Inclusion Plan (DAIP)

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Through its *Disability Access and Inclusion Plan (DAIP) 2017–2022*, Finance seeks to ensure people with disability have an equal level of inclusion and access to services and employment.

Finance's DAIP committee meets quarterly to drive initiatives and review matters affected by the DAIP Plan. New DAIP initiatives implemented in 2019–20 included:

- ▶ the recruitment of two employees with disability through Finance's graduate program, further enhancing the diversity in our workforce;
- ▶ two 'Work With Me' events during Innovation Month in October 2019 enabling employees to broaden their understanding and benefits of access and inclusion within Finance, and to position us the best place to work;
- ▶ participation in the Disability Plan Agency Partnership Group to support the development of a sector wide 10-year plan;

- ▶ involvement with other agencies including the 'Western Australian Local Government Creating Accessible and Inclusive Communities' event to align local and state direction in forwarding access and inclusion;
- ▶ the celebration of diversity events such as 'Dessert in the Dark' for employees which promoted awareness of vision-impairments to broaden understanding of challenges faced by people with disability;
- ▶ various news articles published on our intranet, such as 'A Day in the Life' which highlighted achievements of Finance employees with disability, promoting access and inclusion; and
- ▶ three successful fundraising events to raise money for local and regional disability charities.

Finance also displays sector-wide leadership by driving the Australian Disability Enterprise procurement initiative, assisting other agencies to understand the capabilities and benefits of working with these enterprises.

# Compliance with public sector standards and ethical codes

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

Over the year, we continued to provide proactive guidance to managers and staff to ensure that recruitment processes complied with public sector standards. Finance completed 46 recruitment processes this year from which 1,618 applications were received.

Two breach of standard claims were lodged during the year. Both claims related to a breach of the Employment Standard.

One claim was dismissed by the Public Sector Commission and the other claim was received in late June and is yet to be finalised. A carryover breach claim relating to the Grievance Standard was also dismissed by the Public Sector Commission. Three matters relating to non-compliance with the Code of Conduct were finalised.

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

No disclosures were received in 2019–20 under the *Public Interest Disclosure Act 2003*.

## Recordkeeping plans

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Finance's Recordkeeping Plan was approved in August 2019 and reflects changes to our business and recordkeeping practices. An updated Retention and Disposal Schedule has been developed and is expected to be submitted to the State Records Commission for approval before the end of the 2020 calendar year. An upgrade of our recordkeeping systems is also expected to be completed by the end of the current year.

A digitisation solution has been implemented that further facilitates our transition to a fully digital environment. This solution enables the digitisation of short-term records by staff using commonly available devices.

The use of digital signatures has been made available enabling a reduction in the use of wet signatures.

All staff undertake an online recordkeeping awareness training course as part of the induction process. Our recordkeeping system User Guides were reviewed and refreshed in the first half of 2020 and are available on our intranet, as is our Recordkeeping Policy and other information including statutory obligations.

# Freedom of information

The broad objective of the *Freedom of Information 1992 Act* (FOI Act) is to give the community access to information held by the State Government.

Applicants can lodge FOI requests via Finance's online application platform or by post. Information about how to apply is available at [WA.gov.au](http://WA.gov.au). In 2019–20, Finance received 37 requests to access information. Further details are provided in the table below and in the annual report of the Office of the Information Commissioner of WA.

<b>Applications</b>	<b>2018–19</b>	<b>2019–20</b>
New applications received during the year	41	37
Decisions made during the year	38 <sup>(1)</sup>	31 <sup>(2)</sup>
Average time to process (days)	42	34
<b>Outcomes</b>	<b>2018–19</b>	<b>2019–20</b>
Full access	25	19
Edited access	8	5
Deferred access	0	0
Section 26 access	4	4
Section 28 access	0	0
Access refused	1	3
<b>Total decisions</b>	<b>38</b>	<b>31</b>
Transferred to other agencies	1	0
Withdrawn	2	2
<b>Total applications finalised</b>	<b>41</b>	<b>33</b>
<b>Reviews</b>	<b>2018–19</b>	<b>2019–20</b>
Internal reviews	3	1
External reviews – complaints	0	0

(1) Includes 6 applications carried over from 2017–18.

(2) Includes 3 applications carried over from 2018–19.

# Government Policy Requirements

## Government building contracts

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The Government Building Training Policy aims to increase the number of apprentices and trainees in the building and construction industry. It requires contractors that are awarded State Government building, construction and maintenance contracts to commit to meeting a target rate of training of apprentices and trainees.

The Government Building Training Policy applies to:

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

In 2019–20 all contractors met the target training rate. No contractors applied for a variation to the target training rate.

Measure	Number of contracts Building and construction
Awarded	11
<b>Reported</b>	
Commenced reporting	1
Continued reporting from previous reporting period	10
<b>Target training rate</b>	
Met or exceeded	11
Did not meet	0
Granted a variation	0

No maintenance contracts with a requirement to meet the target training rate were awarded in 2019–20.

## Occupational safety, and health and injury management

Finance is committed to upholding the safety and health of all our employees and anyone involved with our operations. We aim to maintain a positive safety culture where clear Occupational Safety and Health (OSH) accountabilities have been established and staff work collaboratively to address and manage safety, health and wellbeing matters to ensure improved OSH performance.

A key priority during 2019–20 has been solidifying Finance as an employer promoting workplace safety and health matters where our people feel safe and supported within a healthy environment.

During 2019–20 we had 11 Safety Health Representatives (SHR) available at our work locations. They are actively involved in ensuring health and safety in all our workplaces.

Consultation about health and safety matters is paramount and Finance works closely with SHRs to ensure that we work collaboratively to achieve safety improvements.

The OSH Committee meets quarterly to review and monitor all safety and health matters, and actions are taken to resolve any issues. During the year 35 site inspections were undertaken by our SHRs within the regional and metropolitan offices and the issues identified mainly related to building matters such as lighting, ambient air temperatures, office furniture, safety signage in kitchens and general maintenance. All issues identified were resolved within agreed and specified timeframes.

There were also 44 first aid aid officers appointed across different locations, including regional offices.

During the COVID-19 pandemic, a Critical Incident Team was set up to implement our Pandemic Plan via a strategic and co-ordinated approach with active staff consultation.

The process to enable approximately 85 per cent of staff to work remotely from home was undertaken smoothly and caused minimal disruption to service provision. Staff were provided with guidance to set up their home offices and work safely from home. To ensure that positive mental health was maintained whilst working in isolation staff were actively encouraged to participate in online wellbeing programs.

The transition of staff back to the office was guided by our Plan for Returning to Work in the Office – COVID-19, and undertaken in a staged and methodical manner. Appropriate precautionary measures were implemented to support Finance's commitment to creating a healthy and safe working environment in the office. This included social distancing, reduced lifts and meeting room capacity, the provision of anti-bacterial wipes and hand sanitisers, and a strict regime for increased cleaning and disinfecting of all areas in offices. Staff safety was paramount and those in COVID-19 high risk categories were provided with individualised assistance and support to assimilate back to the office.

An online hazard and incident reporting system has been developed which will be implemented in the coming financial year. During 2019–20, 16 hazards and incidents were reported and 15 have been resolved. The unresolved hazard relates to actions by another agency with impacts on Finance staff. A risk management approach is adopted when hazards are identified.

OSH manager training sessions continued to be provided to managers and supervisors as part of our ongoing strategy to improve their knowledge and understanding of health and safety.

A focus on mental health is an important element of our Wellbeing Program.

Finance continued to celebrate R U OK Day and Mental Health Week. We offered a variety of staff awareness sessions as part of our ongoing commitment to enhancing employee wellbeing.

A total of 27 sessions were provided on various topics including Mental Health for Employees and Managers; Mindfulness; Stress Management; Recognising Good Mental Health; Talking about Mental Health; Stroke Awareness; Prostrate Cancer Awareness; Breast Cancer Awareness; Diabetes Awareness; Ovarian Cancer Awareness; Sleep and Health; and Building Resilience. All sessions were well attended and feedback was positive. In addition, articles promoting good physical and mental health and wellbeing were published on our intranet.

Due to COVID-19, on-site Flu Vaccine Clinics were not conducted, however staff were offered reimbursements of vaccines administered to them. A total of 122 employees have sought such reimbursement.

## **Injury management**

During this year, early intervention injury management assistance has continued to be offered to all staff to enable them to either return to or remain at work after an injury or illness, whether this be work or non-work related. A total of 79 staff were assisted during 2019–20.

Our Injury Management Policy and supporting guidelines and all our processes are compliant with the requirements of the *Workers' Compensation and Injury Management Act 1981*.

## Employee Assistance Program

Finance provides an Employee Assistance Program (EAP) where employees and immediate family members can access up to six sessions of confidential and professional counselling services in a 12-month period.

In 2019–20, there were 87 new referrals and 243 hours of EAP utilised. This represents an annualised utilisation rate of 10.7 per cent. Issues identified through our EAP reports helped form the basis of some of the topics offered within our Wellbeing Program.

## Public Sector Commissioner's OSH performance requirements

Indicator	2017–18	2018–19	2019–20	Target	Comment on result
Number of fatalities.	0	0	0	0	Target achieved.
Lost time injury and/or disease incidence rate.	0.32	0.43	0.22	At least 0 or 10% reduction on the previous three years.	Target achieved.
Lost time injury and/or disease severity rate.	33	75	0	At least 0 or 10% reduction on the previous three years.	Target achieved. There were no severity claims lodged in 2019–20.
Percentage of injured workers returned to work within 13 weeks.	33%	100%	100%	Actual result to be stated.	Target achieved. All claimants returned to work within 13 weeks.
Percentage of injured workers returned to work within 26 weeks.	67%	100%	100%	Greater than or equal to 80%.	Target achieved. All claimants returned to work within 13 weeks.
Percentage of managers trained in occupational safety, health and injury management responsibilities.	30%	82%	61%	Greater than or equal to 80%.	Occupational, safety and health training for managers was planned, however due to COVID-19, scheduled sessions were cancelled. This program will recommence in 2020–21.



# Contact Us

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