



Government of **Western Australia**  
Department of **Treasury**

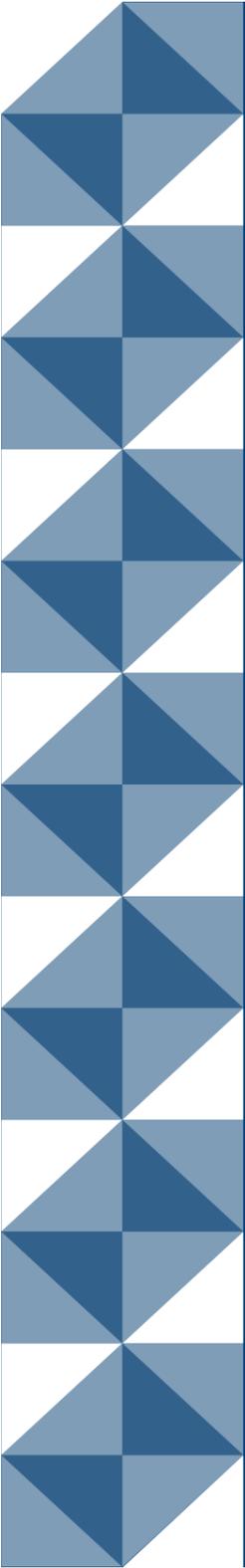


# ANNUAL REPORT 2019-20

Treasury WA is at the centre of Government decision-making. As the principal economic and financial policy advisor we influence outcomes for the benefit of Western Australia.

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## ACKNOWLEDGMENT OF COUNTRY

The Department of Treasury 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.



## ABOUT THIS REPORT

This report details the Department of Treasury's performance, services and outcomes and audited financial statements for the year ended 30 June 2020.

This report has been prepared in accordance with the *Financial Management Act 2006*, T1903 Agency Annual Reports, T1104C Annual Reporting 2019-20 Exemption, and Public Sector Commission guidelines.

Further information about the Department of Treasury can be accessed on our [website](#).

# 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 Treasury 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*.



Michael Barnes PSM  
UNDER TREASURER  
Department of Treasury  
17 September 2020

## OVERVIEW

### UNDER TREASURER'S MESSAGE



Michael Barnes PSM, Under Treasurer

2019-20 was a year of immense challenge. It will forever be remembered for the COVID-19 pandemic and the enormous impacts on peoples' health and wellbeing and on the global, national and State economies. To date, however, Western Australia has managed the impacts better than most jurisdictions around the world, allowing life here to almost return to normal.

Amongst the global disruption and uncertainty, I have been enormously proud of how the Department of Treasury has continued providing critical economic and financial policy advice to the Government. I would like to recognise the dedication of all staff and the leadership of my Executive team, which was a standout during a very tough year.

Regardless of the challenges the State faced, we continued to work to achieve the Government's priorities and implement the Department's Strategic Plan. I have reflected on the 2019-20 year in two parts, given the contrasting environment since COVID-19 changed the world in February.

**Amongst the global disruption and uncertainty, I have been enormously proud of how the Department of Treasury ... I would like to recognise the dedication of all staff and the leadership of my Executive team, which was a standout during a very tough year.**

## JULY 2019 – FEBRUARY 2020

Some exceptional outcomes were achieved during the first part of the financial year. Several highlights are listed below:

- Successful execution by our Commercial Advisory unit of the [Landgate Partial Commercialisation project](#) with the Government receiving \$1.41 billion in upfront proceeds from Land Services WA (LSWA) and ongoing revenue for the State.
- Public Sector Financial Management Training – the Financial Policy area developed [financial training](#) specifically for the 'non-financial' officer in the general government sector. This training seeks to increase the sector's awareness of the financial management framework, and in so doing, improve practice and behavior. Close to 700 public sector officers attended the training over 2019-20.
- As part of the Government's response to corruption charges within the Department of Communities, we put in place financial management governance and oversight changes, including the requirement for independent audit committee chairs for all government departments and agencies.
- Economic Research Paper – [The Indonesia-Australia Comprehensive Economic Partnership Agreement: Implications for Western Australia October 2019](#). This paper considered how a changed bilateral trade agreement potentially provides a huge economic opportunity and growth potential.
- Our data expertise led the Social Investment Data Resource (SIDR) project which was completed in late 2019. SIDR is a cross agency linked administrative database, that aims to reduce cost and improve policy outcomes, initially utilised for the Government's Target 120 program but intended to be used in the longer term for other approved research projects.
- Rail Access Reform – our regulatory reform team, after extensive consultation with key stakeholders, released in February a [final decision paper](#) outlining recommendations approved by Government for improvements to the Western Australian Rail Access Regime. The focus is now on regulatory amendments being developed in consultation with industry on the Government recommended changes.
- The Modelling Capability project increased our Computable General Equilibrium modelling expertise, particularly the quality and timeliness of policy advice, aiming to promote fiscal sustainability and a strong, competitive and diversified economy. As such supporting all three of our strategic goals. This increased modelling capability was invaluable as we progressed into the second half of the year.

## MARCH 2020 – JUNE 2020

The last quarter of 2019-20 certainly challenged us in unprecedented ways, with closure of businesses, a State border for the first time in history, and individuals adapting to a new way of life both at work and at home. I'm proud to say the Treasury team certainly stood up to this challenge.

The advent of National Cabinet in response to the COVID-19 pandemic, combined with a new and expanded role for the Council on Federal Financial Relations (CFFR, comprising the Commonwealth and all State and Territory Treasurers), saw a substantially increased focus on Commonwealth-State relations in the last quarter of 2019-20 - which has continued into 2020-21. Treasury has provided extensive briefing material to support the Premier in National Cabinet and the Treasurer in CFFR, along with the related Board of Treasurers (comprising all State and Territory Treasurers) and Heads of Treasuries forums. I would like to acknowledge the efforts of Treasury staff, particularly those in the Revenue and Intergovernmental Relations area, in supporting the Premier, Treasurer and myself in a very fast-moving environment.

In March, National Cabinet recognised the unstable environment created by COVID-19 and agreed that all jurisdictions would defer their 2020-21 Budgets to focus on the immediate health and economic challenges.

Our State Budget moved from 12 May 2020 to 8 October 2020. While many may think the pressure reduced for Treasury when our most visible output was delayed, this outcome was just the beginning of working in a fast-paced, agile and adaptable manner. Our workload increased significantly in terms of assessing the economic and financial impacts of COVID-19, advising the Government on immediate stimulus options to support the economy and jobs, and preparing the Treasurer's Economic and Fiscal update to Parliament in May.

Treasury staff quickly adjusted to working from home for a short period, and we worked in a different way to continue to achieve our critical outputs and provide Government with strong policy advice.

Treasury very quickly identified financial issues that lay ahead for the State requiring legislative consideration. This included:

- preparing a Supply Bill (introduced to Parliament on 17 March), to ensure an additional six months' appropriation due to the delay in the 2020-21 Budget; and
- the Treasurer's Advance Authorisation Bill 2020 (introduced on 31 March), to authorise additional expenditure for payments in respect of extraordinary or unforeseen matters.

With the financial requirements addressed we ramped up our economic response, providing COVID-19 stimulus initiatives for Government consideration to support businesses and households.

These measures included:

- commercial and residential rent relief measures;
- a freeze on household tariffs, fees and charges;
- a doubling of the Energy Assistance Payment for households on income-tested concession cards;
- waiver of small business licence fees; and
- payroll tax support, including a four month waiver of payroll tax and a \$17,500 payroll tax grant for small and medium-sized businesses.

Finally, as the financial year ended, our focus moved towards assisting the Government prepare its \$5.5 billion [WA Recovery Plan](#). The Plan continues to be the main priority into the 2020-21 financial year as the Government implements measures contained in the Plan in order to support the economy and jobs.

The last financial year was certainly unique and the efforts of Treasury staff were truly exceptional. Managing the health and economic impacts of COVID-19 continues to be a challenge. However, there is no other place I would rather be than in Western Australia and leading the Department of Treasury – at the centre of government decision-making.



Michael Barnes PSM

# TREASURY'S VISION, MISSION, & VALUES



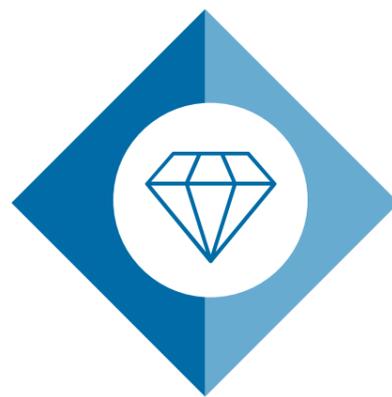
## VISION

To be highly valued as the pre-eminent economic and financial policy advisor to Government and steward of the State's financial management and regulatory frameworks.



## MISSION

Supporting the Government of the day through the provision of expert financial management and economic policy advice that promotes the public interest.



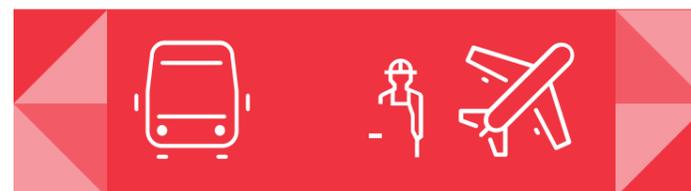
## VALUES

- Innovative Thinking
- Committed People
- Working Collaboratively

# TREASURY'S STRATEGIC GOALS



**GOAL ONE:**  
Promoting Fiscal Sustainability



**GOAL TWO:**  
Promoting a strong, competitive & diversified economy



**GOAL THREE:**  
Enhancing organisational capability and agility

Treasury WA is at the centre of Government decision-making.

As the principal economic and financial policy advisor we influence outcomes for the benefit of Western Australia.

# TREASURY'S ORGANISATIONAL CHART



<b>Office of the Deputy Under Treasurer</b> Deputy Under Treasurer – Michael Court			
<b>Corporate Strategy and Performance</b> Director Michael Eaton	<b>State Finances</b> Director Chris Wright	<b>Infrastructure and Public Sector Reform</b> Director Neil Hunter	
<b>Economic</b> Executive Director – Alistair Jones			
<b>Economic and Revenue Forecasting</b> Director David Christmas	<b>Economic Policy</b> Director Andrew Dolling	<b>Revenue and Intergovernmental Relations</b> Director Kirsty Laurie	<b>Commercial Advisory</b> Director Emily Jarnicki
<b>Infrastructure and Finance</b> Executive Director – Richard Watson			
<b>Infrastructure</b> Director John Murphy	<b>Financial Policy and Operations</b> Director Audrey Formentin	<b>Resourcing</b> Director Sean Cameron	<b>GTE Governance and Oversight</b> Director Chelsea Lim
<b>Strategic Policy and Evaluation</b> A/Executive Director – Michael Andrews			
<b>Performance and Evaluation Group 1</b> A/Director Anita Zuvela	<b>Performance and Evaluation Group 2</b> Director Lisa Bednarczyk	<b>Performance and Evaluation Group 3</b> Director Kurt Sibma	

# ENABLING LEGISLATION

Treasury is established under the *Public Sector Management Act 1994*.

## Treasury's 2019-20 Legislation

Treasury's policy may result in legislation changes or new legislation. We are responsible for the Budget (Appropriation) Bills each year ensuring agencies have money for their services and projects. We prepare Cabinet submissions to have legislation drafted, printed and introduced to Parliament. Once approved, we draft the legislation (working with Parliamentary Counsel's Office) and then provide support as legislation is debated in the Legislative Assembly and Legislative Council. During 2019-20 the following Treasury-led legislation was passed in Parliament:

- *Appropriation (Recurrent 2019-20) Act 2019 (August 2019)*
- *Appropriation (Capital 2019-20) Act 2019 (August 2019)*
- *TAB (Disposal) Act 2019 (September 2019)*
- *Supply Act 2020 (March 2020)*
- *Treasurer's Advance Authorisation Act 2020 (April 2020)*

Treasury introduced the Financial Legislation Amendment Bill 2020 (18 February 2020) which is progressing through Parliament. We also began drafting the Government Trading Enterprise Bill.

## Treasurer - Administered Legislation

Treasury assists the Treasurer in administering the following Acts:

- *Advance Bank (Merger with St. George Bank) Act 1998*
- *Appropriation (Consolidated Fund) Acts (various)*
- *Auditor General Act 2006*
- *Australia and New Zealand Banking Group Act 1970*
- *Australia and New Zealand Banking Group Limited (NMRB) Act 1991*
- *Australia and New Zealand Banking Group Limited (Town & Country) Act 1995*
- *Bank Mergers Act 1997*
- *Bank Mergers (Taxing) Act 1997*
- *Bank of South Australia (Merger with Advance Bank) Act 1996*
- *Bank of Western Australia Act 1995*
- *Coal Industry Superannuation Act 1989*
- *Electricity Industry Act 2004 (Parts 9A and 9B only)*
- *Fire and Emergency Services Superannuation Act 1985*
- *Financial Agreement Act 1928*
- *Financial Agreement Act 1995*
- *Financial Management (Transitional Provisions) Act 2006*
- *Financial Management Act 2006*
- *Financial Relations Agreement (Consequential Provisions) Act 1999*
- *Government Financial Responsibility Act 2000*
- *Judges' Salaries and Pensions Act 1950*
- *Loan Acts (various)*
- *Motor Vehicle (Catastrophic Injuries) Act 2016*

- *Parliamentary Superannuation Act 1970*
- *Perth Building Society (Merger) Act 1986*
- *Perth Market (Disposal) Act 2015*
- *Pilbara Port Assets (Disposal) Act 2016*
- *Railways (Access) Act 1998*
- *Royalties for Regions Act 2009*

(Pt. 2 only, except s.9 & 10, which are administered by the Minister for Regional Development, principally assisted by the Department of Primary Industries and Regional Development)

- *State Bank of South Australia (Transfer of Undertaking) Act 1994*
- *State Enterprises (Commonwealth Tax Equivalents) Act 1996*
- *State Entities (Payments) Act 1999*
- *State Superannuation Act 2000*
- *State Superannuation (Transitional and Consequential Provisions) Act 2000*
- *State Trading Concerns Act 1916*
- *Statistics Act 1907*

- *Superannuation and Family Benefits Act 1938*
- *Supply Acts (various)*
- *TAB (Disposal) Act 2019*

(Parts 1 to 5, other than section 27, only)

- *The Bank of Adelaide (Merger) Act 1980*
- *The Commercial Bank of Australia Limited (Merger) Act 1982*
- *The Commercial Banking Company of Sydney Limited (Merger) Act 1982*
- *Treasurer's Advance Authorisation Acts (various)*
- *Unclaimed Money Act 1990*
- *WADC and WA Exim Corporation Repeal Act 1998*
- *Western Australian Future Health Research and Innovation Fund Act 2012 (Part 3 only)*
- *Westpac Banking Corporation (Challenge Bank) Act 1996*

## Other key legislation impacting on our activities

In the performance of our functions, Treasury complies with relevant written laws including:

- *Constitution Act 1889*
- *Constitution Acts Amendment Act 1899*
- *Disability Services Act 1993*
- *Electronic Transactions Act 2003*
- *Equal Opportunity Act 1984*
- *Freedom of Information Act 1992*
- *Industrial Relations Act 1979*
- *Limitation Act 2005*
- *Minimum Conditions of Employment Act 1993*
- *Occupational Safety and Health Act 1984*
- *Public Interest Disclosure Act 2003*
- *Public Sector Management Act 1994*
- *Salaries and Allowances Act 1975*
- *State Records Act 2000*
- *State Supply Commission Act 1991*
- *Workers Compensation and Injury Management Act 1981*



# OUR PERFORMANCE



Government House, Perth, Western Australia

# REPORT ON OPERATIONS

## Actual results versus budget targets

Financial Targets	2019-20 Target <sup>(1)</sup> (\$'000)	2019-20 Actual (\$'000)	Variation <sup>(2)</sup> (\$'000)
Total cost of services (expense limit) (sourced from Statement of Comprehensive Income)	89,455	59,913	(29,542)
Net cost of services (sourced from Statement of Comprehensive Income)	88,149	59,611	(28,538)
Total equity (sourced from Statement of Financial Position)	18,151	18,754	603
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)	419	(3,369)	(3,788)
Approved salary expense limit	40,065	31,241	(8,824)
Number of approved full-time equivalent (FTE) staff level	321	248	(73)

(1) As specified in the 2019-20 Budget Statements.

(2) Further explanations are contained in the Notes to the Financial Statements, including Note 8.10 'Explanatory Statement (Controlled Operations)'.

## Total Cost of Services

Treasury commenced 2019-20 with an initial expense limit of \$89.5 million. During the year this decreased \$28.6 million to a final approved expense limit of \$60.9 million. The movement was largely due to a Machinery of Government change involving the transfer of the Public Utilities Office to a new sub-department called Energy Policy WA, effective 5 September 2019. There was also a repositioning of \$3.8 million expenditure from 2019-20 to 2020-21 to reflect the revised timing of projects including the sale of the Western Australian TAB, along with \$1 million returned to Government relating to savings associated with the partial commercialisation of Landgate.

The actual total cost of services for 2019-20 (\$59.9 million) was below the revised final approved expense limit of \$60.9 million, mainly due to delays in filling vacant positions.

## Net Cost of Services

The actual net cost of services for 2019-20 (\$59.6 million) was \$28.5 million lower than initially budgeted. As outlined above, this variance was mostly associated with the Machinery of Government transfer of the energy policy function to Energy Policy WA, along with the repositioning of expenditure impacted by delays due to COVID-19.

## Cash Held

	2019-20 Agreed Limit (\$'000)	2019-20 Target/ Actual (\$'000)	Variation (\$'000)
<b>Working Cash Targets</b>			
Agreed Working Cash Limit (at Budget)	3,902	3,902	N/A
Agreed Working Cash Limit (at Actuals)	2,921	11,933	9,012

Cash held at the end of the year was \$9 million above the agreed working cash limit of \$2.9 million, predominantly due to prior year surpluses carried forward into 2019-20.

## Approved Salary Expense Level

The actual salary expense level was \$8.8 million lower than the initial approved salary expense level for 2019-20. The variance primarily related to the Machinery of Government transfer of the energy policy function to Energy Policy WA, along with delays in filling vacant positions.

## Full Time Equivalents

Actual FTEs averaged 248 in 2019-20. This result was 73 FTEs lower than approved, largely due to the Machinery of Government transfer of the energy policy function to Energy Policy WA, along with a higher than budgeted employee vacancy rate of 5.6% during the year.

# AUDITED KEY PERFORMANCE INDICATORS



**GOVERNMENT GOAL:**  
Sustainable Finances: Responsible financial management and better service delivery

**OUTCOME ONE:**  
Sustainable and transparent public sector finances.

**KEY EFFECTIVENESS INDICATORS:**

- Status of the State’s credit rating
- Unqualified audit opinion on the Annual Report on State Finances



**SERVICE ONE:**  
Financial management and reporting.

**KEY EFFICIENCY INDICATORS:**

- Percentage of financial reports released as per agreed timeframes

**OUTCOME TWO:**  
A strong and competitive State economy.

**KEY EFFECTIVENESS INDICATORS:**

- Accuracy of key general government revenue forecasts
- Accuracy of key economic forecasts



**SERVICE TWO:**  
Economic and revenue forecasts and policy development.

**KEY EFFICIENCY INDICATORS:**

- Number of ministerials, briefings or reports provided on economic issues
- Percentage of Regulatory Impact Statements assessed within agreed timeframes

**OUTCOME THREE:**  
Value for money outcomes in service delivery and infrastructure provision.

**KEY EFFECTIVENESS INDICATORS:**

- Percentage of highest value agencies complying with the Strategic Asset Management Framework or equivalent accredited mechanism
- Percentage of advice provided to the Expenditure Review Committee at least five working days prior to their consideration



**SERVICE THREE:**  
Evaluation and planning of government service delivery and infrastructure provision.

**KEY EFFICIENCY INDICATORS:**

- Number of Expenditure Review Committee papers on service delivery and infrastructure advice

# 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 Treasury's performance, and fairly represent the performance of the Department for the financial year ended 30 June 2020.



Pauline Burton  
Chief Finance Officer  
17 September 2020



Michael Barnes PSM  
Under Treasurer  
17 September 2020

# PERFORMANCE ASSESSMENT

## OUTCOMES

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

**OUTCOME ONE:** Sustainable and transparent public sector finances

**SERVICE ONE:** Financial management and reporting

**OUTCOME TWO:** A strong and competitive State economy

**SERVICE TWO:** Economic and revenue forecasts and policy development

**OUTCOME THREE:** Value for money outcomes in service delivery and infrastructure provision

**SERVICE THREE:** Evaluation and planning of government service delivery and infrastructure provision

Following the establishment of Energy Policy WA on 5 September 2019, all outcomes and services relating to the former Public Utilities Office and Energy Transformation Implementation Unit were transferred from the Department of Treasury to the new entity. Please refer to the Energy Policy WA Annual Report for key performance information relating to energy policy, including results for periods prior to 5 September 2019.

### Measuring Our Performance

The Department of Treasury measures its performance through statistical information. Statistical indicators are included to help report performance in both outcome and service areas. The use of statistical data adds scope and objectivity to the sources of information used in measuring performance.



# KEY EFFECTIVENESS INDICATORS

David Malcolm Justice Building, Perth, Western Australia

## GOVERNMENT GOAL:

Responsible financial management and better service delivery

### OUTCOME ONE:

Sustainable and transparent public sector finances

The Department works to maintain sustainable and transparent public sector finances. Its commitment to this key role is reflected in advice to Government on its fiscal strategy and targets; publication of reports on the State's finances; advice to Government and its agencies on the legislative framework underpinning financial management and accountability; management of the Public Ledger; and management of the Public Bank Account and Future Health Research and Innovation Fund (in conjunction with the Western Australian Treasury Corporation).

The key indicators of effectiveness demonstrate measurable outcomes of our effectiveness in this role.

Key indicators of effectiveness	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Target	2019-20 Actual	Notes
Status of the State's credit rating <sup>(a)</sup>	Aa2 <sup>(b)</sup> AA+ <sup>(c)</sup>	Aa2 <sup>(b)</sup> AA+ <sup>(c)</sup>	Aa1 <sup>(b)</sup> AA+ <sup>(c)</sup>	Aa2 <sup>(b)</sup> AA+ <sup>(c)</sup>	Aa1 <sup>(b)</sup> AA+ <sup>(c)</sup>	1
Unqualified audit opinion on the Annual Report on State Finances	Yes	Yes	Yes	Yes	Yes	2

(a) S&P Global and Moody's currently assess the credit rating for Western Australia.

(b) Moody's.

(c) S&P Global.

#### Notes:

- Despite the challenges created by the COVID-19 pandemic in the June quarter 2020, Western Australia's public sector finances remained in a positive position in 2019-20, reflecting the impact of recent Budget repair measures, sustainable expenditure settings, and the impact of a higher than expected iron ore price on State royalty collections. Moody's upgraded Western Australia's credit rating from Aa2 to Aa1 in June 2019 and reaffirmed this assessment in April 2020. S&P Global reaffirmed Western Australia's AA+ credit rating assessment in October 2018, and revised the outlook from 'Negative' to 'Stable' at that time, confirming this assessment again in October 2019.
- Consistent with the statutory 90-day reporting deadline, the 2018-19 Annual Report on State Finances (ARSF) was released on 27 September 2019. The ARSF received an unqualified audit opinion from the Auditor General.

## OUTCOME TWO:

### A strong and competitive state economy

Accurate forecasting of Western Australia's economic and fiscal outlook is a major factor in maintaining a stable credit rating and, in turn, the foundation of a strong and competitive State economy. Good Government decision-making requires accurate revenue and economic forecasting to achieve the best possible economic, fiscal and service delivery outcomes for the State.

Key indicators of effectiveness	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Target	2019-20 Actual	Notes
<b>Accuracy of key general government revenue forecasts:</b>						
- tax revenue <sup>(a) (b)</sup>	-3.6%	0.1%	-1.5%	+/-5.0%	-0.1%	1
- mining revenue <sup>(c)</sup>	36.1%	4.2%	28.9%	+/-5.0%	25.5%	2
<b>Accuracy of key economic forecasts (percentage point difference):</b>						
- employment growth <sup>(d)</sup>	-1.2	0.7	-0.6	+/-0.5	-1.7	3
- real State Final Demand (SFD) growth <sup>(e)</sup>	-3.5	2.1	-0.5	+/-2.0	-1.9	4

(a) For consistency with the scope of relevant Budget taxation forecasts, the actual outcome for 2017-18 and the 2017-18 Budget estimate have been adjusted to account for tax reclassifications on the advice of the Australian Bureau of Statistics (ABS): the *Building and Construction Industry Training Fund Levy* was reclassified as taxation revenue after the 2017-18 Budget; *Taxation Related Fines and Penalties* were removed from taxation and reclassified as 'other' revenue after the 2018-19 Budget; and the *Motor Vehicle Recording Fee* was reclassified as revenue from 'sales of goods and services' in the 2018-19 Mid-year Review.

(b) For consistency with the scope of relevant Budget taxation forecasts, the actual outcome for 2018-19 and the 2018-19 Budget estimate have been adjusted to account for tax reclassifications on the advice of the ABS: *Taxation Related Fines and Penalties* were removed from taxation and reclassified as 'other' revenue after the 2018-19 Budget; and the *Motor Vehicle Recording Fee* was reclassified as revenue from 'sales of goods and services' in the 2018-19 Mid-year Review.

(c) Subsequent to the 2017-18 Budget, a policy to increase the gold royalty rate from 2.5% to 3.75% and remove the royalty exemption on the first 2,500oz of production was blocked by Parliament. In order to better assess forecasting performance, the impact of the increase in gold royalty income that would have been raised if the policy had passed, has been removed from the original 2017-18 Budget forecast.

(d) The employment growth actuals used in calculating the accuracy of the employment forecasts differ from Treasury's estimates of the 2016 Census adjusted growth figures for 2016-17 (as reported in 2017-18 Budget Paper No. 3). This reflects that the original forecasts were based on employment series that were not adjusted for the 2016 Census. Any other changes to actual figures from previous reporting are due to the revision of the historical series from the ABS.

(e) Any changes to actual figures from previous reporting are due to the revision of the historical series from the ABS.

#### Notes:

1. Accuracy of taxation revenue forecasts was within target in 2019-20.
2. Mining revenue is expected to be significantly higher in 2019-20 than forecast due to a higher than anticipated iron ore price. Iron ore supply has remained constrained following a tailings dam disaster in Brazil and the subsequent COVID-19 pandemic, and there has been strong Chinese demand for iron ore. China's stimulus in response to COVID-19 has supported the commodity-intensive sectors of its economy.
3. Employment growth in 2019-20 was significantly weaker than anticipated, due to the onset of COVID-19 and the associated restrictions put in place.
4. Accuracy of State Final Demand growth forecasts was within target in 2019-20.

## OUTCOME THREE:

### Value for money outcomes in service delivery and infrastructure provision

The Department has put in place quality assurance mechanisms to shape the preparation of submissions and advice to Government.

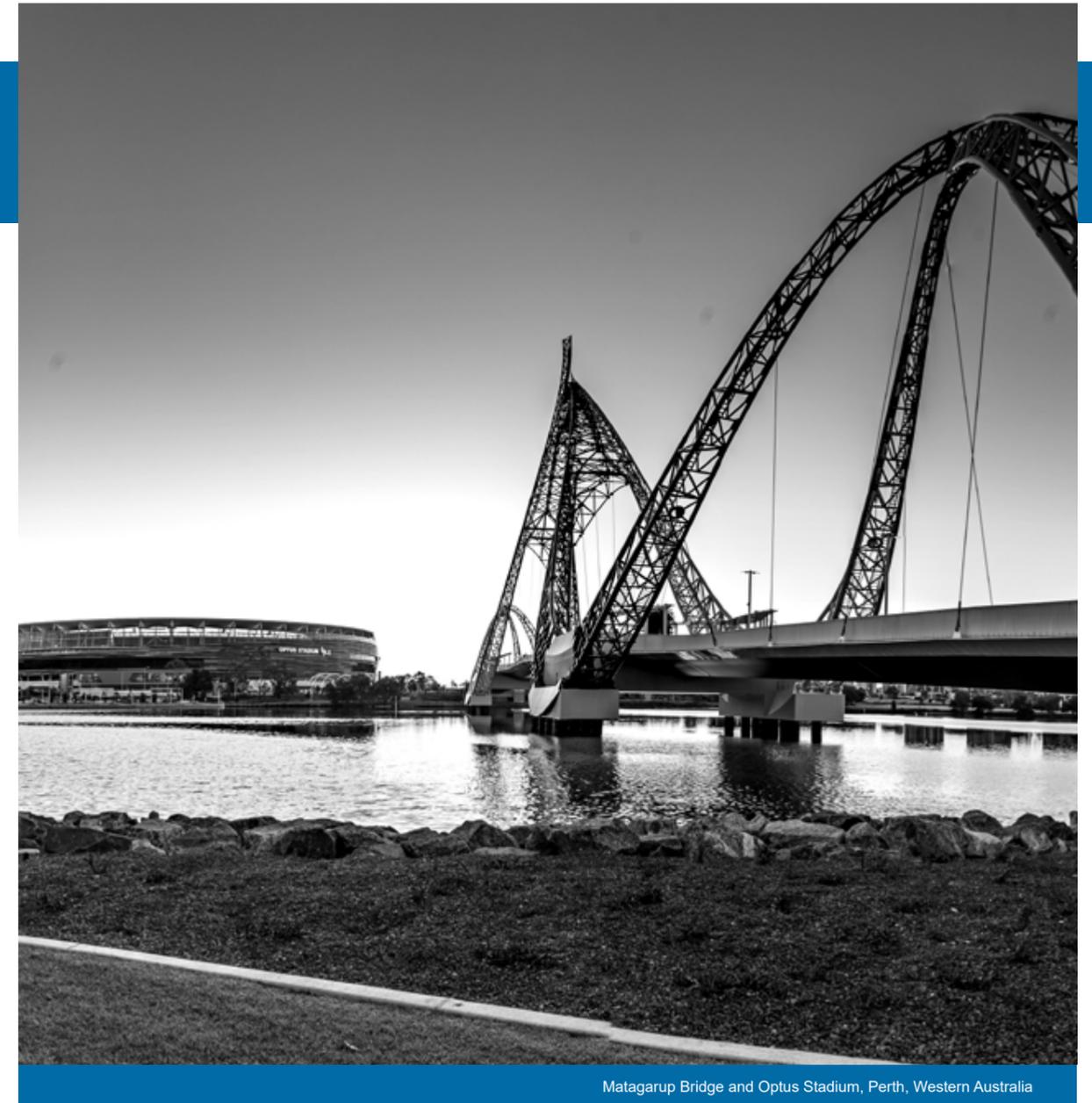
The Strategic Asset Management Framework (SAMF) provides a sound basis for decisions on the investment in, and the management and disposal of, assets required for government service delivery. Adherence to SAMF policies and guidelines helps ensure asset management proposals meet government infrastructure needs and demonstrate value for money.

To support the Government in making informed and timely decisions about the delivery of services and provision of infrastructure, the Department endeavors to provide advice to the Expenditure Review Committee at least five working days prior to the relevant meeting.

Key indicators of effectiveness	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Target	2019-20 Actual	Notes
Percentage of highest value agencies complying with the Strategic Asset Management Framework or equivalent accredited mechanism <sup>(a)</sup>	8%	5%	7%	100%	27%	1
Percentage of advice provided to the Expenditure Review Committee at least 5 working days prior to their consideration <sup>(b)</sup>	n/a	n/a	66%	90%	61%	2

(a) Highest value agencies are defined as those agencies, including Government Trading Enterprises, which account for 90% of the State's total Asset Investment Program across the forward estimates. Compliance with the Strategic Asset Management Framework (or equivalent accredited mechanism) is measured by the percentage of highest value agencies providing a Ministerially endorsed Strategic Asset Plan (SAP) to Treasury on or before the deadline specified by Treasury.

(b) This indicator was introduced for the 2018-19 financial year. Therefore, actual results for 2016-17 and 2017-18 are not available.



Matagarup Bridge and Optus Stadium, Perth, Western Australia

#### Notes:

- In accordance with the existing calculation methodology for this KPI, the percentage of highest value agencies that provided a Ministerially endorsed Strategic Asset Plan (SAP) to Treasury on or before the Treasury-imposed deadline increased from 7% in 2018-19 to 27% in 2019-20. Although only 27% of SAPs were received before the deadline in 2019-20, 87% of SAPs were received for review before the commencement of the 2020-21 Budget bilateral process. It should be noted that the calculation methodology for this KPI will be revised in 2020-21, to a more relevant measurement of the percentage of Ministerially endorsed SAPs received and reviewed by Treasury before commencement of the Budget bilateral process.
- The 2019-20 Actual is lower than expected due to late submissions/adjustments being made in a rapidly evolving environment as the Government responded to the onset of COVID-19. Additionally, some matters were very complex (requiring advice from the State Solicitor's Office, and/or input from external agencies), leading to late deliveries.



David Malcolm Justice Building, Perth, Western Australia

The Department has a major role in the compilation of State Budgets, which includes monitoring and advising the Government on relevant issues. Key efficiency indicators in this area are designed to measure the unit cost and other performance-related measures of the services.

## GOVERNMENT GOAL:

Responsible financial management and better service delivery

### SERVICE ONE:

Financial management and reporting

This service involves the provision of advice on the Government's fiscal strategy, advice on the legislative framework underpinning financial management and accountability in the Western Australian public sector, the preparation and publication of regular reports on the State's finances, and maintenance of the Public Ledger.

The service contributes to the desired outcome of sustainable and transparent public sector finances.

Key indicators of efficiency	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Target	2019-20 Actual	Notes
Percentage of financial reports released as per agreed timeframes	100%	100%	100%	100%	100%	1

#### Notes:

1. Treasury prepares whole of government financial reports required by, and subject to, the statutory reporting requirements of the *Government Financial Responsibility Act 2000*. The following reports were required to be released by the Act during 2019-20 and all were released in line with the statutory deadlines: the 2018-19 Annual Report on State Finances; the September 2019, December 2019 and March 2020 Quarterly Financial Results Reports; and the 2019-20 Government Mid-year Financial Projections Statement. Compliance with statutory reporting requirements is expected to continue throughout 2020-21.

## SERVICE TWO:

### Economic and revenue forecasts and policy development

This service involves analysis and advice on economic and revenue policy issues, including Commonwealth-State financial relations, the development of forecasts for each of the State's major revenue sources, and the provision of advice on economic reform.

The service contributes to the desired outcome of a strong and competitive State economy.

Key indicators of efficiency	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Target	2019-20 Actual	Notes
Number of Ministerials, briefings or reports provided on economic issues <sup>(a)</sup>	314	297	209	300	277	1
Percentage of Regulatory Impact Statements assessed within agreed timeframes <sup>(b)(c)</sup>	95.8%	100%	100%	90%	100%	2

(a) The result for 2018-19 has been re-stated to exclude papers prepared by the Commercial Advisory Unit (in line with the methodology applied in calculating the results for all other financial years).

(b) The Department of Treasury commenced reporting this indicator in 2017-18, following the transfer of the Economic Reform Unit from the Department of Finance on 1 July 2017. The 2016-17 result has been derived from the Department of Finance 2016-17 Annual Report.

(c) This indicator reflects the percentage of agency Regulatory Impact Statements (or requests for related advice) received by the Better Regulation Unit that are responded to within 10 working days. On 31 March 2020, the Regulatory Impact Assessment Program was replaced by the Better Regulation Program. In light of this change, the result for 2019-20 only covers the period 1 July 2019 to 31 March 2020, and the indicator has been discontinued for future reporting periods.

#### Notes:

- The number of Ministerials, briefings and reports provided on economic issues is lower than originally anticipated for 2019-20, but higher than the result for 2018-19. The higher result when compared to the previous year reflects additional advice provided on COVID-19 related issues.
- Consistent with the previous two financial years, the Better Regulation Unit achieved 100% for this indicator in 2019-20.

## SERVICE THREE:

### Evaluation and planning of government service delivery and infrastructure provision

This service aims to investigate agencies' operations in respect of efficiency and effectiveness and to advise Government on the allocation of taxpayers' resources to achieve Government desired outcomes. It includes the analysis, evaluation and planning of government services to ensure value for money outcomes in key areas including health, education, justice and infrastructure delivery.

The service contributes to the desired outcome of value for money outcomes in service delivery and infrastructure provision.

Key indicators of efficiency	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Target	2019-20 Actual	Notes
Number of Expenditure Review Committee papers on service delivery and infrastructure advice <sup>(a)(b)</sup>	65	54	51	30	96	1

(a) Excludes papers provided to the Expenditure Review Committee as part of the Budget 'bilateral' process.

(b) The result for 2018-19 has been updated to include papers submitted to the Expenditure Review Committee between the 'bilateral' and 'mid-year review' processes (during the period July to September 2018), consistent with the methodology employed in calculating the results for all other financial years.

#### Notes:

- The 2019-20 Actual is significantly higher than the 2018-19 Actual as the figure takes into account papers provided to the Expenditure Review Committee on COVID-19 stimulus and recovery measures, and reflects Treasury's increased workload during the period March to June 2020.



# DISCLOSURES & LEGAL COMPLIANCE

# CERTIFICATION OF FINANCIAL STATEMENTS

## For the reporting period ended 30 June 2020

The accompanying financial statements of the Department of Treasury 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.



Pauline Burton  
Chief Finance Officer  
17 September 2020



Michael Barnes PSM  
Under Treasurer  
17 September 2020



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

### DEPARTMENT OF TREASURY

#### Report on the financial statements

##### **Opinion**

I have audited the financial statements of the Department of Treasury 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 and Summary of Consolidated Account Appropriations 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 Treasury 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 Under Treasurer for the financial statements**

The Under Treasurer 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 Under Treasurer 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 Under Treasurer 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.

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7<sup>th</sup> Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500 FAX: 08 6557 7600

##### **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 Treasury. The controls exercised by the Department are those policies and procedures established by the Under Treasurer 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 Treasury 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 Under Treasurer's responsibilities**

The Under Treasurer 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.

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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 Treasury 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 Treasury 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 Under Treasurer's responsibility for the key performance indicators**

The Under Treasurer 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 Under Treasurer 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 Under Treasurer 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 Treasury 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  
18 September 2020

## Statement of Comprehensive Income

For the financial year ended 30 June 2020

	Notes	2020 (\$'000)	2019 (\$'000)
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	2.1(a)	34,576	36,949
Supplies and services	2.3	19,058	23,388
Depreciation and amortisation expenses	4.1.1, 4.3.1	1,137	1,001
Finance costs	6.2	4	-
Accommodation expenses	2.4	4,096	4,514
Grants and subsidies	2.2	164	6,729
Loss on disposal of non-current assets	2.5	5	-
Other expenses	2.6	873	751
<b>Total cost of services</b>		<b>59,913</b>	<b>73,332</b>
<b>Revenue and Income</b>			
<i>Revenue</i>			
Other revenue	3.2	302	1,104
<b>Total revenue</b>		<b>302</b>	<b>1,104</b>
<b>Total income other than income from State Government</b>		<b>302</b>	<b>1,104</b>
<b>NET COST OF SERVICES</b>			
		<b>(59,611)</b>	<b>(72,228)</b>
<b>Income from State Government</b>			
Service appropriation	3.1	54,457	65,746
Services received free of charge	3.1	6,431	7,738
Royalties for Regions Fund	3.1	133	130
<b>Total income from State Government</b>		<b>61,021</b>	<b>73,614</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>1,410</b>	<b>1,386</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,410</b>	<b>1,386</b>

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

## Statement of Financial Position

For the financial year ended 30 June 2020

	Notes	2020 (\$'000)	2019 (\$'000)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6.3	11,914	16,397
Restricted cash and cash equivalents	6.3	19	11
Receivables	5.1	332	991
Amounts receivable for services	5.2	1,764	1,001
Other current assets	5.3	338	17
<b>Total Current Assets</b>		<b>14,367</b>	<b>18,417</b>
<b>Non-Current Assets</b>			
Restricted cash and cash equivalents	6.3	397	353
Amounts receivable for services	5.2	11,164	11,164
Plant and equipment	4.1	37	60
Right-of-use assets	4.2	97	-
Intangible assets	4.3	3,364	3,803
<b>Total Non-Current Assets</b>		<b>15,059</b>	<b>15,380</b>
<b>TOTAL ASSETS</b>		<b>29,426</b>	<b>33,797</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	5.4	1,041	5,346
Lease liabilities	6.1	49	-
Employee related provisions	2.1(b)	7,758	7,780
<b>Total Current Liabilities</b>		<b>8,848</b>	<b>13,126</b>
<b>Non-Current Liabilities</b>			
Lease liabilities	6.1	49	-
Employee related provisions	2.1(b)	1,775	2,300
<b>Total Non-Current Liabilities</b>		<b>1,824</b>	<b>2,300</b>
<b>TOTAL LIABILITIES</b>		<b>10,672</b>	<b>15,426</b>
<b>NET ASSETS</b>		<b>18,754</b>	<b>18,371</b>
<b>EQUITY</b>			
Contributed equity	8.8	(10,666)	(9,631)
Accumulated surplus/(deficit)		29,420	28,002
<b>TOTAL EQUITY</b>		<b>18,754</b>	<b>18,371</b>

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>		(9,631)	26,617	16,986
Changes in accounting policy or correction of prior period errors		-	(1)	(1)
<b>Restated balance at 1 July 2018</b>		(9,631)	26,616	16,985
Surplus/(deficit)		-	1,386	1,386
Total comprehensive income for the period		(9,631)	28,002	18,371
<b>Balance at 30 June 2019</b>		<b>(9,631)</b>	<b>28,002</b>	<b>18,371</b>
<b>Balance at 1 July 2019</b>		(9,631)	28,002	18,371
Initial application of AASB 16	8.2	-	8	8
<b>Restated balance at 1 July 2019</b>		(9,631)	28,010	18,379
Surplus/(deficit)		-	1,410	1,410
Total comprehensive income for the period		(9,631)	29,420	19,789
Transactions with owners in their capacity as owners:	8.8			
Capital appropriations		32	-	32
Other distributions to Energy Policy WA		(1,067)	-	(1,067)
Total		(1,035)	-	(1,035)
<b>Balance at 30 June 2020</b>		<b>(10,666)</b>	<b>29,420</b>	<b>18,754</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		53,294	64,745
Capital appropriations		32	-
Holding account drawdown		400	800
Royalties for Regions Fund		133	130
<b>Net cash provided by State Government</b>		<b>53,859</b>	<b>65,675</b>
Utilised as follows:			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(34,747)	(36,355)
Supplies and services		(15,420)	(13,913)
Finance costs		(4)	-
Accommodation		(4,562)	(4,375)
Grants and subsidies		(152)	(10,275)
GST payments on purchases		(2,036)	(1,926)
Other payments		(2,268)	(620)
<b>Receipts</b>			
GST receipts on sales		46	31
GST receipts from taxation authority		2,198	1,660
Other receipts		424	2,207
<b>Net cash provided by/(used in) operating activities</b>		<b>(56,521)</b>	<b>(63,566)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Payments</b>			
Purchase of non-current assets		(632)	(564)
<b>Net cash provided by/(used in) investing activities</b>		<b>(632)</b>	<b>(564)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Principal elements of lease (2019 – finance lease) payments		(75)	-
<b>Net cash provided by/(used in) financing activities</b>		<b>(75)</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		(3,369)	1,545
Cash balance transferred to Energy Policy WA		(1,062)	-
Cash and cash equivalents at the beginning of the period		16,761	15,216
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>6.3</b>	<b>12,330</b>	<b>16,761</b>

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

## Statement of consolidated account appropriations

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 14 Net amount appropriated to deliver services	79,567	53,331	(26,236)	53,331	64,364	(11,033)
Amount authorised by Other Statutes						
- <i>Salaries and Allowances Act 1975</i>	1,382	1,126	(256)	1,126	1,382	(256)
<b>Total appropriations provided to deliver services</b>	<b>80,949</b>	<b>54,457</b>	<b>(26,492)</b>	<b>54,457</b>	<b>65,746</b>	<b>(11,289)</b>
<b>Details of expenses by service</b>						
Financial Management and Reporting	10,539	9,152	(1,387)	9,152	9,105	47
Economic and Revenue Forecasts and Policy Development	11,990	11,529	(461)	11,529	10,321	1,208
Evaluation and Planning of Government Service Delivery and Infrastructure Provision	38,212	35,875	(2,337)	35,875	33,261	2,614
Development and Implementation of Energy Policy	28,714	3,357	(25,357)	3,357	20,645	(17,288)
Total Cost of Services	89,455	59,913	(29,542)	59,913	73,332	(13,419)
Less Total income	1,306	302	(1,004)	302	1,104	(802)
Net Cost of Services	88,149	59,611	(28,538)	59,611	72,228	(12,617)
Adjustments	-	-	-	-	-	-
<b>Total appropriations provided to deliver services</b>	<b>80,949</b>	<b>54,457</b>	<b>(26,492)</b>	<b>54,457</b>	<b>65,746</b>	<b>(11,289)</b>
<b>Capital</b>						
Item 101 Capital appropriation	329	32	(297)	32	-	32
<b>Administered Transactions</b>						
<b>Recurrent Administered</b>						
<b>Operating subsidy payments</b>						
Item 15 Bunbury Water Corporation	708	768	60	768	738	30
Item 16 Busselton Water Corporation	566	563	(3)	563	593	(30)
Item 17 Electricity Generation and Retail Corporation (Synergy)	129,942	573,131	443,189	573,131	113,901	459,230
Item 18 Forest Products Commission	200	200	-	200	1,667	(1,467)
Mid West Ports Authority	-	-	-	-	2,377	(2,377)
Item 19 Public Transport Authority	872,019	901,584	29,565	901,584	829,702	71,882

## Statement of consolidated account appropriations (continued)

For the year ended 30 June 2020

	2020 Estimate (\$'000)	2020 Actual (\$'000)	Variance (\$'000)	2020 Actual (\$'000)	2019 Actual (\$'000)	Variance (\$'000)
Item 20 Regional Power Corporation (Horizon Power)	18,862	36,385	17,523	36,385	11,030	25,355
Item 21 Southern Ports Authority	27,789	30,373	2,584	30,373	15,725	14,648
Item 22 Water Corporation of Western Australia	261,324	239,441	(21,883)	239,441	420,050	(180,609)
Item 23 Western Australian Land Authority	79,114	59,063	(20,051)	59,063	47,828	11,235
<b>Total operating subsidy payments</b>	<b>1,390,524</b>	<b>1,841,508</b>	<b>450,984</b>	<b>1,841,508</b>	<b>1,443,611</b>	<b>397,897</b>
<b>Grants, subsidies and transfer payments</b>						
Item 24 Goods and Services Tax (GST) Administration Costs	66,600	66,440	(160)	66,440	62,034	4,406
Item 25 Health and Disability Services Complaints Office	2,546	2,546	-	2,546	2,651	(105)
Item 26 Jobs, Tourism, Science and Innovation	5,710	4,610	(1,100)	4,610	-	4,610
Item 27 Metropolitan Redevelopment Authority	20,925	21,292	367	21,292	41,354	(20,062)
Item 28 Minerals Research Institute	1,500	1,500	-	1,500	-	1,500
Item 29 Provision for Unfunded Liabilities in the Government Insurance Fund	5,000	3,900	(1,100)	3,900	5,045	(1,145)
Item 30 Provision for Voluntary Targeted Separation Scheme	15,520	-	(15,520)	-	-	-
Item 31 Refunds of Past Years Revenue Collections - Public Corporations	10,000	7,131	(2,869)	7,131	6,584	547
Item 32 Resolution of Native Title in the South West of Western Australia (Settlement)	60,000	-	(60,000)	-	-	-
Item 33 Royalties for Regions	795,656	661,305	(134,351)	661,305	429,321	231,984
Item 34 Gaming and Wagering Commission	5,200	5,200	-	5,200	-	5,200
Item 35 State Property - Emergency Services Levy	19,663	19,235	(428)	19,235	18,945	290
Item 36 WA Health	900	3,700	2,800	3,700	-	3,700
Item 37 Western Australia Police Force	3,634	-	(3,634)	-	-	-
Item 38 All Other Grants, Subsidies and Transfer Payments, comprising:						
Acts of Grace	300	-	(300)	-	-	-

## Statement of consolidated account appropriations (continued)

For the year ended 30 June 2020

	2020 Estimate (\$'000)	2020 Actual (\$'000)	Variance (\$'000)	2020 Actual (\$'000)	2019 Actual (\$'000)	Variance (\$'000)
Incidentals	240	156	(84)	156	77	79
Interest on Public Moneys held in Participating Trust Fund Accounts	5,260	2,519	(2,741)	2,519	4,605	(2,086)
Administration Costs-National Tax Equivalent Regime Scheme	100	114	14	114	47	67
Western Australian Treasury Corporation Management Fees	732	740	8	740	723	17
<b>Total grants, subsidies and transfer payments</b>	<b>1,019,486</b>	<b>800,388</b>	<b>(219,098)</b>	<b>800,388</b>	<b>571,386</b>	<b>229,002</b>
<b>Authorised by Other Statutes</b>						
<i>Judges' Salaries and Pensions Act 1950</i>	17,889	16,623	(1,266)	16,623	16,484	139
<i>Parliamentary Superannuation Act 1970</i>	9,465	8,989	(476)	8,989	9,207	(218)
<i>State Superannuation Act 2000</i>	602,111	477,451	(124,660)	477,451	583,859	(106,408)
<i>Betting Tax Act 2018 (a)</i>	23,520	22,860	(660)	22,860	7,140	15,720
<i>Tobacco Products Control Act 2006</i>	23,064	23,064	-	23,064	24,204	(1,140)
<i>Unclaimed Money Act 1990</i>	2,000	641	(1,359)	641	1,748	(1,107)
<i>Loan Acts - Interest</i>	770,000	721,970	(48,030)	721,970	802,567	(80,597)
<b>Total amounts authorised by Other Statutes</b>	<b>1,448,049</b>	<b>1,271,598</b>	<b>(176,451)</b>	<b>1,271,598</b>	<b>1,445,209</b>	<b>(173,611)</b>
<b>TOTAL RECURRENT ADMINISTERED</b>	<b>3,858,059</b>	<b>3,913,494</b>	<b>55,435</b>	<b>3,913,494</b>	<b>3,460,206</b>	<b>453,288</b>
<b>Administered Capital</b>						
<b>Government equity contributions</b>						
Item 102 Animal Resources Authority	800	1,306	506	1,306	1,322	(16)
Item 103 Department of Biodiversity, Conservation and Attractions	1,800	1,200	(600)	1,200	-	1,200
Item 104 Department of Education	22,000	20,970	(1,030)	20,970	26,900	(5,930)
Item 105 Department of Finance	5,000	-	(5,000)	-	200	(200)
Item 106 Department of Justice	65,030	72,258	7,228	72,258	29,218	43,040
Item 107 Department of Transport	20,220	2,920	(17,300)	2,920	-	2,920
Item 108 Electricity Networks Corporation (Western Power)	100,525	33,106	(67,419)	33,106	110,672	(77,566)
Item 109 Health and Disability Services Complaints Office	278	278	-	278	-	278
Item 110 Kimberley Ports Authority	5,900	9,150	3,250	9,150	2,500	6,650

## Statement of consolidated account appropriations (continued)

For the year ended 30 June 2020

	2020 Estimate (\$'000)	2020 Actual (\$'000)	Variance (\$'000)	2020 Actual (\$'000)	2019 Actual (\$'000)	Variance (\$'000)
Item 111 Land Information Authority	7,490	5,000	(2,490)	5,000	-	5,000
Item 112 Metropolitan Redevelopment Authority	59,293	56,716	(2,577)	56,716	105,501	(48,785)
Item 113 Pilbara Ports Authority	51,412	45,888	(5,524)	45,888	25,084	20,804
Item 114 Racing and Wagering Western Australia	148	148	-	148	-	148
Item 115 Regional Power Corporation (Horizon Power)	18,168	17,050	(1,118)	17,050	1,118	15,932
Item 116 Royalties for Regions	267,458	220,771	(46,687)	220,771	221,075	(304)
Item 117 Southern Ports Authority	1,624	1,624	-	1,624	2,489	(865)
Item 118 WA Health	54,872	8,050	(46,822)	8,050	10,426	(2,376)
WA Land Authority	-	-	-	-	4,355	(4,355)
Provision for the Metropolitan Redevelopment Authority	-	-	-	-	61,366	(61,366)
<b>Other</b>						
Perth Stadium Account	-	-	-	-	739	(739)
Western Australian Future Health Research and Innovation Fund	63,700	63,700	-	63,700	50,600	13,100
<b>Total Government equity contributions</b>	<b>745,718</b>	<b>560,135</b>	<b>(185,583)</b>	<b>560,135</b>	<b>653,565</b>	<b>(93,430)</b>
<b>Authorised by Other Statutes</b>						
<i>Loan (Co-operative Companies) Act 2004</i>	-	6,688	6,688	6,688	10,727	(4,039)
<i>Loan Acts - Repayment of Borrowings</i>	1,327,361	1,317,624	(9,737)	1,317,624	436,732	880,892
<b>Total authorised by Other Statutes</b>	<b>1,327,361</b>	<b>1,324,312</b>	<b>(3,049)</b>	<b>1,324,312</b>	<b>447,459</b>	<b>876,853</b>
<b>Total Administered capital contribution</b>	<b>2,073,079</b>	<b>1,884,447</b>	<b>(188,632)</b>	<b>1,884,447</b>	<b>1,101,024</b>	<b>783,423</b>
<b>GRAND TOTAL</b>	<b>5,931,138</b>	<b>5,797,941</b>	<b>(133,197)</b>	<b>5,797,941</b>	<b>4,561,230</b>	<b>1,236,711</b>
<b>Details of Administered Income Estimates</b>						
<b>Income</b>						
Commonwealth grants	8,212,774	4,966,568	(3,246,206)	4,966,568	8,579,510	(3,612,942)
Government enterprises:						
Dividends	1,209,200	1,387,537	178,337	1,387,537	1,494,126	(106,589)
Income tax equivalent regime	624,178	1,135,766	511,588	1,135,766	671,597	464,169

## Statement of consolidated account appropriations (continued)

For the year ended 30 June 2020

	2020 Estimate (\$'000)	2020 Actual (\$'000)	Variance (\$'000)	2020 Actual (\$'000)	2019 Actual (\$'000)	Variance (\$'000)
Local Government rates equivalent	25,135	22,546	(2,589)	22,546	22,548	(2)
Consolidated account revenue received from agencies	15,528,461	17,140,979	1,612,518	17,140,979	14,123,005	3,017,974
Gold State superannuation reimbursement	87,793	93,513	5,720	93,513	100,142	(6,629)
Interest Income	111,146	72,238	(38,908)	72,238	120,361	(48,123)
Loan guarantee fees	161,259	158,411	(2,848)	158,411	153,173	5,238
Pension recoups	10,433	12,411	1,978	12,411	12,736	(325)
Other revenue	18,766	81,986	63,220	81,986	78,281	3,705
	<b>25,989,145</b>	<b>25,071,955</b>	<b>(917,190)</b>	<b>25,071,955</b>	<b>25,355,479</b>	<b>(283,524)</b>

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

(a) The *Betting Tax Act 2018* is a new item in the 2019-20 Budget Statements and is reported for the first time in the 2019-20 financial year. The 2018-19 actuals have been recast for comparative purposes.

Note 9.1 'Disclosure of administered income and expenses' and Note 9.2 'Explanatory statement for administered income and expenses' provide details of any significant variations between estimates and actual results for 2020 and between the actual results for 2020 and 2019.

## Notes to the financial statements

For the year ended 30 June 2020

### 1. Basis of preparation

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

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

These annual financial statements were authorised for issue by the Accountable Authority of the Department on 17 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 (TIs)
- 3) Australian Accounting Standards (AASs) - 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 take precedence over AASs. Several AASs are modified by TIs 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.

## Notes to the financial statements

For the year ended 30 June 2020

### 2. 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 expense	2.1(a)	34,576	36,949
Employee related provisions	2.1(b)	9,533	10,080
Grants and subsidies	2.2	164	6,729
Supplies and services	2.3	19,058	23,388
Accommodation expenses	2.4	4,096	4,514
Loss on disposal of non-current assets	2.5	5	-
Other expenses	2.6	873	751

#### 2.1(a) Employee benefits expense

	2020 (\$'000)	2019 (\$'000)
Employee benefits <sup>(a)</sup>	31,459	33,322
Termination benefits <sup>(a)</sup>	84	352
Superannuation – defined contribution plans <sup>(b)</sup>	3,033	3,275
<b>Total employee benefits expenses</b>	<b>34,576</b>	<b>36,949</b>
Add: AASB 16 Non-monetary benefit <sup>(c)</sup>	87	-
Less: Employee Contributions	(48)	-
<b>Net employee benefits</b>	<b>34,615</b>	<b>36,949</b>

(a) In 2019-20 a total of \$0.112 million expense benefits was paid, \$0.28 million related to leave entitlements paid out of leave provisions and \$0.84 million related to termination payments.

(b) Defined contribution plans include West State Superannuation Scheme (WSS), Gold State Superannuation Scheme (GSS), Government Employees Superannuation Board Schemes (GESBs) and other eligible funds. Includes payments of superannuation to GESB amounting to \$2.524 million.

(c) Additional non-monetary benefits include the provision of vehicle benefits measured at cost in accordance with the application of AASB 16.

**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.

## Notes to the financial statements

For the year ended 30 June 2020

#### 2.1(a) Employee benefits expense (continued)

**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.

**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 Vehicle and Housing benefits are measured at the cost incurred by the Department.

#### 2.1(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>	3,350	3,332
Long service leave <sup>(b)</sup>	4,380	4,435
Deferred salary scheme <sup>(c)</sup>	14	-
	<b>7,744</b>	<b>7,767</b>
<b>Other provisions</b>		
Employment on-costs <sup>(d)</sup>	14	13
<b>Total current employee related provisions</b>	<b>7,758</b>	<b>7,780</b>
<b>Non-current</b>		
<b>Employee benefits provisions</b>		
Long service leave <sup>(b)</sup>	1,772	2,296
<b>Other provisions</b>		
Employment on-costs <sup>(d)</sup>	3	4
<b>Total non-current employee related provisions</b>	<b>1,775</b>	<b>2,300</b>
<b>Total employee related provisions</b>	<b>9,533</b>	<b>10,080</b>

## Notes to the financial statements

For the year ended 30 June 2020

### 2.1(b) Employee related provisions (continued)

(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.

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.

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

(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.

(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 2.6 (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	17	17
Additional/(reversals of) provisions recognised	7	5
Payments/other sacrifices of economic benefits	(7)	(5)
Unwinding of the discount	-	-
<b>Carrying amount at end of period</b>	<b>17</b>	<b>17</b>

## Notes to the financial statements

For the year ended 30 June 2020

### 2.1(b) Employee related provisions (continued)

#### 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.

### 2.2 Grants and Subsidies

	2020 (\$'000)	2019 (\$'000)
<b>Recurrent</b>		
Contributions to the Australian Accounting Standards Board	49	49
Contributions to the Australian Energy Market Commission	-	1,321
Contributions to the Council of Australian Governments Energy Council Work Program	111	155
Donations/Sponsorships	4	4
<b>Capital</b>		
Contributions to Western Power for the State Underground Power Program	-	5,200
<b>Total grants and subsidies</b>	<b>164</b>	<b>6,729</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.

## Notes to the financial statements

For the year ended 30 June 2020

### 2.3 Supplies and Services

	2020 (\$'000)	2019 (\$'000)
<b>Supplies and services</b>		
Communications	101	82
Consultants	5,252	1,634
Contractors	3,493	7,499
Service provided by State Government agencies	6,431	7,738
Repairs and maintenance	26	30
Consumables	279	307
Travel	70	136
Legal costs <sup>(a)</sup>	2,584	4,782
Other <sup>(a)</sup>	822	1,180
<b>Total supplies and services expenses</b>	<b>19,058</b>	<b>23,388</b>

(a) Includes payments to State Solicitor's Office amounting to \$0.017 million and payments of insurance cover to Riskcover amounting to \$0.113 million.

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

### 2.4 Accommodation expenses

	2020 (\$'000)	2019 (\$'000)
<b>Accommodation expenses</b>		
Lease rentals <sup>(a)</sup>	4,096	4,514
<b>Total accommodation expenses</b>	<b>4,096</b>	<b>4,514</b>

(a) Includes lease rental payment to the Department of Finance.

**Accommodation expenses** include:

1. Short-term leases with a lease term of 12 months or less;
2. Low-value leases with an underlying value of \$5,000 or less; and
3. Variable lease payments, recognised in the period in which the event or condition that triggers those payments occurs.

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

## Notes to the financial statements

For the year ended 30 June 2020

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

	2020 (\$'000)	2019 (\$'000)
Loss on disposal of non-current assets	5	-
<b>Loss on disposal of non-current assets</b>	<b>5</b>	<b>-</b>

### 2.6 Other expenses

	2020 (\$'000)	2019 (\$'000)
<b>Other expenses</b>		
Minor purchases	295	145
Audit fees	576	559
Expected credit losses expenses	2	-
Other	-	47
<b>Total other expense</b>	<b>873</b>	<b>751</b>

**Other expenses:**

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

**Minor Purchases** includes purchases of minor equipment with a value of less than \$5,000.

**Audit Fees** includes payment to the Office of Auditor General for the Department's financial audit and any other audit work undertaken by the Department.

**Expected Credit Losses Expense** is recognised as the movement in the allowance for expected credit losses. The allowance for expected credit losses of trade receivables 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 5.1. Movement in the allowance for impairment of trade receivables.

## 3. 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	3.1	61,021	73,614
Other Revenue	3.2	302	1,104

## Notes to the financial statements

For the year ended 30 June 2020

### 3.1 Income from State Government

	2020 (\$'000)	2019 (\$'000)
Appropriation received during the period:		
Service appropriation	54,457	65,746
	<b>54,457</b>	<b>65,746</b>
Services received free of charge from other State Government agencies during the period:		
Department of Finance	5,066	6,331
Department of Justice	1,009	1,099
Landgate	332	284
Department of Planning, Lands and Heritage	24	24
<b>Total services received</b>	<b>6,431</b>	<b>7,738</b>
Royalties for Regions Fund:		
Governance of the Royalties for Regions Program	133	130
<b>Total Royalties for Regions Fund</b>	<b>133</b>	<b>130</b>
<b>Total income from State Government</b>	<b>61,021</b>	<b>73,614</b>

Service Appropriations are recognised as income at the fair value of consideration received in the period in which the Department gains control of the appropriated funds. The Department gains control of 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).

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

### 3.2 Other revenue

	2020 (\$'000)	2019 (\$'000)
Recoups	10	878
Government Vehicle Scheme (GVS)	48	52
Funding from Other State Government Agency	244	-
Other	-	174
<b>Total other revenue</b>	<b>302</b>	<b>1,104</b>

## Notes to the financial statements

For the year ended 30 June 2020

### 3.2 Other revenue (continued)

Revenue from Recoups and Government Vehicle Scheme (GVS) are recorded as other revenue and is recognised in the accounting period in which the relevant performance obligations has been satisfied.

## 4. 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)
Plant and equipment	4.1	37	60
Right-of-use assets	4.2	97	-
Intangibles	4.3	3,364	3,803
<b>Total key assets</b>		<b>3,498</b>	<b>3,863</b>

### 4.1 Plant and Equipment

Year ended 30 June 2020	Office Equipment (\$'000)	Computer Equipment (\$'000)	Total (\$'000)
<b>1 July 2019</b>			
Gross carrying amount	97	62	159
Accumulated depreciation	(37)	(62)	(99)
Accumulated impairment loss	-	-	-
<b>Carrying amount at start of period</b>	<b>60</b>	<b>-</b>	<b>60</b>
Additions	-	-	-
Transfers <sup>(a)</sup>	(6)	-	(6)
Other disposals	(5)	-	(5)
Impairment losses <sup>(b)</sup>	-	-	-
Impairment losses reversed <sup>(b)</sup>	-	-	-
Depreciation	(12)	-	(12)
<b>Carrying amount at 30 June 2020</b>	<b>37</b>	<b>-</b>	<b>37</b>
Gross carrying amount	72	62	134
Accumulated depreciation	(35)	(62)	(97)
Accumulated impairment losses	-	-	-

(a) During the financial year, office equipment was transferred to Energy Policy WA amounting to \$6,000 due to a Machinery of Government (MOG) change.

## Notes to the financial statements

For the year ended 30 June 2020

### 4.1 Plant and Equipment (continued)

(b) Recognised in the Statement of Comprehensive Income. Where an asset measured at cost is written-down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income.

#### Initial recognition

Items of plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of plant 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.

#### 4.1.1 Depreciation and impairment

##### Charge for the period

	Notes	2020 (\$'000)	2019 (\$'000)
Depreciation			
Office equipment	4.1	12	8
Right-of-use-asset	4.1	83	-
<b>Total depreciation for the period</b>		<b>95</b>	<b>8</b>

As at 30 June 2020 there were no indications of impairment to plant and equipment.

#### Finite useful lives

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

Asset	Useful Life
Office Equipment	5 to 10 years
Computer equipment	3 to 5 years

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

The contractual commitments relating to intangibles is \$334,716 as at 30 June 2020.

## Notes to the financial statements

For the year ended 30 June 2020

### 4.1.1 Depreciation and impairment (continued)

#### Impairment

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

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

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

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

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

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

#### 4.2 Right-of-use assets

	2020 (\$'000)	2019 (\$'000)
Accommodation	-	-
Vehicles	97	-
<b>Net carrying amount at 30 June 2020</b>	<b>97</b>	<b>-</b>

Additions to right-of-use assets during the 2019-20 financial year were \$0.033 million.

#### 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 ROU assets, which are measured in accordance with AASB 140 'Investment Property'.

## Notes to the financial statements

For the year ended 30 June 2020

### 4.2 Right-of-use assets (continued)

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,

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 4.1.1.

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

	2020 (\$'000)	2019 (\$'000)
Vehicles	83	-
<b>Total right-of-use asset depreciation</b>	<b>83</b>	<b>-</b>
Lease interest expense	4	-
Expenses relating to variable lease payments not included in lease liabilities	-	-
Short-term leases (included in Other Expenditure)	-	-
Low-value leases (included in Other Expenditure)	-	-
Income from subleasing right-of-use assets	-	-
Gains or losses arising from sale and leaseback transactions	-	-

The total cash outflow for leases in 2019-20 was \$0.079 million.

The Department's leasing activities and how these are accounted for:

The Department has leases for vehicles, office and residential accommodations.

The Department has also entered into a Memorandum of Understanding Agreements (MOU) with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

## Notes to the financial statements

For the year ended 30 June 2020

### 4.2 Right-of-use assets (continued)

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 corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 6.1.

### 4.3 Intangible Assets

Year ended 30 June 2020	Computer Software (\$'000)	Website cost (\$'000)	Work in Progress (\$'000)	Total (\$'000)
<b>1 July 2019</b>				
Gross carrying amount	9,873	100	552	10,525
Accumulated amortisation	(6,680)	(42)	-	(6,722)
Accumulated impairment losses	-	-	-	-
<b>Carrying amount at start of period</b>	<b>3,193</b>	<b>58</b>	<b>552</b>	<b>3,803</b>
Additions	-	-	603	603
Other disposals	-	-	-	-
Transfers	1,110	-	(1,110)	-
Impairment losses	-	-	-	-
Impairment losses reversed	-	-	-	-
Amortisation expense	(1,032)	(10)	-	(1,042)
<b>30 June 2020</b>				
Gross carrying amount	10,983	100	45	11,128
Accumulated amortisation	(7,712)	(52)	-	(7,764)
<b>Carrying amount at end of period</b>	<b>3,271</b>	<b>48</b>	<b>45</b>	<b>3,364</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:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset, and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefit;

## Notes to the financial statements

For the year ended 30 June 2020

### 4.3 Intangible Assets (continued)

- (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 at a minimum of \$5,000 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.

#### 4.3.1 Amortisation and impairment

##### Charge for the period

	2020 (\$'000)	2019 (\$'000)
Computer Software	1,032	983
Website cost	10	10
<b>Total amortisation for the period</b>	<b>1,042</b>	<b>993</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:

Asset	Useful Life
Computer Software <sup>(a)</sup>	10 years
Website Costs	10 years

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

## Notes to the financial statements

For the year ended 30 June 2020

### 4.3.1 Amortisation and impairment (continued)

#### 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 4.1.1.

### 5. 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	5.1	332	991
Amounts receivable for services	5.2	12,928	12,165
Other current assets	5.3	338	17
Payables	5.4	1,041	5,346

#### 5.1 Receivables

	2020 (\$'000)	2019 (\$'000)
<b>Current</b>		
Trade receivables	215	394
Allowance for impairment of trade receivables	(3)	(1)
GST receivable	120	598
<b>Total current receivables</b>	<b>332</b>	<b>991</b>

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.

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

	2020 (\$'000)	2019 (\$'000)
Current	1,764	1,001
Non-current	11,164	11,164
<b>Balance at end of period</b>	<b>12,928</b>	<b>12,165</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).

## Notes to the financial statements

For the year ended 30 June 2020

### 5.3 Other current assets

	2020 (\$'000)	2019 (\$'000)
<b>Current</b>		
Purchase Leave - Debit position	5	17
Prepayments	333	-
<b>Total other current assets</b>	<b>338</b>	<b>17</b>

### 5.4 Payables

	2020 (\$'000)	2019 (\$'000)
<b>Current</b>		
Trade payables	31	157
Other tax payables	41	41
Accrued salaries	344	122
Accrued expenses	625	3,786
Other payables	-	1,240
<b>Total current payables</b>	<b>1,041</b>	<b>5,346</b>

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

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

The accrued salaries suspense account (See Note 6.3 'Restricted cash and cash equivalents') 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.

## 6. Financing

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

	Notes
Lease Liabilities	6.1
Finance costs	6.2
Cash and cash equivalents	6.3

## Notes to the financial statements

For the year ended 30 June 2020

### 6.1 Leases

	2020 (\$'000)	2019 (\$'000)
Current	49	-
Non-current	49	-
	<b>98</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 4.2.

#### 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.

## Notes to the financial statements

For the year ended 30 June 2020

### 6.2 Finance costs

	2020 (\$'000)	2019 (\$'000)
Lease interest expense	4	-
<b>Finance costs expensed</b>	<b>4</b>	<b>-</b>

'Finance costs' includes 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 payable to State Fleet.

### 6.3 Cash and cash equivalents

	2020 (\$'000)	2019 (\$'000)
Cash and cash equivalents	11,914	16,397
Restricted cash and cash equivalents		
- Royalties for regions <sup>(a)</sup>	19	11
- Accrued salaries suspense account <sup>(b)</sup>	397	353
<b>Balance at end of period</b>	<b>12,330</b>	<b>16,761</b>

(a) Funds held for Governance of Royalties for Regions Program.

(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 equivalent (and restricted cash and cash equivalent) assets comprise cash on hand which are subject to insignificant risk of changes in value.

## Notes to the financial statements

For the year ended 30 June 2020

### 7. Financial Instruments and Contingencies

	Notes
Financial instruments	7.1
Contingent assets	7.2
Contingent liabilities	7.2

#### 7.1 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	11,914	16,397
Restricted cash and cash equivalents	416	364
Receivables <sup>(a)</sup>	212	393
Amounts receivable for services	12,928	12,165
<b>Total financial assets</b>	<b>25,470</b>	<b>29,319</b>
<b>Financial liabilities</b>		
Payables <sup>(b)</sup>	1,041	5,346
Lease liabilities	98	-
<b>Total financial liability</b>	<b>1,139</b>	<b>5,346</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).

#### 7.2 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 best estimates. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

The Department has no contingent assets and liabilities to report for Financial Year 2019-20.

## Notes to the financial statements

For the year ended 30 June 2020

### 8. Other disclosures

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

	Notes
Events occurring after the end of the reporting period	8.1
Initial application of Australian Accounting Standards	8.2
Key management personnel	8.3
Services provided free of charge	8.4
Related party transactions	8.5
Related bodies	8.6
Affiliated bodies	8.6
Remuneration of auditors	8.7
Equity	8.8
Supplementary financial information	8.9
Explanatory statement	8.10

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

There are no events occurring after the end of the reporting period.

#### 8.2 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 July 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 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.

## Notes to the financial statements

For the year ended 30 June 2020

### 8.2 Initial application of Australian Accounting Standards (continued)

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 recognised 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 to not to apply the standards retrospectively to non-completed contracts at the date of initial application.

Refer to Note 3.1 and 3.2 for the revenue and income accounting policies adopted from 1 July 2019.

There is no effect of adopting AASB15 and AASB 1058 for the Departmental controlled accounts however the administered transactions for Commonwealth Grants are within the scope of AASB 1058. The Department will no longer recognise income and expenditure for Commonwealth Grants where the Department acts as a conduit through which funding flows to the grant recipients.

#### (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 incremental borrowing rate (2.5%) on 1 July 2019;
- b) depreciation of right-of-use assets and interest on lease liabilities in the Statement of Comprehensive Income; and

## Notes to the financial statements

For the year ended 30 June 2020

### (b) AASB 16 Leases (continued)

- 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. There is no financial impact as the Department is not in possession of any concessionary leases at the date of transition.

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 ROU 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;
- (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.

## Notes to the financial statements

For the year ended 30 June 2020

### a. Measurement of lease liabilities

Operating Lease Commitments disclosed as at 30 June 2019	208
Discounted using incremental borrowing rate at date of initial application <sup>(a)</sup>	(202)
Add:	
Finance lease liabilities recognised as at 30 June 2019	-
Less:	
Short term leases not recognised as liability	-
Low value leases not recognised as liability	-
<b>Lease liability recognised at 1 July 2019</b>	<b>(202)</b>
Current lease liabilities	(87)
Non-current lease liabilities	(115)

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

The effect of adopting AASB 16 as at 1 July 2019 was, as follows:

	Notes	Adjustments 1 July 2019 (\$'000)
<b>Assets</b>		
Right-of-use asset	8.2 (b)	8
<b>Total Assets</b>		<b>8</b>
<b>Liabilities</b>		
Lease liabilities	6.1	-
<b>Total Liabilities</b>		<b>-</b>
Total adjustments on Equity		8
<b>Accumulated surplus/(deficit)</b>		<b>8</b>

With these changes, the net impact on retained earnings on 1 July 2019 was an increase of \$8,000.00.

## Notes to the financial statements

For the year ended 30 June 2020

### 8.3 Key management personnel

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

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

Compensation band (\$)	2020	2019
\$20,001 - 30,000 <sup>(a)</sup>	1	-
\$60,001 - 70,000	-	1
\$70,001 - 80,000 <sup>(a)</sup>	1	-
\$130,001 - 140,000	-	1
\$190,001 - 200,000	-	1
\$300,001 - 310,000	1	-
\$310,001 - 320,000	-	1
\$320,001 - 330,000	1	1
\$340,001 - 350,000	1	-
\$360,001 - 370,000	-	2
\$370,001 - 380,000	1	-
\$460,001 - 470,000	-	-
\$520,001 - 530,000	1	1
	<b>2020</b>	<b>2019</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>Total compensation of senior officers</b>	<b>1,957</b>	<b>2,280</b>

### Total compensation of senior officers

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

(a) Changes to the Executive team during the year and therefore this salary represents part year only.

## Notes to the financial statements

For the year ended 30 June 2020

### 8.4 Services provided free of charge

	2020 (\$'000)	2019 (\$'000)
During the period the following services were provided to other agencies free of charge for functions outside the normal operations of the Department:		
Department of Finance - Provision of accounting services to the Office of State Revenue	135	134
	<b>135</b>	<b>134</b>

### 8.5 Related party transactions

The Department is a wholly owned public sector entity that is controlled by of 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).

### Material transactions with related parties

One of the Ministers has advised that a related party has provided consulting services to the Department valued at \$1.858 million. 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.

### 8.6 Related and affiliated bodies

The Department has no related or affiliated bodies.

## Notes to the financial statements

For the year ended 30 June 2020

### 8.7 Remuneration of auditors

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

	2020 (\$'000)	2019 (\$'000)
<b>Auditing the accounts, financial statements, controls, and key performance indicators:</b>		
Department of Treasury	212	212
Annual Report on State Finances	364	364
	<b>576</b>	<b>576</b>

### 8.8 Equity

	2020 (\$'000)	2019 (\$'000)
<b>Contributed equity</b>		
Balance at start of period	(9,631)	(9,631)
<b>Contributions by owners</b>		
Capital appropriation	32	-
<b>Total contributions by owners</b>	<b>(9,599)</b>	<b>(9,631)</b>
<b>Distributions to owners</b>		
Transfer of net assets to other agencies:		
Transfer of Public Utilities Office to the Department of Mines, Industry Regulation and Safety	(1,067)	-
Net assets transferred to Government:		
Funds returned to Government	-	-
<b>Total distributions to owners</b>	<b>(1,067)</b>	<b>-</b>
<b>Balance at end of period</b>	<b>(10,666)</b>	<b>(9,631)</b>

## Notes to the financial statements

For the year ended 30 June 2020

### 8.9 Supplementary financial information

(a) Write-offs

There were no write-offs during the financial year (2019: Nil)

	2020 (\$'000)	2019 (\$'000)
The accountable authority	-	-
The Minister	-	-
Executive Council	-	-
	-	-

### 8.10 Explanatory statement (Controlled Operations)

All variances between annual 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.

## Notes to the financial statements

For the year ended 30 June 2020

### 8.10.1 Statement of Comprehensive Income Variances

	Variance Note	Estimate <sup>(a)</sup> 2020 (\$'000)	Actual 2020 (\$'000)	Actual 2019 (\$'000)	Variance between Estimate and Actual (\$'000)	Variance between Actual results for 2020 and 2019 (\$'000)
<b>COST OF SERVICES</b>						
<b>Expenses</b>						
Employee benefits expense	1	45,118	34,576	36,949	(10,542)	(2,373)
Supplies and services	2, A	26,472	19,058	23,388	(7,414)	(4,330)
Depreciation and amortisation expense	3	4,341	1,137	1,001	(3,204)	136
Finance costs	4	3,378	4	-	(3,374)	4
Accommodation expenses	5	890	4,096	4,514	3,206	(418)
Grants and subsidies	6, B	7,708	164	6,729	(7,544)	(6,565)
Loss on disposal of non-current assets		-	5	-	5	5
Other expenses		1,548	873	751	(675)	122
<b>Total cost of services</b>		<b>89,455</b>	<b>59,913</b>	<b>73,332</b>	<b>(29,542)</b>	<b>(13,419)</b>
<b>Income</b>						
Revenue						
Other revenue	7	1,306	302	1,104	(1,004)	(802)
<b>Total Revenue</b>		<b>1,306</b>	<b>302</b>	<b>1,104</b>	<b>(1,004)</b>	<b>(802)</b>
<b>Total income other than income from State Government</b>		<b>1,306</b>	<b>302</b>	<b>1,104</b>	<b>(1,004)</b>	<b>(802)</b>
<b>NET COST OF SERVICES</b>		<b>(88,149)</b>	<b>(59,611)</b>	<b>(72,228)</b>	<b>28,538</b>	<b>12,617</b>
<b>Income from State Government</b>						
Service appropriation	8, C	80,949	54,457	65,746	(26,492)	(11,289)
Services received free of charge	9, D	7,486	6,431	7,738	(1,055)	(1,307)
Royalties for Regions Fund		133	133	130	-	3
<b>Total income from State Government</b>		<b>88,568</b>	<b>61,021</b>	<b>73,614</b>	<b>(27,547)</b>	<b>(12,593)</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>419</b>	<b>1,410</b>	<b>1,386</b>	<b>991</b>	<b>24</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>419</b>	<b>1,410</b>	<b>1,386</b>	<b>991</b>	<b>24</b>

(a) The Estimates reported for 2020 reflect the original published Estimates for the Department of Treasury (prior to the transition of the former Public Utilities Office and Energy Transformation Implementation Unit to Energy Policy WA on 5 September 2019).

## Notes to the financial statements

For the year ended 30 June 2020

### 8.10.1 Statement of Comprehensive Income Variances (continued)

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

- (1) Variance is predominantly attributable to the transfer of employees to Energy Policy WA with funding of \$8.6 million in 2019-20. The remaining \$1.9 million relates to a salary underspend due to an average vacancy rate of 5.6% during the year.
- (2) Variance is predominantly attributable to the transfer of \$5.6 million supplies and services budget to Energy Policy WA. In addition, there were savings during the year relating to the partial commercialisation of Landgate.
- (3) Variance relates to a change in accounting treatment for office accommodation during 2019-20. This change means that Government Office Accommodation inter-agency MOU arrangements are now out of scope of AASB 16 and therefore are no longer reported on the Balance Sheet.
- (4) Variance relates to a change in accounting treatment for office accommodation during 2019-20. This change means that Government Office Accommodation inter-agency MOU arrangements are now out of scope of AASB 16 and therefore are no longer reported on the Balance Sheet.
- (5) Variance relates to a change in accounting treatment for office accommodation during 2019-20. This change means that Government Office Accommodation inter-agency MOU arrangements are now out of scope of AASB 16 and therefore reported on the Income Statement.
- (6) During 2019-20 Treasury transferred grant funding to Energy Policy WA, for contributions to the State Underground Power Program, Australian Energy Market Commission (AEMC) and Council of Australian Energy Council Work Program.
- (7) Variance relates to the transfer of other revenue to Energy Policy WA.
- (8) Service appropriations reduced in 2019-20 due to \$20 million transferred to Energy Policy WA, \$1 million returned to Government relating to savings for the partial commercialisation of Landgate and a repositioning of \$3.8 million expenditure from 2019-20 to 2020-21 to reflect the revised timing of projects including the sale of the Western Australian TAB.
- (9) Variance is predominantly attributable to the transfer of \$1.6 million for resources received free of charge budget to Energy Policy WA.

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

- (A) Variance relates to a reduction in consulting expenditure in 2019-20 due to transfer to Energy Policy WA that occurred during 2019-20.
- (B) Variance relates to a reduction in grant expenditure in 2019-20, for contributions to the State Underground Power Program, Australian Energy Market Commission (AEMC) and Council of Australian Energy Council Work Program transferred to Energy Policy WA.
- (C) The decrease in service appropriation for 2019-20 primarily relates to the transfer of funding to Energy Policy WA, offset by an increase in funding for the partial commercialisation of Landgate and the sale of the Western Australian TAB.
- (D) Variance is predominately related to the reduction in resources received free of charge that occurred with the transfer to Energy Policy WA.

## Notes to the financial statements

For the year ended 30 June 2020

### 8.10.2 Statement of Financial Position Variances

	Variance Note	Estimate <sup>(a)</sup> 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>						
<b>Current Assets</b>						
Cash and cash equivalents	A	12,476	11,914	16,397	(562)	(4,483)
Restricted cash and cash equivalents		-	19	11	19	8
Receivables		717	332	991	(385)	(659)
Amounts receivable for services	1	400	1,764	1,001	1,364	763
Other current assets		-	338	17	338	321
<b>Total Current Assets</b>		<b>13,593</b>	<b>14,367</b>	<b>18,417</b>	<b>774</b>	<b>(4,050)</b>
<b>Non-Current Assets</b>						
Restricted cash and cash equivalents		462	397	353	(65)	44
Amounts receivable for services	2	15,706	11,164	11,164	(4,542)	-
Plant and equipment		7	37	60	30	(23)
Intangible assets		3,379	3,364	3,803	(15)	(439)
Right-of-use assets	3	64,920	97	-	(64,823)	97
<b>Total Non-Current Assets</b>		<b>84,474</b>	<b>15,059</b>	<b>15,380</b>	<b>(69,415)</b>	<b>(321)</b>
<b>TOTAL ASSETS</b>		<b>98,067</b>	<b>29,426</b>	<b>33,797</b>	<b>(68,641)</b>	<b>(4,371)</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Payables	4, B	2,263	1,041	5,346	(1,222)	(4,305)
Lease liabilities		-	49	-	49	49
Employee related provisions		7,507	7,758	7,780	251	(22)
Contract liabilities		-	-	-	-	-
<b>Total Current Liabilities</b>		<b>9,770</b>	<b>8,848</b>	<b>13,126</b>	<b>(922)</b>	<b>(4,278)</b>

### 8.10.2 Statement of Financial Position Variances (continued)

	Variance Note	Estimate <sup>(a)</sup> 2020 (\$'000)	Actual 2020 (\$'000)	Actual 2019 (\$'000)	Variance between Estimate and Actual (\$'000)	Variance between Actual results for 2020 and 2019 (\$'000)
<b>Non-Current Liabilities</b>						
Lease liabilities	5	67,851	49	-	(67,802)	49
Employee related provisions		2,295	1,775	2,300	(520)	(525)
<b>Total Non-Current Liabilities</b>		<b>70,146</b>	<b>1,824</b>	<b>2,300</b>	<b>(68,322)</b>	<b>(476)</b>
<b>TOTAL LIABILITIES</b>		<b>79,916</b>	<b>10,672</b>	<b>15,426</b>	<b>(69,244)</b>	<b>(4,754)</b>
<b>NET ASSETS</b>						
		<b>18,151</b>	<b>18,754</b>	<b>18,371</b>	<b>603</b>	<b>383</b>
<b>EQUITY</b>						
Contributed equity		42,446	(10,666)	(9,631)	(53,112)	(1,035)
Accumulated surplus/ (deficit)		(24,295)	29,420	28,002	53,715	1,418
<b>TOTAL EQUITY</b>		<b>18,151</b>	<b>18,754</b>	<b>18,371</b>	<b>603</b>	<b>383</b>

(a) The Estimates reported for 2020 reflect the original published Estimates for the Department of Treasury (prior to the transition of the former Public Utilities Office and Energy Transformation Implementation Unit to Energy Policy WA on 5 September 2019).

## Notes to the financial statements

For the year ended 30 June 2020

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

- (1) Variance represents the non-cash component of the service appropriation that is related to intangibles amortisation.
- (2) Variance relates to an adjustment to the non-cash component of the service appropriation to reflect a change in accounting treatment for office accommodation during 2019-20. This change means that Government Office Accommodation inter-agency MOU arrangements are now out of scope of AASB16 and therefore are no longer reported on the Balance Sheet.
- (3) Variance relates to a change in accounting treatment for office accommodation during 2019-20. This change means that Government Office Accommodation inter-agency MOU arrangements are now out of scope of AASB16 and therefore are no longer reported on the Balance Sheet.
- (4) Variance relates to a lower than budgeted payables at year end, due to an increase in accruals in the prior year (consultancy invoices relating to the partial commercialisation of Landgate and the privatisation of the Western Australian TAB).
- (5) Variance relates to a change in accounting treatment for office accommodation during 2019-20. This change means that Government Office Accommodation inter-agency MOU arrangements are now out of scope of AASB16 and therefore are no longer reported on the Balance Sheet.

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

- (A) Variance predominantly attributable to \$2.5 million cash transferred to Energy Policy WA. In addition, a saving from the partial commercialisation of Landgate was return to the Consolidated Account in 2019-20.
- (B) Variance relates to a lower than budgeted payables at year end, due to an increase in accruals in the prior year (consultancy invoices relating to the partial commercialisation of Landgate and the privatisation of the Western Australian TAB).

## Notes to the financial statements

For the year ended 30 June 2020

### 8.10.3 Statement of Cash Flows Variances

	Variance Note	Estimate <sup>(a)</sup> 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, A	76,608	53,294	64,745	(23,314)	(11,451)
Capital appropriation		329	32	-	(297)	32
Holding account drawdown		400	400	800	-	(400)
Royalties for Regions Fund		133	133	130	-	3
<b>Net cash provided by State Government</b>		<b>77,470</b>	<b>53,859</b>	<b>65,675</b>	<b>(23,611)</b>	<b>(11,816)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
Employee benefits	2	(45,118)	(34,747)	(36,355)	10,371	1,608
Supplies and services	3, B	(19,068)	(15,420)	(13,913)	3,648	(1,507)
Finance costs	4	(3,378)	(4)	-	3,374	(4)
Accommodation	5	(890)	(4,562)	(4,375)	(3,672)	(187)
Grants and subsidies	6, C	(7,708)	(152)	(10,275)	7,556	10,123
GST payments on purchases		(2,281)	(2,036)	(1,926)	245	(110)
GST Payments to taxation authority		-	-	-	-	-
Other payments	D	(1,548)	(2,268)	(620)	(720)	(1,648)
<b>Receipts</b>						
GST receipts on sales		-	46	31	46	15
GST receipts from taxation authority		2,281	2,198	1,660	(83)	538
Other receipts	E	1,388	424	2,207	(964)	(1,783)
<b>Net cash used in operating activities</b>		<b>(76,322)</b>	<b>(56,521)</b>	<b>(63,566)</b>	<b>19,801</b>	<b>7,045</b>

## Notes to the financial statements

For the year ended 30 June 2020

### 8.10.3 Statement of Cash Flows Variances (continued)

	Variance Note	Estimate <sup>(a)</sup> 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 INVESTING ACTIVITIES</b>						
Purchase of non-current assets		(400)	(632)	(564)	(232)	(68)
<b>Net cash used in investing activities</b>		<b>(400)</b>	<b>(632)</b>	<b>(564)</b>	<b>(232)</b>	<b>(68)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Principal elements of lease (2018 – finance lease) payments		(329)	(75)	-	254	(75)
		<b>(329)</b>	<b>(75)</b>	<b>-</b>	<b>254</b>	<b>(75)</b>
Net increase/ (decrease) in cash and cash equivalents		419	(3,369)	1,545	(3,788)	(4,914)
Cash balance transferred to the Energy Policy WA		-	(1,062)	-	(1,062)	(1,062)
Cash and cash equivalents at the beginning of the period		12,519	16,761	15,216	4,242	1,545
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>12,938</b>	<b>12,330</b>	<b>16,761</b>	<b>(608)</b>	<b>(4,431)</b>

(a) The Estimates reported for 2020 reflect the original published Estimates for the Department of Treasury (prior to the transition of the former Public Utilities Office and Energy Transformation Implementation Unit to Energy Policy WA on 5 September 2019).

## Notes to the financial statements

For the year ended 30 June 2020

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

- (1) Variance primarily relates to a reduction in service appropriation due to \$19.6 million transferred to Energy Policy WA, \$1 million returned to Government relating to savings for the partial commercialisation of Landgate and a repositioning of \$3.8 million expenditure from 2019-20 to 2020-21 to reflect the revised timing of projects including the sale of the Western Australian TAB.
- (2) Variance is predominantly attributable to the transfer of employees to Energy Policy WA with funding of \$8.6 million. The remaining \$1.8 million relates to a salary underspend due to an average vacancy rate of 5.6% during the year.
- (3) Variance is predominantly attributable to the transfer of \$3.9 million in supplies and services budget to Energy Policy WA.
- (4) Variance relates to a change in accounting treatment for office accommodation during 2019-20. This change means that Government Office Accommodation inter-agency MOU arrangements are now out of scope of AASB 16 and therefore are no longer reported on the Balance Sheet.
- (5) Variance relates to a change in accounting treatment for office accommodation during 2019-20. This change means that Government Office Accommodation inter-agency MOU arrangements are now out of scope of AASB16 and therefore reported on the Income Statement.
- (6) Variance relates to the transfer of grant funding to Energy Policy WA, for contributions to the State Underground Power Program, Australian Energy Market Commission (AEMC) and Council of Australian Energy Council Work Program.

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

- (A) Variance is the net effect of a reduction in services appropriation due to the transfer to Energy Policy WA, offset by an increase in appropriation relating to the partial commercialisation of Landgate and the sale of the Western Australian TAB in 2019-20.
- (B) Variance is the net effect of a reduction in supplies and services expenditure due to the transfer to Energy Policy WA, offset by an increase in consulting and legal costs relating to the Landgate Commercialisation Project and the TAB Privatisation Project in 2019-20.
- (C) During 2019-20 Treasury transferred grant funding to Energy Policy WA, for contributions to the State Underground Power Program, Australian Energy Market Commission (AEMC) and Council of Australian Energy Council Work Program.
- (D) Variance relates to a year end adjustment in 2019-20 for an Australian Taxation Office GST payment.
- (E) Variance relates to a year end adjustment in 2018-19 for a GST refund from the Australian Taxation Office.

## Notes to the financial statements

For the year ended 30 June 2020

### 9. Administered disclosures

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

	Notes
Disclosure of administered income and expenses	9.1
Explanatory statement for administered income and expenses	9.2
Explanatory statement for administered items	9.2.1
Administered assets and liabilities	9.3
Supplementary funding	9.4
Special purpose accounts	9.5

## Notes to the financial statements

For the year ended 30 June 2020

### 9.1. Disclosure of administered income and expenses

	2020 (\$'000)	2019 (\$'000)
<b>INCOME FROM ADMINISTERED ITEMS</b>		
<b>Income</b>		
Commonwealth grants	4,966,568	8,579,510
Government enterprises:		
Dividends	1,387,537	1,494,126
Income tax equivalent regime	1,135,766	671,597
Local Government rates equivalent	22,546	22,548
Consolidated Account revenue received from agencies	17,140,979	14,123,005
Gold State superannuation reimbursement	93,513	100,142
Interest	72,238	120,361
Loan guarantee fees	158,411	153,173
Pension recoups	12,411	12,736
Other revenue	81,986	78,281
<b>Total administered income</b>	<b>25,071,955</b>	<b>25,355,479</b>
<b>Expenses</b>		
Superannuation	259,832	1,140,889
Interest	721,016	865,153
Appropriations for:		
Operating subsidies	1,841,508	1,443,611
Services	17,017,095	16,277,790
Salaries and allowances	104,960	104,454
Other appropriations	2,487,080	2,127,092
Commonwealth grants on-passed to agencies	-	2,359,184
Local Government financial assistance grants	-	180,637
Local Government road funding	-	117,661
Non-government schools	-	1,340,627
Royalties for Regions <sup>(a)</sup>	738,537	478,308
Other expenses	12,093	4,333
<b>Total administered expenses</b>	<b>23,182,121</b>	<b>26,439,739</b>

(a) Represents the expensing of Royalties of Regions monies to agencies. As well as these expenses, there are also capital payments made by the Royalties for Regions program. For accounting purposes, these capital costs are not reflected in the Schedule of Administered Operating Transactions.

## Notes to the financial statements

For the year ended 30 June 2020

### 9.2. Explanatory statement for administered income and expenses

All variances between annual 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.

	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>						
Commonwealth grants	1, A	8,212,774	4,966,568	8,579,510	(3,246,206)	(3,612,942)
Government enterprises:						
Dividends	2	1,209,200	1,387,537	1,494,126	178,337	(106,589)
Income tax equivalent regime	3, B	624,178	1,135,766	671,597	511,588	464,169
Local government rates equivalent	4	25,135	22,546	22,548	(2,589)	(2)
Consolidated Account revenue received from agencies	5, C	15,528,461	17,140,979	14,123,005	1,612,518	3,017,974
Gold State superannuation reimbursement		87,793	93,513	100,142	5,720	(6,629)
Interest income	6, D	111,146	72,238	120,361	(38,908)	(48,123)
Loan guarantee fees		161,259	158,411	153,173	(2,848)	5,238
Pension recoups	7	10,433	12,411	12,736	1,978	(325)
Other revenue	8	18,766	81,986	78,281	63,220	3,705
<b>Total Administered income</b>		<b>25,989,145</b>	<b>25,071,955</b>	<b>25,355,479</b>	<b>(917,190)</b>	<b>(283,524)</b>

## Notes to the financial statements

For the year ended 30 June 2020

### 9.2. Explanatory statement for administered income and expenses (continued)

	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>						
Superannuation	E	246,348	259,832	1,140,889	13,484	(881,057)
Interest expense	9, F	828,010	721,016	865,153	(106,994)	(144,137)
Appropriations for:						
Operating subsidies	10, G	1,382,912	1,841,508	1,443,611	458,596	397,897
Services		16,779,852	17,017,095	16,277,790	237,243	739,305
Salaries and allowances		105,653	104,960	104,454	(693)	506
Other appropriations	H	2,514,414	2,487,080	2,127,092	(27,334)	359,988
Commonwealth grants on-passed to agencies	11, I	2,436,252	-	2,359,184	(2,436,252)	(2,359,184)
Local Government financial assistance grants	J	-	-	180,637	-	(180,637)
Local Government road funding	K	-	-	117,661	-	(117,661)
Non-government schools	L	-	-	1,340,627	-	(1,340,627)
Royalties for Regions	M	811,060	738,537	478,308	(72,523)	260,229
Other expenses	12, N	82,016	12,093	4,333	(69,923)	7,760
<b>Total Administered expenses</b>		<b>25,186,517</b>	<b>23,182,121</b>	<b>26,439,739</b>	<b>(2,004,396)</b>	<b>(3,257,618)</b>

## Notes to the financial statements

For the year ended 30 June 2020

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

#### Income

##### 1. Commonwealth Grants

The decrease is mainly driven by the following material movements:

- the impact of the new Australian accounting standard AASB 15: Revenue from Contracts With Customers, which took effect this reporting period and excludes grants passing through Treasury to a third party. This change in revenue recognition has also been applied to grants passing to State government agencies, reducing grants by \$2,918.9 million relative to the budget forecast;
- lower GST grants, down \$115 million, reflecting movements in the Commonwealth's forecast for national GST collections in its December 2019 Mid-Year Economic and Fiscal Outlook; and
- lower North West Shelf grants (down \$188 million), largely due to lower than forecast oil prices (benchmark Brent crude averaged \$US51.3/bbl compared to the \$US67.1/bbl Budget assumption) and lower Liquefied Natural Gas (LNG) prices. This was partly offset by the impact of a lower than anticipated \$US/\$A exchange rate (which averaged US67.1 cents in 2019-20 relative to the 2019-20 Budget forecast of US71.4 cents).

##### 2. Government Enterprises: Dividends

The increase mainly reflects the combined impact of:

- the Western Australian Land Information Authority (up \$989.1 million), primarily due to an interim dividend following the partial commercialisation of Landgate in October 2019 (\$985 million), combined with a final dividend payment relating to net profit after tax for the 2018-19 financial year;
- the Insurance Commission of Western Australia (up \$134.4 million), largely reflecting higher than expected investment returns in 2018-19 which resulted in the final 2018-19 dividend payment in December 2019 being significantly above budget; and
- the Water Corporation (down \$616.4 million), Western Power (down \$196.6 million), Pilbara Ports Authority (down \$66.5 million), Southern Ports Authority (down \$25.9 million) and Fremantle Port Authority (down \$23.6 million), all largely due to the deferral of the 2019-20 interim dividend payment to 2020-21 for a number of corporatised agencies to ease the need for new borrowing late in 2019-20 during a period of financial market uncertainty driven by the COVID-19 pandemic.

##### 3. Government Enterprises: Income Tax Equivalent Regime

The increase is largely due to the combined impact of:

- the Western Australian Land Information Authority (up \$418.6 million), mainly due to taxable proceeds from the partial commercialisation of Landgate in October 2019; and
- the Insurance Commission of Western Australia (up \$77.5 million), largely reflecting higher than expected investment returns in 2018-19, resulting in a higher than estimated final tax payment in December 2019.

## Notes to the financial statements

For the year ended 30 June 2020

### 4. Government Enterprises: Local Government Rates Equivalent

The decrease is due to several immaterial movements across a range of agencies, including both higher and lower than estimated outcomes.

### 5. Consolidated Account Revenue Received from Agencies

The increase is primarily due to the combined impact of:

- higher than expected royalty revenue collections paid to the Consolidated Account by the Department of Mines, Industry Regulation and Safety (up \$1,875.8 million), mainly reflecting higher receipts for iron ore royalties following sustained high prices throughout 2019-20; and
- lower than expected taxes collected by RevenueWA (down \$101.5 million), mainly lower payroll tax, landholder duty and land tax receipts, partially offset by higher than expected receipts for transfer duty.

### 6. Interest Income

The decrease largely reflects lower than estimated average interest rates on Public Bank Account investment balances (with an average 1.1% during 2019-20 compared with an estimated average of 2.1% at budget-time).

### 7. Pension Recoups

The increase is due to several immaterial movements across a range of agencies, including both higher and lower than estimated outcomes.

### 8. Other Revenue

The increase is largely due to:

- the return of \$31.3 million to the Consolidated Account by the Department of Finance for building lease incentives in excess of outgoings paid;
- the return of unutilised funds to the Royalties for Regions Fund Special Purpose Account; and
- higher than forecast unclaimed money paid into the Consolidated Account.

### Expenses

#### 9. Interest Expense

The decrease mainly reflects the impact of undertaking lower new borrowings in 2019-20 (\$777.3 million compared with a forecast \$2 billion at the time of the original Budget) and lower than expected average interest rates (with an average 2.8% rate applying in 2019-20 compared with the Budget assumption of 3.0%).

#### 10. Appropriations for: Operating Subsidies

The increase is primarily due to the higher than expected operating subsidy payments to Synergy (up \$450.8 million), mainly reflecting the cost of COVID-19 stimulus measures and funding for a range of non-recoverable costs (discussed further in note 9.2.1).

## Notes to the financial statements

For the year ended 30 June 2020

### 11. Commonwealth Grants On-passed to Agencies

The decrease reflects the impact of Australian accounting standards changes mentioned earlier, whereby revenue and expenses are removed where Treasury on passes a grant to a third party.

### 12. Other Expenses

The decrease mainly reflects lower than expected funding to the Department of Justice for National Redress Scheme for Institutional Child Sexual Abuse payments, due to a lower than predicted number of applications under the Scheme.

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

#### Income

##### A. Commonwealth Grants

The decrease largely reflects the combined outcome of:

- the impact of Australian Accounting Standards changes discussed in note 1 above (down \$3,992.8 million, which also includes grants on passed through the State for local governments and non government schools as well as grants on passed to agencies noted earlier);
- higher GST grants (up \$266.7 million), mainly due to Western Australia receiving a larger proportion of its population share of the national GST pool in 2019-20 (51.8%) compared with 2018-19 (47.3%);
- higher GST 'top up' payments (up \$380.2 million), reflecting a partial payment of \$434 million of the 2019-20 grant in April 2019, with the remainder of the payment (\$814.2 million) made in 2019-20; and
- lower North West Shelf grants (down \$257.8 million), largely due to lower oil prices (which averaged \$US51.3/bbl in 2019-20 relative to \$US68.6/bbl in 2018-19) and lower LNG prices. These price movements were partly offset by the impact of a lower \$US/\$A exchange rate (down from an average US71.5 cents in 2018-19 to US67.1 cents in 2019-20).

##### B. Government Enterprises: Income Tax Equivalent Regime

The increase mainly reflects the combined impact of:

- the Western Australian Land Information Authority (up \$372.7 million), mainly due to taxable proceeds from the partial commercialisation of Landgate in October 2019; and
- the Insurance Commission of Western Australia (up \$58 million), largely reflecting higher than expected investment returns in 2018-19, resulting in a higher final tax payment in 2019-20.

##### C. Consolidated Account Revenue Received from Agencies

The increase is primarily due to:

- higher royalty revenue collections by the Department of Mines, Industry Regulation and Safety (up \$2,947.9 million), mainly attributable to higher iron ore royalties receipts following sustained higher prices in 2019-20; and
- higher fee collections by the Department of Transport (up \$80.8 million), primarily due to higher receipts for motor vehicle licences and the On-demand Transport Levy.

## Notes to the financial statements

For the year ended 30 June 2020

### D. Interest income

The decrease largely reflects lower than estimated average interest rates on Public Bank Account investment balances (which averaged 1.1% compared with an average of 2.2% in 2018-19).

#### Expenses

##### E. Superannuation

The decrease primarily reflects the impact on the whole of government superannuation liability of declining defined benefit scheme memberships (down 879 or 11.7% in 2019-20) and short term lower salary rate assumptions in the actuarial valuation of entitlements (reflecting the Government's Wages Policy and recent Enterprise Bargaining Agreement outcomes). These factors were partially offset by the impact on the value of unfunded superannuation liabilities from a lower actuarial discount rate (reflecting lower bond yields at 30 June 2020).

##### F. Interest Expense

The decrease is largely due to lower levels of State borrowings following debt repayments in 2019-20, and lower average interest rates (down from 3.1% in 2018-19 to 2.8% in 2019-20).

##### G. Appropriations for: Operating Subsidies

The decrease is mainly due to the combined impact of:

- higher payments to Synergy (up \$459.3 million), mainly reflecting the cost of COVID-19 stimulus measures and funding for a range of non-recoverable cost shortfalls (discussed further in note 9.2.1);
- lower payments to the Water Corporation (down \$180.6 million), largely due to the Country Water Pricing Subsidy being partially funded through the Royalties for Regions program in 2019-20 for the first time (discussed further in note 9.2.1); and
- higher payments to the Public Transport Authority (up \$71.9 million), reflecting the impact of the COVID-19 pandemic on public transport patronage and increased cleaning costs, the escalation of contractor and labour costs, and staff training for the future Forrestfield Airport Link train services.

##### H. Appropriations for: Other Appropriations

The increase largely reflects:

- higher administered grants and transfer payments (up \$243.2 million), primarily for the Department of Fire and Emergency Services for disaster recovery funding; and
- higher appropriation payments provided to Main Roads under the Road Traffic (*Administration*) Act 2008 (up \$91.3 million), reflecting additional revenue collected from motor vehicle licence fees.

##### I. Commonwealth Grants On passed to Agencies

The decrease reflects the impact of Australian accounting standards changes discussed in note A above.

## Notes to the financial statements

For the year ended 30 June 2020

### J. Local Government Financial Assistance Grants

The decrease reflects the impact of Australian accounting standards changes discussed in note A above.

### K. Local Government Road Funding

The decrease reflects the impact of Australian accounting standards changes discussed in note A above.

### L. Non-government Schools

The decrease reflects the impact of Australian accounting standards changes discussed in note A above.

### M. Royalties for Regions

The increase is mainly due to the larger Royalties for Regions (RfR) expenditure program in 2019-20 compared to 2018-19, and the associated increase in payments from the RfR Fund to funding recipients.

### N. Other Expenses

The increase is largely due to higher funding to the Department of Justice for National Redress Scheme for Institutional Child Sexual Abuse payments compared to 2018-19, reflecting a rise in the number of applications under the Scheme.

#### 9.2.1 Explanatory statement for administered items

All variances between annual 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.

	2020 Estimate (\$'000)	2020 Actual (\$'000)	Variance (\$'000)	2020 Actual (\$'000)	2019 Actual (\$'000)	Variance (\$'000)
<b>Administered Transactions</b>						
<b>Recurrent Administered</b>						
<b>Operating subsidy payments</b>						
Item 17 Electricity Generation and Retail Corporation (Synergy)	129,942	573,131	443,189	573,131	113,901	459,230
Item 18 Forest Products Commission	200	200	-	200	1,667	(1,467)
Mid West Ports Authority	-	-	-	-	2,377	(2,377)
Item 20 Regional Power Corporation (Horizon Power)	18,862	36,385	17,523	36,385	11,030	25,355
Item 21 Southern Ports Authority	27,789	30,373	2,584	30,373	15,725	14,648
Item 22 Water Corporation of Western Australia	261,324	239,441	(21,883)	239,441	420,050	(180,609)

## Notes to the financial statements

For the year ended 30 June 2020

#### 9.2.1 Explanatory statement for administered items (continued)

	2020 Estimate (\$'000)	2020 Actual (\$'000)	Variance (\$'000)	2020 Actual (\$'000)	2019 Actual (\$'000)	Variance (\$'000)
Item 23 Western Australian Land Authority	79,114	59,063	(20,051)	59,063	47,828	11,235
<b>Grants, subsidies and transfer payments</b>						
Item 26 Jobs, Tourism, Science and Innovation	5,710	4,610	(1,100)	4,610	-	4,610
Item 27 Metropolitan Redevelopment Authority	20,925	21,292	367	21,292	41,354	(20,062)
Item 28 Minerals Research Institute	1,500	1,500	-	1,500	-	1,500
Item 29 Provision for Unfunded Liabilities in the Government Insurance Fund	5,000	3,900	(1,100)	3,900	5,045	(1,145)
Item 30 Provision for Voluntary Targeted Separation Scheme	15,520	-	(15,520)	-	-	-
Item 31 Refunds of Past Years Revenue Collections - Public Corporations	10,000	7,131	(2,869)	7,131	6,584	547
Item 32 Resolution of Native Title in the South West of Western Australia (Settlement)	60,000	-	(60,000)	-	-	-
Item 33 Royalties for Regions	795,656	661,305	(134,351)	661,305	429,321	231,984
Item 34 Gaming and Wagering Commission	5,200	5,200	-	5,200	-	5,200
Item 36 WA Health	900	3,700	2,800	3,700	-	3,700
Item 37 Western Australia Police Force	3,634	-	(3,634)	-	-	-
Item 38 All Other Grants, Subsidies and Transfer Payments, comprising:						
Interest on Public Moneys held in Participating Trust Fund Accounts	5,260	2,519	(2,741)	2,519	4,605	(2,086)
<b>Authorised by Other Statutes</b>						
<i>State Superannuation Act 2000</i>	602,111	477,451	(124,660)	477,451	583,859	(106,408)
<i>Betting Tax Act 2018</i>	23,520	22,860	(660)	22,860	7,140	15,720
<i>Unclaimed Money Act 1990</i>	2,000	641	(1,359)	641	1,748	(1,107)
<i>Loan Acts - Interest</i>	770,000	721,970	(48,030)	721,970	802,567	(80,597)

## Notes to the financial statements

For the year ended 30 June 2020

### 9.2.1 Explanatory statement for administered items (continued)

	2020 Estimate (\$'000)	2020 Actual (\$'000)	Variance (\$'000)	2020 Actual (\$'000)	2019 Actual (\$'000)	Variance (\$'000)
<b>Administered Capital</b>						
<b>Government equity contributions</b>						
Item 103 Department of Biodiversity, Conservation and Attractions	1,800	1,200	(600)	1,200	-	1,200
Item 104 Department of Education	22,000	20,970	(1,030)	20,970	26,900	(5,930)
Item 105 Department of Finance	5,000	-	(5,000)	-	200	(200)
Item 106 Department of Justice	65,030	72,258	7,228	72,258	29,218	43,040
Item 107 Department of Transport	20,220	2,920	(17,300)	2,920	-	2,920
Item 108 Electricity Networks Corporation (Western Power)	100,525	33,106	(67,419)	33,106	110,672	(77,566)
Item 110 Kimberley Ports Authority	5,900	9,150	3,250	9,150	2,500	6,650
Item 111 Land Information Authority	7,490	5,000	(2,490)	5,000	-	5,000
Item 112 Metropolitan Redevelopment Authority	59,293	56,716	(2,577)	56,716	105,501	(48,785)
Item 113 Pilbara Ports Authority	51,412	45,888	(5,524)	45,888	25,084	20,804
Item 115 Regional Power Corporation (Horizon Power)	18,168	17,050	(1,118)	17,050	1,118	15,932
Item 116 Royalties for Regions	267,458	220,771	(46,687)	220,771	221,075	(304)
Item 118 WA Health	54,872	8,050	(46,822)	8,050	10,426	(2,376)
WA Land Authority	-	-	-	-	4,355	(4,355)
Provision for the Metropolitan Redevelopment Authority	-	-	-	-	61,366	(61,366)
<b>Other</b>						
Western Australian Future Health Research and Innovation Fund	63,700	63,700	-	63,700	50,600	13,100

## Notes to the financial statements

For the year ended 30 June 2020

### 9.2.1 Explanatory statement for administered items (continued)

	2020 Estimate (\$'000)	2020 Actual (\$'000)	Variance (\$'000)	2020 Actual (\$'000)	2019 Actual (\$'000)	Variance (\$'000)
<b>Authorised by Other Statutes</b>						
<i>Loan (Co-operative Companies) Act 2004</i>	-	6,688	6,688	6,688	10,727	(4,039)
<i>Loan Acts - Repayment of Borrowings</i>	1,327,361	1,317,624	(9,737)	1,317,624	436,732	880,892

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

#### Recurrent Administered

##### Operating Subsidy Payments

Operating subsidies are paid to certain corporatised agencies where they are required to provide services for which they do not make a commercial return.

##### Item 17 – Electricity Generation and Retail Corporation (Synergy)

The higher than forecast outturn is largely due to the cost of COVID-19 stimulus measures including \$197.4 million for the WA Government Small Business and Charity Tariff Offset and \$114.1 million for a one off boost to the Energy Assistance Payment. The higher than expected subsidy also funded a range of costs that Synergy was unable to recover, including in relation to the Tariff Equalisation Contribution, Renewable Energy Buyback Scheme, Feed in Tariff scheme, and fees and charges that it must pay to service providers but which cannot be passed on to customers (\$135.9 million).

These upward pressures on the subsidy were partially offset by downward revisions that support the rebates and concessions that Synergy administers on behalf of Government (such as the Dependent Child Rebate).

##### Item 20 – Regional Power Corporation (Horizon Power)

The higher than forecast subsidy reflects COVID-19 stimulus measures, comprising \$13 million for the WA Small Business and Charity Tariff Offset and \$1.8 million for the doubling of the Energy Assistance Payment. A once off increase of \$2.2 million was also paid in 2019-20 and an ongoing operating subsidy of \$770,000 per annum from 2019-20, for the power consumed in providing water and wastewater services in remote communities and town based reserves. These increases were partly offset by a minor decrease in operating subsidy for the difference between efficient costs in the South West Interconnect System and regulated tariff revenue.

##### Item 23 – Western Australian Land Authority

The lower than forecast outturn is largely due to delays in the Forrestdale Business Park West project (\$19.5 million) and the timing of receiving invoices for the Subiaco Oval demolition project (\$7.7 million), which will be paid in 2020-21.

## Notes to the financial statements

For the year ended 30 June 2020

### **Grants, Subsidies and Transfer Payments**

#### **Item 26 – Jobs, Tourism, Science and Innovation**

The lower than expected outcome reflects delays with the Future Energy Exports Co-operative Research Centre as negotiations with the Commonwealth are still to be finalised.

#### **Item 29 – Provision for Unfunded Liabilities in the Government Insurance Fund**

Reimbursements in 2019-20 to the Insurance Commission of Western Australia for the number, timing and magnitude of claims paid against the Government Insurance Fund were lower than budgeted as claims vary significantly from year to year.

#### **Item 30 – Provision for Voluntary Targeted Separation Scheme**

This item was established to fund the estimated cost of voluntary separation offers associated with the Voluntary Targeted Separations Scheme. Drawdowns for centrally fund separations under the scheme of \$6.476 million were transferred to the Department of Communities service appropriations in 2019-20. This transfer supported separations related to the transition to the Commonwealth run National Disability Insurance Scheme. Transfers to agency appropriations are in accordance with section 25 of the *Financial Management Act 2006*. All transfers of appropriations between agencies are detailed in the Public Ledger appendix of the Annual Report on State Finances.

#### **Item 31 – Refunds of Past Years Revenue Collections – Public Corporations**

This item meets the State's obligation to refund public corporations that have overpaid National Tax Equivalent Regime instalments into the Consolidated Account. Actual refunds change significantly in both volume and size from year to year, making accurate Budget forecasts difficult.

Refunds were paid to Synergy (\$4.091 million), The Western Australian Land Information Authority (\$2.759 million) and the Forest Products Commission (\$280,517) in 2019-20.

#### **Item 32 – Resolution of Native Title in the South West of Western Australia**

This item was established to fund the estimated recurrent cost of the South West Native Title Settlement. No funds were drawn in 2019-20 following delays with the registration of South West Settlement Agreements.

#### **Item 33 – Royalties for Regions**

The lower than expected outcome largely reflects the higher utilisation of previously unspent Royalties for Regions (RfR) cash balances held by government agencies (following project delays or lower than expected project costs in previous years) and higher than expected refunds of previous years RfR funding (i.e. funds that are no longer required for its original purpose and are returned to the RfR fund). These outcomes impact on the timing of balances held in the RfR Fund (which are capped by the underlying Act) and which in turn reduce the required appropriation drawdowns to support the 2019-20 program.

#### **Item 36 – WA Health**

This item quarantines operational funding approved to support health reforms and other initiatives. Release of funds is subject to conditions such as approval of business cases.

## Notes to the financial statements

For the year ended 30 June 2020

The higher than forecast outturn reflects funding of \$3.7 million required for transition costs to support the insourcing of non clinical patient support services (cleaning, patient catering and internal logistics) at Fiona Stanley Hospital, partially offset by funding of \$0.9 million that was not drawn down following delays with the Department's Medical Imaging System replacement project.

#### **Item 37 – Western Australia Police Force**

This item reflects a provision that was included in the 2019-20 Budget for the purchase of personal issue body armour for operational police officers. This funding was not drawn as it was subsequently provided directly to the Western Australia Police Force through its service appropriation following an evaluation of body armour units.

#### **Item 38 – All Other Grants, Subsidies and Transfer Payments – Interest on Public Moneys held in Participating Trust Fund Accounts**

The lower than budgeted interest paid on participating trust fund accounts in 2019-20 reflects lower than projected interest rates and movements in balances of accounts that attract interest.

#### **Authorised by Other Statutes**

##### *State Superannuation Act 2000*

The lower than expected outcome primarily reflects lower Gold State Super benefit payments (down \$125.7 million or 33.4% on the Budget time forecast). This was largely due to a lower than expected number of retirements during the year. Retirement profiles are difficult to forecast accurately with estimates for the Budget determined by the Government Employees Superannuation Board's actuary.

##### *Unclaimed Money Act 1990*

This item provides for refunds of moneys previously credited to the Consolidated Account in accordance with the *Unclaimed Money Act 1990*. This item is difficult to predict with any accuracy for Budget purposes and is dependent on the number and size of eligible claims during the year, with notional allocations included in the Budget projections based on trends in recent actuals.

### **Administered Capital**

#### **Government Equity Contributions**

##### **Item 105 – Department of Finance**

The lower than expected outcome follows a change in the recurrent/capital funding mix for the development of an Asset Management Platform (\$3.2 million), with the balance of funding (\$1.8 million) expected to be drawn in 2021-22.

##### **Item 106 – Department of Justice**

This item quarantines funds approved for the Custodial Infrastructure Program for the Department of Justice, to be released upon Government approval of capital expansion programs. The higher than forecast outturn is largely due to reflow of funding for the Custodial Infrastructure Program from 2018-19 to 2019-20.

## Notes to the financial statements

For the year ended 30 June 2020

### Item 107 – Department of Transport

The lower than expected outcome is largely due the revised scheduling of the Port Hedland Spoilbank Marina project and associated costs (\$15 million) and On demand Business System Enhancement (\$2.3 million).

### Item 108 – Electricity Networks Corporation (Western Power)

Western Power receives an equity contribution equivalent to the dividends it is required to pay on customer capital contributions for infrastructure investment.

The lower than expected outcome is largely due to the Government's decision to defer 2019-20 interim dividend payment to 2020-21 for a number of corporatised agencies to ease the need for new borrowing in the short term.

### Item 110 – Kimberley Ports Authority

This item reflects an equity contribution of \$5.9 million for the purchase of a new marine crane.

The higher than forecast outturn of \$3.2 million is largely due to additional equity contributions provided to address cashflow issues related to the COVID-19 pandemic (\$3 million) and to fund First Point of Entry facilities for cruise vessels at the Port of Broome, to comply with the *Commonwealth Biosecurity Act 2015* (\$250,000).

### Item 111 – Land Information Authority

The lower than expected outcome is due to a rescheduling of some enhancement works for the Authority's core systems as a result of delays in the development of regulations for the new *Community Titles Act 2018*.

### Item 113 – Pilbara Ports Authority

The lower than expected outcome is largely due to deferral of the 2019-20 interim dividend to 2020-21 and associated equity injection related to lower than expected Port Improvement Rate (PIR) revenue.

### Item 116 – Royalties for Regions

The lower than expected outcome largely reflects higher utilisation of previously unspent Royalties for Regions (RfR) cash balances held by government agencies (following project delays or lower than expected project costs in previous years) and higher than expected refunds of previous years RfR funding (i.e. funds that are no longer required for its original purpose and are returned to the RfR fund). These outcomes impact on the timing of balances held in the RfR fund (which are capped by the underlying Act) and which in turn reduce the required appropriation drawdowns to support the 2019-20 program.

### Item 118 – WA Health

This item quarantines capital funding approved to support health infrastructure projects. Release of funds during the year is dependent on the Government's approval of business cases.

The lower than forecast outcome is largely due to project delays (including as a result of the COVID-19 pandemic), including Reconfiguring the Western Australian Spinal Cord Injury Service (\$13.9 million), two Sir Charles Gairdner Hospital upgrade projects (\$9 million), replacement of the

## Notes to the financial statements

For the year ended 30 June 2020

Department's Medical Imaging System (\$7.5 million), Royal Perth Hospital (RPH) Helipad (\$3.5 million), RPH Intensive Care Unit refurbishment (\$3.2 million) and Joondalup Health Campus Redevelopment Stage 2 (\$3.1 million).

### Authorised by Other Statutes

*Loan (Co-operative Companies) Act 2004*

The 2019-20 Budget assumed that no eligible co-operative companies would access the scheme in 2019-20. However, loans totalling \$6.69 million were approved during the year for the Western Australian Meat Marketing Co-operative Limited and the Geraldton Fishermen's Co-operative Limited.

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

#### Recurrent Administered

#### Operating Subsidy Payments

### Item 17 – Electricity Generation and Retail Corporation (Synergy)

The higher than forecast outturn is largely due to the cost of COVID-19 stimulus measures, including \$197.4 million for the WA Government Small Business and Charity Tariff Offset and \$114.1 million for a one off boost to the Energy Assistance Payment. The subsidy also funded a range of costs (discussed further under Item 17 Major Estimate to Actual 2020 note).

### Item 18 – Forest Products Commission

The lower outcome compared to 2018-19 mainly reflects Government decisions not to harvest pines at Dick Perry Reserve to protect the Carnaby's cockatoo population. In 2018-19, the Forest Products Commission operating subsidy was provided to meet additional haulage and thinning costs associated with harvesting at alternative sites to Dick Perry Reserve.

An operating subsidy of \$200,000 was provided in 2019-20 as partial compensation for foregone revenue as a consequence of the retention of mature pines at Dick Perry Reserve.

### Mid West Ports Authority

An operating subsidy was paid to the Mid West Ports Authority until 31 December 2018 to compensate for the projected loss of revenue from a discount on port user charges provided to Karara Mining Limited (Karara). The subsidy was discontinued after this date, due to it covering only a small percentage of the Karara's total costs and Karara earning a higher premium on its magnetite production.

### Item 20 – Regional Power Corporation (Horizon Power)

The higher outcome compared to 2018-19 mainly reflects COVID-19 stimulus measures, comprising \$13 million for the WA Small Business and Charity Tariff Offset and \$1.8 million for the doubling of the Energy Assistance Payment.

The higher outcome also includes a \$7.3 million increase in the Tariff Adjustment Payment operating subsidy paid to Horizon Power for the difference between the efficient costs in the South West Interconnect System and regulated tariff revenue, due to lower electricity tariff increases for households. The 2019-20 subsidy also included a one off \$2.2 million and an ongoing operating

## Notes to the financial statements

For the year ended 30 June 2020

subsidy of \$770,000 per annum from 2019-20 onwards, for the power consumed in providing water and wastewater services in remote communities and town based reserves.

### Item 21 – Southern Ports Authority

An operating subsidy is paid to Southern Ports Authority for the Government Support Package relating to the purchase of Koolyanobbing iron ore operation by Mineral Resources Limited (MRL) and to service the repayment of interest and loan guarantee fee payments associated with the now unviable bulk nickel export facility at the Port of Esperance.

The higher outcome compared to 2018-19 mainly reflects the timing of operating and termination subsidy payments associated with the Support Package.

### Item 22 – Water Corporation of Western Australia

The lower outcome is largely due to the Country Water Pricing Subsidy being partially funded through the Royalties for Regions Program in 2019-20 for the first time. The Country Water Pricing Subsidy reimburses the Water Corporation the net loss from providing country customers with comparable tariffs/charges to metropolitan customers for water and wastewater services, together with drainage services at no charge, and on sale of water to irrigation schemes.

### Item 23 – Western Australian Land Authority

The higher outcome compared to 2018-19 mainly reflects movements across a range of projects, including increased funding for the Subiaco East Demolition (\$20.9 million), Ocean Reef Marina (\$5 million) and East Perth Power Station redevelopment project (\$3.9 million), partially offset by lower funding for the Forrestdale Business Park West (\$19.5 million).

### Grants, Subsidies and Transfer Payments

#### Item 27 Metropolitan Redevelopment Authority

This item provides funding to the Metropolitan Redevelopment Authority to complete its statutory functions and finance specific redevelopment projects across the Perth metropolitan region.

The lower annual outcome in 2019-20 mainly reflects one off payments in 2018-19 to repay a loan for Forrestdale Business Park East (\$12.2 million) and funding to support finalisation of works at the Curtin Medical School in Midland (\$9.8 million).

#### Item 29 – Provision for Unfunded Liabilities in the Government Insurance Fund

Reimbursements in 2019-20 to the Insurance Commission of Western Australia for claims paid against the Government Insurance Fund were lower than in 2018-19, reflecting the volatility of the timing, magnitude and number of annual claims.

#### Item 33 – Royalties for Regions

The higher outcome in 2019-20 is mainly due to movements in the timing of cash flows through the RfR fund, and the balance held in the fund (which is capped to a limit of \$1 billion).

#### Item 38 – All Other Grants, Subsidies and Transfer Payments – Interest on Public Moneys held in Participating Trust Fund Accounts

Interest paid on participating trust fund accounts in 2019-20 was lower than in 2018-19 reflecting lower interest rates and movements in balances of accounts that attract interest.

## Notes to the financial statements

For the year ended 30 June 2020

### Authorised by Other Statutes

#### State Superannuation Act 2000

The lower outcome was mainly due to lower Gold State Super benefit payments (down \$99.1 million or 28.4%, following a lower number of member retirements) and lower Pension Scheme payments (down \$7 million or 4%, reflecting the actual number of pensioners compared with the actuarial forecast for the year). Lower Gold State Super payments were primarily due to the economic uncertainty resulting from the COVID-19 pandemic.

#### Unclaimed Money Act 1990

This item provides for refunds of moneys previously credited to the Consolidated Account in accordance with the *Unclaimed Money Act 1990*. The amount for this item varies each year dependent on the volume and magnitude of claims that have been submitted.

#### Loan Acts – Interest

This item provides for the debt servicing costs of State borrowings held by the Consolidated Account and raised by the Western Australian Treasury Corporation. Interest is payable on borrowings raised under the authority of *Loan Acts* and which mainly fund the provision of infrastructure spending by State government agencies funded from appropriation.

The reduction in annual interest costs was primarily due to lower borrowing levels in 2019-20 (reflecting the impact of \$1.3 billion in loan repayments through the Debt Reduction Account) and lower average interest rates through 2019-20 (decreasing from an average 3.1% in 2018-19 to an average 2.8% in 2019-20).

#### Betting Tax Act 2018

This item provides 30% of the revenue collected from the Point of Consumption tax (which came into effect 1 January 2019) to Racing and Wagering Western Australia for distribution to the Western Australian racing industry. The higher outcome in 2019-20 reflects the first full year of revenue collections compared to part year operation of the Act in 2018-19.

### Administered Capital

#### Government Equity Contributions

##### Item 104 Department of Education

This item quarantines funds approved for significant Asset Investment Program projects of the Department of Education, with the release of these funds subject to Government approval.

The lower outcome reflects a final provision of \$26.9 million in 2018-19, released to meet the cost of construction works for Butler North Senior High School, and the redevelopment of Balcatta Senior High School, and a provision of \$21 million in 2019-20 reflecting funds allocated for the acquisition of the Piara Waters Senior High School site (\$19.5 million), and the redevelopment of John Forrest Secondary College (\$1.5 million).

##### Item 106 – Department of Justice

The higher outcome compared to the previous year mainly reflects the commencement of Casuarina Prison Expansion Stage 2 and capital funding for the Custodial Infrastructure Program carried over from 2018-19 to 2019-20.

## Notes to the financial statements

For the year ended 30 June 2020

### Item 108 – Electricity Networks Corporation (Western Power)

Western Power receives an equity contribution equivalent to the dividends it is required to pay on customer capital contributions for infrastructure investment. The lower annual outcome relative to 2018-19 is mainly due to the deferral of the 2019-20 interim dividend payment to 2020-21.

### Item 110 Kimberley Ports Authority

The higher outcome compared to 2018-19 reflects an increase in equity contributions provided for specific purposes. In 2018-19, a \$2.5 million equity contribution was provided towards channel dredging costs. In 2019-20, equity contributions were provided for a new marine crane (\$5.9 million), the impact of the COVID-19 pandemic on the Port's cashflows (\$3 million), and establishment of First Point of Entry facilities for cruise vessels at the Port of Broome (\$250,000).

### Item 112 Metropolitan Redevelopment Authority

This item provides an equity contribution to the Metropolitan Redevelopment Authority for specific redevelopment projects in the Perth metropolitan region. The lower outcome compared to 2018-19 mainly reflects the once off funding of non commercial borrowings repayments relating to the Yagan Square project in 2018-19. The 2019-20 actual relates to the repayment of non commercial borrowings for various other projects in the Midland Redevelopment Area.

### Item 113 – Pilbara Ports Authority

Pilbara Ports Authority receives an equity contribution for the return of annual dividend payments associated with revenue collected under the Port Improvement Rate (PIR) at the Port Hedland facility. The increase reflects an equity injection of \$42.3 million in 2019-20 for the delayed return of the 2017-18 final dividend component for Lumsden dredging. This was offset by lower equity contributions relating to lower PIR revenue of \$21.4 million.

### Item 115 – Regional Power Corporation (Horizon Power)

This item provides equity injections to support Government approved infrastructure investment by Horizon Power that would otherwise be non commercial. The higher outcome compared to 2018-19 mainly reflects a \$17 million equity injection in 2019-20 to pay out loans for the mid-west gas lateral project and the Tubridgi to Onslow gas pipeline. The 2018-19 costs only reflected interest payments of the loans.

### Item 118 – WA Health

The lower outcome compared to 2018-19 mainly reflects movement in payments for remediation of the Existing Picture Archiving and Communication System/Radiology Information System.

### Western Australian Land Authority

Funding was not required in 2019-20 due to the slower than expected progress of works for the Port Hedland Waterfront Revitalisation and Ocean Reef Marina projects.

### Provision for the Metropolitan Redevelopment Authority

An equity injection was provided in 2018-19 to support the extinguishment of debt associated with the Authority's non commercial activities (excluding Yagan Square).

## Notes to the financial statements

For the year ended 30 June 2020

### Other

#### Western Australian Future Health Research and Innovation Fund

This item appropriates 1% of forecast annual royalty revenue into the Western Australian Future Health Research and Innovation Fund. The increase on 2018-19 reflects higher royalties forecast in the 2019-20 Budget (\$6,375 million), compared to \$5,057 million in the 2018-19 Budget.

#### Authorised by Other Statutes

##### Loan (Co-operative Companies) Act 2004

A loan scheme was established under this Act in 2004 to enable eligible primary industry co-operatives to access a flexible means of raising capital.

Loans totalling \$6.7 million were approved during the year for the Western Australian Meat Marketing Co-operative Limited and the Geraldton Fishermen's Co-operative Limited, compared to \$10.7 million in loans approved in 2018-19.

##### Loan Acts – Repayment of Borrowings

The 2019-20 outcome reflects the repayment of State borrowings using proceeds from Western Australia's 2019-20 GST top up grants (\$1,248.2 million) and surplus capital returned to the Consolidated Account by RiskCover (\$69.5 million). This compares with \$436.7 million of repayments in 2018-19, which included a return of cash from RiskCover (\$162.3 million) and from agencies (\$79.4 million), and the proceeds of a large, one off duty assessment (\$195.1 million).

## Notes to the financial statements

For the year ended 30 June 2020

### 9.3 Administered assets and liabilities

	2020 (\$'000)	2019 (\$'000)
<b>Current Assets</b>		
Cash and cash equivalent <sup>(a)</sup>	6,271,980	4,829,613
Treasurer's Advances	6,212	15,007
Government enterprises:		
Dividends receivable	-	-
Tax equivalent receivable	178,505	115,185
Recoverable advances	2,815	9,992
Other receivables	79,535	145,889
<b>Total Administered Current Assets</b>	<b>6,539,047</b>	<b>5,115,686</b>
<b>Non-Current Assets</b>		
Investments	1,924	2,528
Recoverable advances	960	972
Other receivables	7,987	7,918
<b>Total Administered Non-Current Assets</b>	<b>10,871</b>	<b>11,418</b>
<b>TOTAL ADMINISTERED ASSETS</b>	<b>6,549,918</b>	<b>5,127,104</b>
<b>Current Liabilities</b>		
Superannuation	81,601	77,453
Interest payable	141,173	178,407
Appropriations payable	210,269	287,487
Special purpose account liabilities	6,725,916	5,640,635
Other payables	9,114	38,939
<b>Total Administered Current Liabilities</b>	<b>7,168,073</b>	<b>6,222,921</b>
<b>Non-Current Liabilities</b>		
Borrowings	25,425,696	25,966,043
Superannuation	6,709,219	6,956,597
Appropriations payable	14,131,501	12,840,635
Other payables	199,016	172,651
<b>Total Administered Non-Current Liabilities</b>	<b>46,465,432</b>	<b>45,935,926</b>
<b>TOTAL ADMINISTERED LIABILITIES</b>	<b>53,633,505</b>	<b>52,158,847</b>

(a) The Department applied a change in accounting policy for the valuation of the Public Bank Account investments from cash to accrual during the 2019-20 financial year. The change has improved the accuracy of the valuation, bringing it in line with accrual accounting standards. The Department is unable to recast the 2018-19 comparative balance given as data is not available for the period and it is impracticable to recreate the comparative information.

## Notes to the financial statements

For the year ended 30 June 2020

### 9.4. Supplementary funding

Supplementary funding approved and expended during 2019-20 was as follows:

	2020 Amount Approved (\$'000)	2019 Amount Expended (\$'000)
<b>Item 15 Bunbury Water Corporation</b>	60	60
	<b>60</b>	<b>60</b>
Approval was granted for an additional operating subsidy totalling \$60,000 to meet higher than expected customer rebates incurred in 2018-19. The final outcome for customer rebates is not known until the accounts for the financial year are prepared after 30 June each year. This funding was approved and fully drawn in 2019-20.		
<b>Item 17 Electricity Generation and Retail Corporation (Synergy)</b>	486,409	443,189
	<b>486,409</b>	<b>443,189</b>
Additional operating subsidy of \$486.4 million was approved for Synergy in 2019-20, primarily to meet the cost of COVID-19 response measures (being the WA Government Small Business and Charity Tariff Offset and a one-off doubling to the Energy Assistance Payment). Funding was also provided for a range of cost recovery shortfalls that the Corporation is currently unable to collect. The operating subsidy was not fully drawn down due to a reduction to the overall cost of the Tariff Offset stimulus measure (down \$32.2 million following the exclusion of unintended recipients of the offset, such as large businesses with multiple electricity accounts, banks, telecommunications businesses, government departments and local government authorities).		
<b>Item 19 Public Transport Authority of Western Australia</b>	30,568	29,565
	<b>30,568</b>	<b>29,565</b>
Additional funding of \$30.6 million was approved for the Authority in response to foregone own source revenue as a result of lower public transport patronage due to the COVID-19 pandemic, and increased cleaning on buses, trains, ferries, road coaches, school buses, stations, facilities and offices (to reduce the risk of virus transmission). Of this total, \$29.6 million was drawn in 2019-20, reflecting lower than expected actual cost outcomes.		
<b>Item 20 Regional Power Corporation (Horizon Power)</b>	18,658	17,523
	<b>18,658</b>	<b>17,523</b>
Additional operating subsidy of \$18.7 million was approved and provided for the WA Small Business and Charity Tariff Offset, Remote Essential Services Subsidy and doubling of the Energy Assistance Payment as part of the Government's response to the COVID-19 pandemic. A total of \$1.1 million was not drawn following the changes to the eligibility criteria for the Tariff Offset noted in item 17 above.		
<b>Item 21 Southern Ports Authority</b>	2,604	2,584
	<b>2,604</b>	<b>2,584</b>
A \$2.6 million increase in operating subsidy was approved as part of the 2019-20 Mid year Review, reflecting timing changes for port throughput and associated revisions to revenue and expenditure for the Government Support Package for Koolyanobbing Iron Ore. Funding for all operating and termination subsidies were fully drawn down during 2019-20.		

## Notes to the financial statements

For the year ended 30 June 2020

### 9.4. Supplementary funding (continued)

	2020 Amount Approved (\$'000)	2019 Amount Expended (\$'000)
<b>Item 23 Western Australian Land Authority</b>	7,505	-
	<b>7,505</b>	<b>-</b>

Additional operating subsidy of \$7.5 million was provided in 2019-20 in support of the East Perth Power Station redevelopment project (\$6.1 million) and the Government's Rent Relief for Small Business initiative to support small business tenants of the Authority (\$1.3 million). This funding was not subsequently drawn down following underspends in other subsidised projects, including Forrestdale Business Park West and Subiaco East Demolition works.

<b>Item 27 Metropolitan Redevelopment Authority</b>	671	367
	<b>671</b>	<b>367</b>

Additional operating subsidy totalling \$671,000 was provided for detailed planning work for the redevelopment of the East Perth Power Station site (\$600,000) and venue hire fees at Elizabeth Quay (\$71,000). A lower than expected drawn down (\$367,000) reflected the impact of corporate service cost savings.

<b>Item 36 WA Health</b>	2,800	2,800
	<b>2,800</b>	<b>2,800</b>

Additional funding of \$2.8 million was provided to WA Health. This reflects the net impact of \$3.7 million to fund transition costs associated with the insourcing of non-clinical patient support services (i.e. cleaning, patient catering and internal logistics) at Fiona Stanley Hospital, partially offset by delayed funding of \$0.9 million following delays with the Medical Imaging System replacement project. This funding was fully drawn down in 2019-20.

<b>Item 102 Animal Resources Authority</b>	506	506
	<b>506</b>	<b>506</b>

An equity injection of \$506,000 was provided to manage COVID-19 impacts on operations (\$250,000), capital works costs (\$200,000) and to meet contractual payments for the Authority's steriliser (\$56,000). The funding was fully drawn in 2019-20.

<b>Item 106 Department of Justice</b>	12,724	7,228
	<b>12,724</b>	<b>7,228</b>

Additional capital contribution of \$12.7 million was provided to address the cost of delivering the Custodial Infrastructure Program. Of the approved increase, \$7.2 million was drawn due to timing changes for works that are now expected to emerge in 2020-21.

<b>Item 110 Kimberley Ports Authority</b>	3,250	3,250
	<b>3,250</b>	<b>3,250</b>

Additional equity contribution of \$3.3 million was provided to the Authority to fund costs related to the COVID-19 pandemic and establishment of First Point of Entry facilities for cruise vessels at the Port of Broome, to comply with the *Commonwealth Biosecurity Act 2015*. The funding was fully drawn in 2019-20.

## Notes to the financial statements

For the year ended 30 June 2020

### Note 9.5. Special purpose accounts

	2020 (\$'000)	2019 (\$'000)
<b>Special Purpose Account Section 10 of the <i>Financial Management Act 2006</i></b>		
<b>Accrued salaries</b>		
The purpose of the special purpose account is to hold funds in accordance with section 26(2) of the <i>Financial Management Act 2006</i> .		
Balance at the start of the period	130,106	86,257
Receipts	50,127	43,849
Payments	-	-
<b>Balance at the end of the period</b>	<b>180,233</b>	<b>130,106</b>
<b>Bankwest Pension Trust</b>		
The purpose of the special purpose account is to hold funds received from BankWest in satisfaction of its liabilities under the <i>Superannuation and Family Benefits Act 1938</i> and other receipts.		
Balance at the start of the period	2,528	3,102
Receipts	1,441	1,415
Payments	(2,046)	(1,989)
<b>Balance at the end of the period</b>	<b>1,923</b>	<b>2,528</b>
<b>Commonwealth Payments For Specific Purposes Account</b>		
The purpose of the special purpose account is to receive National Specific Purpose Payments and National Partnership Payments from the Commonwealth Government pursuant to the Intergovernmental Agreement on Federal Financial Relations for disbursement to relevant government agencies and the Consolidated Account.		
Balance at the start of the period	4,898	58,916
Receipts	2,069,855	2,390,384
Payments	(2,074,753)	(2,444,402)
<b>Balance at the end of the period</b>	<b>-</b>	<b>4,898</b>
<b>Departmental receipts in suspense</b>		
The purpose of the special purpose account is to hold funds pending identification of the purpose for which these moneys were received pursuant to section 10(f) of the <i>Financial Management Act 2006</i> .		
Balance at the start of the period	21,527	21,587
Receipts	43,736	81,195
Payments	(65,793)	(81,255)
<b>Balance at the end of the period</b>	<b>(530)</b>	<b>21,527</b>

## Notes to the financial statements

For the year ended 30 June 2020

### Note 9.5. Special purpose accounts (continued)

	2020 (\$'000)	2019 (\$'000)
<b>Independent schools – general building grants</b>		
The purpose of the special purpose account is to hold funds received from the Commonwealth Department of Employment, Education, Training and Youth Affairs for recurrent capital grants to independent schools in accordance with the provisions of the <i>State Grants (Schools Assistance) Act 2008</i> pending payment to independent schools.		
Balance at the start of the period	-	-
Receipts	18,832	17,660
Payments	(18,832)	(17,660)
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>
<b>Independent schools – recurrent grants schools assistance acts</b>		
The purpose of the special purpose account is to hold funds received from the Commonwealth Department of Employment, Education, Training and Youth Affairs for recurrent capital grants to independent schools in accordance with the provisions of the <i>State Grants (Schools Assistance) Act 2008</i> pending payment to independent schools.		
Balance at the start of the period	-	-
Receipts	1,576,560	1,295,291
Payments	(1,576,560)	(1,295,291)
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>
<b>Jervoise Bay Infrastructure Development Trust Account</b>		
The purpose of the special purpose account is to hold funds received from the Commonwealth being a grant for the development of facilities at Jervoise Bay.		
Balance at the start of the period	10,938	10,706
Receipts	138	232
Payments	-	-
<b>Balance at the end of the period</b>	<b>11,076</b>	<b>10,938</b>
<b>Local Authorities Tax Sharing Entitlements Account</b>		
The purpose of the special purpose account is to hold funds received from the Commonwealth pursuant to the <i>Local Government (Financial Assistance) Grants Act 1995</i> pending payment to local authorities.		
Balance at the start of the period	-	-
Receipts	303,897	298,298
Payments	(303,897)	(298,298)
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements

For the year ended 30 June 2020

### Note 9.5. Special purpose accounts (continued)

	2020 (\$'000)	2019 (\$'000)
<b>Mortgage Moneys Under the <i>Transfer of Land Act 1893</i></b>		
The purpose of the special purpose account is to hold funds paid to the Treasurer in accordance with section 126 of the <i>Transfer of Land Act 1893</i> .		
Balance at the start of the period	92	90
Receipts	1	2
Payments	-	-
<b>Balance at the end of the period</b>	<b>93</b>	<b>92</b>
<b>Perth Children's Hospital Account</b>		
The purpose of the special purpose account is to hold money for the construction and establishment of the Perth Children's Hospital.		
Balance at the start of the period	12,714	12,714
Receipts	-	-
Payments	(5,476)	-
<b>Balance at the end of the period</b>	<b>7,238</b>	<b>12,714</b>
<b>Non-government schools – other recurrent grants</b>		
The purpose of the special purpose account is to hold funds received from the Commonwealth Department of Employment, Education, Training and Youth Affairs for recurrent grants to non-government schools in accordance with the <i>State Grants (Schools Assistance) Act 2008</i> pending payments to non-government schools.		
Balance at the start of the period	-	-
Receipts	16,467	27,676
Payments	(16,467)	(27,676)
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>
<b>Perry Lakes Maintenance Account</b>		
The purpose of the special purpose account is to contribute to the costs of maintaining, operating and managing the athletics facilities at the AK Reserve.		
Balance at the start of the period	5,427	5,639
Receipts	68	121
Payments	-	(333)
<b>Balance at the end of the period</b>	<b>5,495</b>	<b>5,427</b>

## Notes to the financial statements

For the year ended 30 June 2020

### Note 9.5. Special purpose accounts (continued)

	2020 (\$'000)	2019 (\$'000)
<b>Perth's New Major Stadium Construction Account</b>		
The purpose of the special purpose account is to hold moneys for the construction of the New Major Stadium.		
Balance at the start of the period	11,547	13,308
Receipts	-	739
Payments	-	(2,500)
<b>Balance at the end of the period</b>	<b>11,547</b>	<b>11,547</b>
<b>Public Bank Account Interest Earned Account</b>		
The purpose of the special purpose account is to hold funds in accordance with section 10(d) of the <i>Financial Management Act 2006</i> .		
Balance at the start of the period	44,926	40,769
Receipts	77,981	128,457
Payments	(75,668)	(124,300)
<b>Balance at the end of the period</b>	<b>47,239</b>	<b>44,926</b>
<b>Royalties For Regions Fund</b>		
The purpose of the special purpose account is to facilitate investment in regional Western Australia in the areas of infrastructure and headworks, local government and community services.		
Balance at the start of the period	1,000,000	1,000,000
Receipts	909,695	729,358
Payments	(909,695)	(729,358)
<b>Balance at the end of the period</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>Statutory Authorities Investment Account</b>		
The purpose of the special purpose account is to hold funds received from statutory authorities for investment purposes as provided by section 39(2) of the <i>Financial Management Act 2006</i> .		
Balance at the start of the period	735	926
Receipts	463	20
Payments	(309)	(211)
<b>Balance at the end of the period</b>	<b>889</b>	<b>735</b>

## Notes to the financial statements

For the year ended 30 June 2020

### Note 9.5. Special purpose accounts (continued)

	2020 (\$'000)	2019 (\$'000)
<b>Tariff Equalisation Fund</b>		
The purpose of the special purpose account is to allow the transparent transfer of appropriate funds from the Electricity Networks Corporation (Western Power) to the Regional Power Corporation (Horizon Power) to enable it to maintain uniform tariff protection in its areas of operation in accordance with the provisions of the <i>Electricity Industry Act 2004</i> .		
Balance at the start of the period	-	-
Receipts	171,000	198,000
Payments	(171,000)	(198,000)
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>
<b>Western Australian Future Health Research and Innovation Fund</b>		
The purpose of the special purpose account is to assist with improving health outcomes for Western Australia by providing funding for the Future Health Research and Innovation Account, in accordance with the provisions of the <i>Western Australian Future Health Research and Innovation Fund Act 2012</i> .		
Balance at the start of the period	1,312,914	1,215,350
Receipts	94,923	97,564
Payments	-	-
<b>Balance at the end of the period</b>	<b>1,407,837</b>	<b>1,312,914</b>
<b>Debt Repayment Account</b>		
The purpose of the special purpose account is to apply approved appropriation funds to the repayment of Western Australian State borrowings (as borrowed by the Treasurer under various <i>Loan Acts</i> from the Western Australian Treasury Corporation or elsewhere, as applicable).		
Balance at the start of the period	-	-
Receipts	1,317,624	436,732
Payments	(1,317,624)	(436,732)
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements

For the year ended 30 June 2020

### Note 9.5. Special purpose accounts (continued)

	2020 (\$'000)	2019 (\$'000)
<b>National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse</b>		
The purpose of the special purpose account is to hold money for meeting payments and related costs associated with the National Redress Scheme for Institutional Child Abuse (the Scheme) established under the Intergovernmental Agreement and the National Redress Scheme for Institutional Child Sexual Abuse Act 2018 (Commonwealth) and costs of civil litigation.		
Balance at the start of the period	151,296	-
Receipts	-	153,039
Payments	(10,580)	(1,743)
<b>Balance at the end of the period</b>	<b>140,716</b>	<b>151,296</b>



# OTHER STATUTORY INFORMATION

# GOVERNANCE DISCLOSURES

## Ministerial Directions

No Ministerial Directives were received during the 2019-20 financial year.

## Other Legal Requirements

### Contracts with senior officers

At the date of reporting, no senior officers, or firms of which senior officers are members, or entities in which senior officers have substantial interests, had any interests in existing or proposed contracts with the agency other than normal contracts of employment of normal contracts of employment.

### Board and committee remuneration

The only position that received remuneration for committee membership in 2019-20 was the independent chair of the Audit and Risk Committee.

Position	Name	Type of remuneration	Period of membership in 2019-20	Gross/actual remuneration for 2019-20 <sup>(a)</sup>
Independent chair of the Audit and Risk Committee	Ross Hughes	Annual fee	5 months <sup>(b)</sup>	\$11,582

(a) Reported remuneration excludes GST and travel expenses incurred as per Public Sector Commissioner's Circular 2009-20 Reimbursement of Travel Expenses for Members of Government Boards and Committees.

(b) February to June 2020.

### Unauthorised Use of credit cards

Officers of the Department of Treasury hold corporate credit cards where their functions warrant usage of this facility. Despite each cardholder being reminded of their obligations annually under the Department's credit card policy, four employees inadvertently utilised the corporate credit card for personal use. 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.

	\$
Aggregate amount of personal use expenditure for the reporting period	67
Aggregate amount of personal use expenditure settled by the due date (within 5 working days)	65
Aggregate amount of personal use expenditure settled after the period (after 5 working days)	2
Aggregate amount of personal use expenditure outstanding at balance date	-



Parliament House, Perth, Western Australia

## Advertising

In accordance with section 175ZE of the *Electoral Act 1907*, the Department incurred the following expenditure for advertising, market research, polling, direct mail and media advertising.

Total expenditure for 2019-20 was \$8,141.

	\$
Advertising agencies	
Initiative Media Australia Pty Ltd	7,559
Economic Society of Australia	400
CareerHub Pty Ltd	182
Market research organisations	-
Polling organisations	-
Direct mail organisations	-
<b>Total expenditure</b>	<b>8,141</b>

## Disability Access and Inclusion Plan

### Disability Access and Inclusion Plan

Our [Disability Access and Inclusion Plan \(DAIP\) 2018-2022](#), which incorporates the Government's seven desired outcomes, includes strategies which focus on ensuring people with a disability have the same access and inclusion as others in all areas of Treasury's business and operations. The strategies focus on ensuring people have equal access to employment, training and development, products and services, premises, communication and information technology.

### Public Sector Standards and Ethical Codes

Consistent with the Public Sector Standards (Standards), Treasury has implemented a range of Human Resource related policies, procedures and practices. During 2019-20 there were no formal grievances or breaches against the Standards. The Human Resources team supported Treasury's strategic recruitment activities by providing a range of services, including:

- providing regular support and advice to ensure our processes and transactions complied with the standards; and
- providing quality assurance services such as reviewing all our selection reports.

Treasury continues a process of policy review to maintain compliance with the *Public Interest Disclosure Act 2003* (the Act). In 2019-20 we had no public interest disclosures lodged under the Act. Treasury submitted the Public Sector Entity Survey to the Public Sector Commission with no reports for breach of discipline under the *Public Sector Management Act 1994*.

### Record Keeping Plans

Treasury's Recordkeeping Plan was approved by the State Records Commission in December 2017. In accordance with section 28 of the *State Records Act 2000* and State Records Commission Standard 2, principle 6, the next review will be completed within five years, prior to December 2022.

Our Click2Learn platform contains online 'Recordkeeping and Use of Information' training which sits within our broader Accountable and Ethical Decision-Making (AEDM) training package. All new employees are required to complete this training to ensure they are compliant with the required standards. Existing staff are also required to complete the AEDM training every three years which includes our Code of Conduct and Treasury specific policies and procedures. Currently 86% of employees have completed the AEDM training.



Treasury staff working collaboratively

### Freedom of Information

The broad objective of the *Freedom of Information Act 1992* (the FOI Act) is to give the community access to information held by the Western Australian Government. Treasury is required to publish an Information Statement which contains details about the structure and functions of our agency and, more importantly, specifies the kinds of documents held. This requirement is in Part 5 of the FOI Act. In accordance with the publication requirements, the Information Statement is available on the [Treasury website](#), including how applicants can lodge FOI requests.

In 2019-20, Treasury received seven requests to access information and dealt with one application for internal review. Applications covered the following topics: Metronet project, Treasury's 2012 review of the Housing Authority, government costs related to COVID-19, public sector working from home, government staff and salary freeze and public sector negotiations of non-wage related employment conditions.

	2017-2018	2018-2019	2019-2020
Decisions received	16	6	6
Applications received	8	7	7
Days to process	52	59	57
Internal reviews	3	-	1
External reviews	2	2	1

The [Office of the Information Commissioner of WA](#) provides further details on FOI information.

## GOVERNMENT POLICY REQUIREMENTS

### Occupational Safety, Health and Injury Management

Treasury remains focused on achieving excellence in Occupational Safety and Health (OSH) and to align with the Western Australian Government safety, health and injury management vision for the WA Public Sector. Our leadership team is committed to championing a healthy and safe workplace through actively pursuing opportunities to increase OSH performance and through facilitating a positive safety culture across Treasury.

During 2019-20, the OSH Committee met quarterly to review and consult on health, safety and wellbeing matters with a view to ensure continuous improvement. The OSH Committee Terms of Reference were reviewed and updated. Our Mental Health Policy and First Aid Policy and Procedures were also reviewed. Our Safety and Health Representatives undertook quarterly safety inspections within Treasury work locations whereby any emerging OSH issues were identified, risk assessed and appropriately resolved. Treasury had 12 First Aiders during 2019-20 and they have all undertaken First Aid training.

Treasury's OSH management system was last reviewed during the 2014-15 financial year using the WorkSafe Plan with all resulting recommendations actioned and integrated into the Treasury culture. A new assessment of the OSH Management system is planned to be undertaken during 2020-21.

Mental Health has been an important priority within Treasury. As a result, Mental Health Leaders Training was made mandatory for all managers and leaders. To date, 72% of people have completed the online training. Treasury also encouraged staff participation and support of colleagues during R U OK Day and Mental Health Week. During the COVID-19 pandemic staff were provided additional support with mental health and wellness information and working from home information.

Treasury actively encouraged staff participation in a variety of wellness initiatives. An Employee Assistance Program (EAP) awareness session was provided and well attended by staff. On-site Flu Vaccine Clinics were offered during May 2020, and a total of 110 employees participated. Staff who were not able to attend the on-site clinics could seek reimbursements for flu vaccinations received at pharmacies and doctor surgeries. Staff continued to be offered ergonomic assessments and information to help them set up their own workstations to suit their ergonomic requirements.

### Employee Assistance Program

Treasury continues to provide a free and confidential Employee Assistance Program (EAP) service for its employees and their family members. During 2019-20, the EAP service was accessed by 17 employees. Of the assistance sought, 94% addressed personal issues and 6% related to work issues.

### Injury Management

An ongoing commitment to injury management is reflected in our injury management policy and guidelines, which offers employees with a work or non-work related injury or illness assistance to return to work as soon as practicable. Treasury ensures compliance with the *Worker's Compensation and Injury Management Act 1981*.

Indicator	Actual Results 2019-20	Actual Results 2018-19	Actual Results 2017-18	Target/Comments
Number of Fatalities	Nil	Nil	Nil	Nil
Lost time injury/disease incidence rate	Nil	Nil	Nil	Nil
Lost time injury severity rate	Nil	Nil	Nil	Nil or 10% improvement on the previous three years
Percentage of injured workers returned to work within 13 weeks	n/a	n/a	n/a	There were no lost time injuries during 2019-20
Percentage of injured workers returned to work within 26 weeks	n/a	n/a	n/a	There were no lost time injuries during 2019-20
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	22%	40%	38%	Ongoing Plan to continue training Managers/Supervisors. Training was not undertaken from February to June due to COVID-19 and will be progressed further in 2020-21.

Treasury had one workers' compensation claim during 2019-20 which was for medical costs only and had no lost time involved. In accordance with Treasurer's Instruction 903 (13), the Department had the following workers' compensation disclosures.

Claims	2019-2020	2018-2019	2017-2018
Workers' compensation	1	-	-
Lost time injuries	-	-	-



# CONTACT US

Street Address: 28 Barrack Street, Perth WA 6000

Postal Address: Locked Bag 11, Cloisters Square WA 6850

Telephone: 61 8 6551 2777 | Website: [wa.gov.au/treasury](http://wa.gov.au/treasury)

Email: [info@treasury.wa.gov.au](mailto:info@treasury.wa.gov.au)

TTY: 133 677 | ISSN 2200-8632 (Print) | ISSN 2200-8640 (Online)

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David Malcolm Justice Building, Perth, Western Australia

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