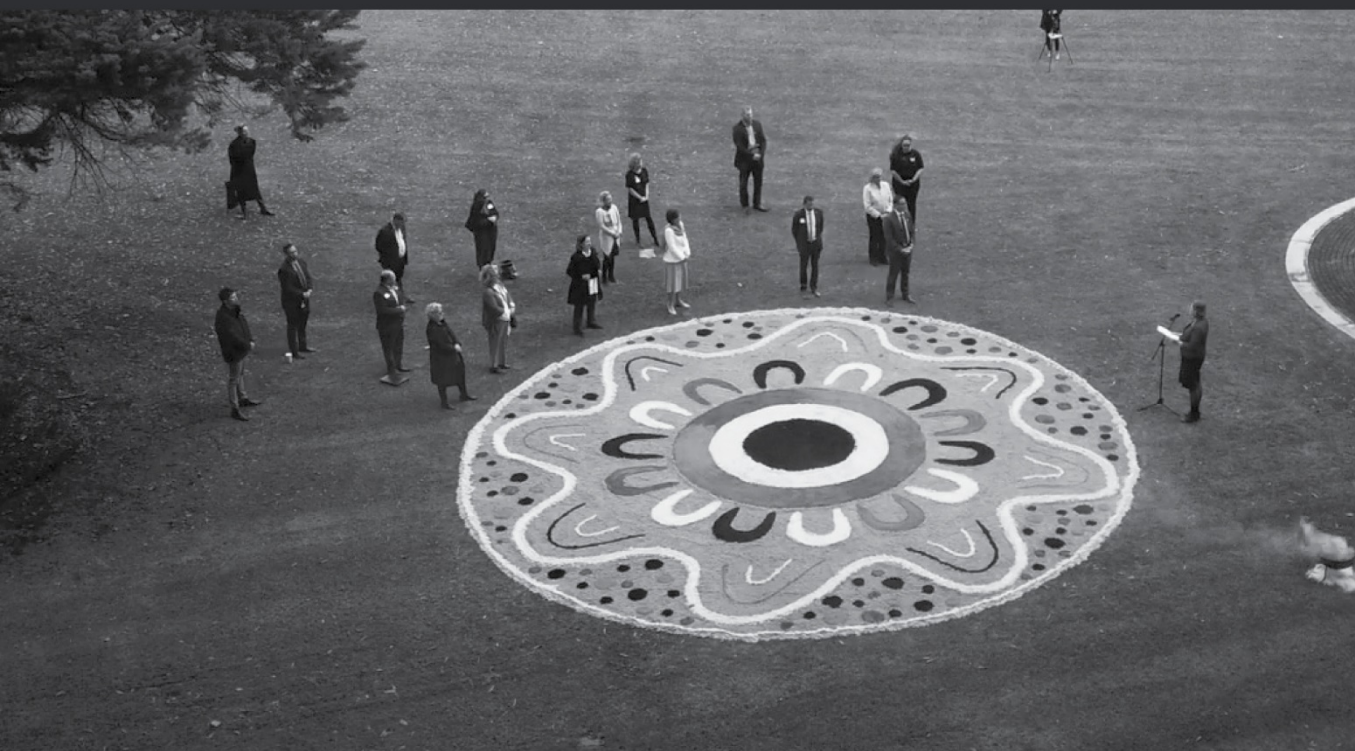


Annual **2019** **Report** 2020



Vision

To be well informed, collaborative and innovative in our leadership of the Western Australian public sector.

Purpose

To lead the public sector in providing whole-of-Government advice and support to the Premier and Cabinet, in their service of the Western Australian community.



dpc.wa.gov.au

Produced and published by

The Department of the Premier and Cabinet

Principal address:

Dumas House
2 Havelock Street
West Perth WA 6005

Postal address:

Locked Bag 3001
West Perth WA 6872

Telephone: (08) 6552 5000

Fax: (08) 6552 5001

Email: admin@dpc.wa.gov.au

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Acknowledgement of Country

The Government of Western Australia 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 past, present and emerging.

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This report outlines the operations and performance of the Department of the Premier and Cabinet (the Department) for the 2019-20 financial year.

Statement of Compliance

for the year ended 30 June 2020

Hon Mark McGowan BA LLB MLA Premier;
Minister for Public Sector Management; State
Development, Jobs and Trade; Federal-State Relations.

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to the Parliament, the Annual Report for the Department of the Premier and Cabinet 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*.



Rebecca Brown
Acting Director General
03 September 2020

Foreword from the Director General



In a year that has brought unprecedented challenges for the State and its citizens, we have also seen some of the very best characteristics of the public sector on display.

I joined the Department shortly after the onset of the COVID-19 pandemic and it was certainly a case of getting on with the task at hand.

The edict that 'we're all in this together' galvanised the way we worked to keep each other and our communities safe and supported through those early stages. Later, once our State presented positive signs of progress with COVID-19, those simple words again framed how we worked to plan our way forward.

From the Department's perspective, the establishment of an updated organisational structure was vital to ensuring our strong support for the Government's ongoing response to the pandemic and has positioned us to contribute strongly to the resilience and recovery of the State.

The Department played a critical role in the Government's initial response to the pandemic, providing extensive support to the Premier and others in key forums at both a National and State level. The pace and criticality of every day highlighted the dedication, professionalism and tenacity of all staff in our Department.

Our efforts continued with demonstrable impacts on the ground. Our work on the COVID Safety Plans is visible in the windows of premises across the State, and the single source of information on WA.gov.au has been integral for businesses and community in navigating the WA Roadmap for the careful easing of COVID-19 restrictions.

Remote Aboriginal communities have also felt our support through the Complex Task Team for Remote Aboriginal Communities which has worked to limit the adverse impacts of the biosecurity protections wrapped around those communities.

As COVID-19 created the impetus for more digital engagement and an increased demand for information, the Office of Digital Government had a vital role to play. It established a central source of truth for the WA public on the WA.gov.au platform, worked closely with other public sector agencies to establish a cloud-based call centre to handle the high volume of phone queries from the community and coordinated data sharing requests across the sector to identify priority Australian Government data sets that assisted with WA's COVID-19 recovery planning.

Our contribution to the State was further on show in the recent period of intensive stakeholder engagement, which saw staff from across the Department assist with the State Recovery Advisory Group workshop and more than twenty Ministerial roundtables focused on embedding the State's partnership approach to recovery. The outcomes of these sessions, combined with significant work across the public sector and in support of the State Recovery Controller, Ms Sharyn O'Neill, informed the WA Recovery Plan which was launched in July 2020.

Our support for economic recovery measures are also playing out in a range of regional communities including Broome and Collie, with a number of industry and skills training initiatives set to come online this year.

Other cross-jurisdictional initiatives, such as supporting the Royal Commission into National Natural Disaster Arrangements and on cyber security, have seen the influence of the Inter-Governmental Relations team and the Office of Digital Government.

Given the COVID-19 pandemic dominates both the rear view, and the signposts ahead, it is remarkable to think it only reached Western Australia in March.

It's what came before the pandemic that is assisting us now. The Department's coordination and support for the Public Sector Leadership Council (PSLC), our key leaders across the public sector, has provided an effective mechanism for strategic cross-agency initiatives and policy development, and a more agile and collaborative way of responding to challenges. It is important to note that the PSLC, and this ethos of agencies collaborating to deliver citizen-centred services, grew out of the period of public sector reform that was successfully championed by my predecessor, Darren Foster.

Our Department's ability to pivot so quickly to an updated organisational structure to meet the needs of the day was also due to our strong foundations, and the principles of openness, clarity, leadership and people. The principles that Darren presided over continue to support us collectively in the way we are responding to the pandemic.

Of course, we wouldn't be where we are without our leaders leading the way and our people getting the job done. I give thanks to our Corporate Executive and everyone at the Department for their perseverance and commitment throughout this period of change and uncertainty. You have all been exemplary.

Our relationships with our stakeholders are also integral to everything we do. In this I acknowledge the productive working relationship our Department enjoys with the Premier, Hon Mark McGowan MLA, the Minister for Aboriginal Affairs, Hon Ben Wyatt MLA, and the Minister for ICT and Innovation, Hon Dave Kelly MLA, as well as the broader Cabinet and their offices.

We could also not work effectively without the support and collaboration of our colleagues from across the public sector, most notably our central agency partners in the Departments of Treasury and Finance, and the Public Sector Commission.

This report covers our list of accomplishments in facilitating sound policy and operational advice for Government decision makers and it reinforces just how much can be achieved when the public sector works together for WA.

Now, with WA continuing through this period of response and recovery to COVID-19, it is more vital than ever that our Department continues to support the public sector, and all our stakeholders in safely navigating the journey ahead. I am confident that we have the right people, systems, structures and relationships in place, to adapt to future challenges and to continue meeting the needs of Government and the Western Australian community.



Rebecca Brown
Acting Director General
Department of the Premier and Cabinet

The year in numbers

| | | |
|--|---|---|
| 26 WA Government department websites transitioned to the WA.gov.au platform | Workforce participation rate of four percent of people with (declared) disabilities | Consulted with over 500 representatives from Aboriginal communities and organisations via eight separate engagement processes |
| Collie-specific grant funding streams attracted almost 100 applications, with 20 approved projects and 40 more under assessment at 30 June 2020 | More than 20 high performing university students assisted with a program of work to improve cyber security across the sector | WA secured 23 listings for nationally significant Infrastructure Australia projects |
| The Cloud Community of Practice delivered six seminars attended by over 20 public sector agencies on average | Awarded as the public sector agency with the 'Highest Number of Overall Blood Donations' in the Red Cross Lifeblood Challenge, equating to a total of 198 lives saved | Managed over 40 mid-week media conferences – three times more than usual |
| A COVID-19 Call Centre was built over two weeks utilising cloud based ICT services supporting remotely located operators with capacity for up to 1,200 concurrent call takers | Security and Emergency Committee of Cabinet and the State Disaster Council met concurrently for the first time, for up to five times per week. The number of meetings for the year increased 12-fold , from 2 to 24 | 1,500 calls to the Premier's community comment line, a 180% increase from 2019, plus 73,000 emails received, a 40% increase from 2019 |
| There have been 15.2 million views of WA.gov.au since the state of emergency was declared | Facilitated 130 Cabinet, Sub-Committee and Executive Council meetings, a 34% increase over the previous year | Stakeholder consultations on recovery included 21 Ministerial Roundtables with a total of more than 600 participants |
| 65,962 calls to the 13 COVID hotline as at 29 June 2020 | Five iThink challenges generated a total of 431 ideas for recovery | 31,855 downloads of the COVID-19 WA Roadmap |





The Department

Vision

To be well informed, collaborative and innovative in our leadership of the Western Australian (WA) public sector.

Purpose

To lead the public sector in providing whole-of-Government advice and support to the Premier and Cabinet, in their service of the WA community.

Strategic Priorities

1. Supporting the Premier and Cabinet

Deliver high quality, rigorous and timely services to support the administration of Government.

2. Working with the Australian Government

Strategically engaging with WA Government agencies, non-government stakeholders and other jurisdictions to advocate for the State's interests and advising the Premier, Cabinet and senior officials on Australian-WA Government relations.

3. Influencing Economic and Social Development

Provide policy advice, support and leadership on strategic, complex and whole-of-government matters and deliver on Government's economic and social priorities.

4. Supporting Aboriginal Economic and Social Development

Support the Minister for Aboriginal Affairs by providing leadership and advice on Aboriginal policy and delivering Native Title and other recognition outcomes.

5. Public Sector Reform

Provide leadership and coordination of reform across the public sector to deliver better outcomes for the WA community.

6. Driving Digital Transformation

Support the Minister for Innovation and ICT through delivery of the digital Government agenda.

7. Delivering Key Infrastructure and Major Projects

Achieve better outcomes for WA in relation to the State's infrastructure investment program, including attracting Australian Government investment.

8. Supporting a highly capable and responsive workforce

Foster an effective and responsive workforce, with the right practices and skills to lead the public sector.

Structure

Chief Executive Officer

Ms Rebecca Brown is the Chief Executive Officer* of the Department, appointed under section 45 of the *Public Sector Management Act 1994*, and is also the Accountable Authority, as prescribed in section 52 of the *Financial Management Act 2006*.

Senior Executive Team

As at 30 June 2020 the senior executive team comprised:

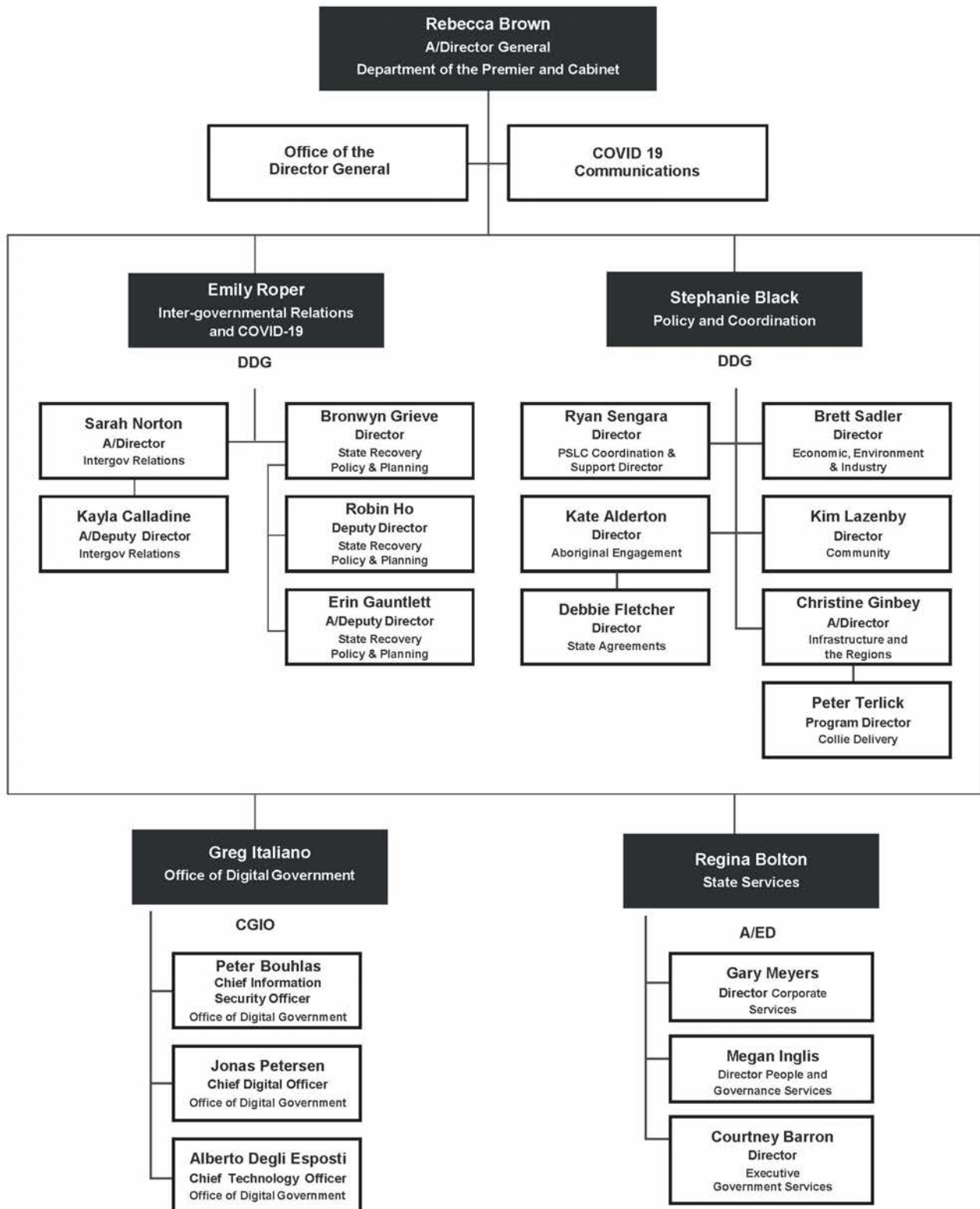
| | |
|--|--------------------|
| Deputy Director General, Inter-governmental Relations and COVID-19 | Ms Emily Roper |
| Deputy Director General, Policy and Coordination | Ms Stephanie Black |
| Government Chief Information Officer | Mr Greg Italiano |
| Executive Director, State Services ** | Ms Regina Bolton |

* **Mr Darren Foster** was Director General from July 2017 to March 2020.

** **Mr Robert Kennedy** was Executive Director State Services from 2016 to 6 March 2020.

Department of the Premier and cabinet

Structure June 2020



Organisational Structure

The Department underwent change following the 11 March 2020 announcement of the COVID-19 pandemic. To meet the evolving needs of the Government, a new organisational structure was released on 23 April 2020. The restructured Department had four Divisions:

1. Inter-governmental Relations and COVID-19

The Inter-governmental Relations and COVID-19 Division supported the Premier, Cabinet and State Recovery Controller in their leadership of WA's pandemic coordination and response in the context of COVID-19. It was a key advisor on Australian-WA Government matters, driving collaboration across the WA Government on key policy priorities, strengthening inter-jurisdictional relationships and working to achieve better outcomes for WA. The Division also led engagement with the Australian Government on the delivery of services to the Indian Ocean Territories and on national security and emergency management matters. Advice and coordination was also provided for specific social policy issues and projects with a cross-government focus, to assist in supporting stronger outcomes within the community.

2. Policy and Coordination

The Policy and Coordination Division comprised five Directorates. It supported the Public Sector Leadership Council (PSLC) to deliver strategic policy and initiatives requiring cross sector collaboration, with a particular focus on the State's post-pandemic recovery. It provided policy advice to the WA Government in Aboriginal affairs and led Native Title negotiations and engagement with Aboriginal community leaders. The Division also developed, shaped and provided advice on strategic economic, industry and environment policy to support job creation and the State's economic growth. It coordinated the policy, planning and prioritisation of WA's strategic infrastructure development and projects to maximise benefits for the WA community, with a focus on recognising regional needs and benefits within the context of broader WA Government priorities.

3. Office of Digital Government

The Office of Digital Government progressed strategies to reduce the digital divide across WA and was responsible for leading the delivery of online services to the WA community. It implemented cyber security standards and practices and developed strategies and policies to support a culture of data protection and sharing across Government. The Office of Digital Government focused on building data analytics capabilities and supported the implementation of information technology procurement reforms across the sector. It also had a key role to play in supporting the response and recovery effort in relation to COVID-19.

4. State Services

The State Services Division provided strategic support and advice on the management and operation of State Parliament and supported the Executive Council and Executive Government, including Cabinet. It delivered executive services to the Premier, Ministers and Ministerial Office staff, Members of Parliament and Parliamentary Electorate Office staff, and supported the Department's broader role, including corporate governance, audit and risk, finance, human resource management, payroll, information and communication technology, information management, communications, media and State law publishing.

Ministers



The Department reports to the

Hon Mark McGowan

in his capacity as Premier; Minister for Public Sector Management; State Development, Jobs and Trade; Federal-State Relations.



The Department supports the

Hon Ben Wyatt

in his role as Minister for Aboriginal Affairs.



The Department supports the

Hon Dave Kelly

in his role as Minister for Innovation and ICT.

Ministerial Directives

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

No Ministerial directives were received during this financial year





Report on operations

The Department's report on operations is delivered within the framework of the 2019-2021 Strategic Plan, outlined under Strategic Priorities above.

Supporting the Premier and Cabinet

Delivering high quality, rigorous and timely services to support the administration of Government.

Cabinet and Sub-Committee meetings arranged by the Department enabled the Premier and Ministers to deliver on Government priorities, administer the WA Government budget and approve legislative proposals. The services delivered by the Department include ensuring that submissions provided are of the highest quality, are accompanied by whole-of-Government advice and are considered in accordance with appropriate governance processes.

In 2019-20 the Department held 130 Cabinet and Sub-Committee meetings, a 34 percent increase over the previous year, with the peak occurring during the pandemic in March 2020. The Department also provided support to the Governor and Ministers when sitting as the Executive Council, with 36 Executive Council meetings held in 2019-20.

The Department continued to drive capability across the sector by coordinating seven Cabinet Liaison Officers Network meetings, providing key agencies with training and information sharing pertaining to Cabinet and Executive Council processes.

During COVID-19, meetings were adapted to enable the Government to make timely decisions in a rapidly changing environment:

- Arrangements were made for the Security and Emergency Committee of Cabinet and the State Disaster Council to meet concurrently for the first time, for up to five times per week. The number of meetings for the year increased from 2 to 24.
- Meetings were adapted to ensure that Ministers could attend remotely and when necessary were held outside of business hours. Changes to meeting arrangements necessitated updating the Cabinet handbook to incorporate virtual meetings, the secure electronic transmittal of Cabinet documents and streamlined timeframes for urgent matters.
- In supporting Parliament, the Department facilitated the Royal Assent process for 39 Bills. Additional sitting days were arranged to ensure critical legislation in response to COVID-19 could be passed while adhering to physical distancing requirements.

COVID-19 produced a spike in public activity between January and June 2020 with the Department answering over 1,500 phone calls from the general public to the Premier's Community Comment Line (a 180 percent increase from 2019) and over 73,000 emails to the WA-Government email service (a 40 percent increase from 2019).

The Department also supported the Premier and Cabinet through delivering the Ministerial Air Charter Service, which enabled Ministers to access regional and remote areas across WA to fulfil their portfolio responsibilities and connect with the community.

The aircraft undertook 197 flights this year to locations including Boolgeeda, Lombardina and Wingellina. While Ministers did not fly during COVID-19 in line with WA Government restrictions, the aircraft was used to assist the WA Country Health Service with the transport of pathology samples and patients to and from the Pilbara and Kimberley regions.

The Department managed a number of important events and visits to Western Australia on behalf of the Premier.

These included:

- the unveiling of a statue at Optus Stadium honouring AFL legend Nicky Winmar;
- the State Funeral for Mr Graham 'Polly' Farmer MBE, attended by over 1000 people from around Australia;
- a reception for the Consular Corps of Western Australia;
- guest of Government visits by the Prime Ministers of Papua New Guinea and the Solomon Islands;
- the official opening of Bob Hawke College;
- Community Cabinet visits to Mount Lawley, Kalgoorlie-Boulder, Murray-Wellington, Albany and Collie-Preston; and
- first Official Visits to WA by 14 Foreign Heads of Mission, including Ambassadors from Japan, Ireland and Germany.

The success of these initiatives was dependent on strong collaboration and cooperation from a wide-range of stakeholders, including representatives from the Australian Government, foreign governments, other WA Government agencies, relevant organisations, local government and the private sector.



Image: Nicky Winmar statue unveiling



Image: State Funeral for Mr Graham 'Polly' Farmer MBE

Working with the Australian Government

Strategically engaging with WA Government agencies, non-government stakeholders and other jurisdictions to advocate for the State's interests and advising the Premier, Cabinet and senior officials on Australian-WA Government relations.

The Department led the WA Government's engagement on a number of key intergovernmental and Australian-WA Government priorities.

A key achievement included facilitating the State's participation in the Royal Commission into National Natural Disaster Arrangements in partnership with the Department of Fire and Emergency Services and the offices of the State Solicitor, Premier and Minister for Fire and Emergency Services.

The Department developed advice to support the Premier's attendance at two Council of Australian Governments (COAG) meetings. Work arising from COAG decisions was progressed, including those on vocational education and training, waste and recycling, and mental health and suicide prevention. The Department also led the development and coordination of policy advice to support the Premier's participation in National Cabinet meetings. The Department worked closely with representatives from the Australian Government, states, territories and WA Government agencies to prepare for COAG and National Cabinet meetings and progress the decisions of these forums.

As part of this work, the Department relies on its close working relationship with WA Government agencies to prepare and provide advice on intergovernmental matters. It meets regularly with central and line agencies to prepare for current and anticipated inter-jurisdictional policy and funding matters.

The Department also works with the WA public sector more broadly. The Department established an intergovernmental relations officers network which met in early 2020 to discuss cross-portfolio Australian-WA Government policy and funding matters.

Australian Government-funded agreements with an annual value of \$40.5 million were progressed between WA Government agencies and the Australian Government for the provision of services to the Indian Ocean Territories, such as education, planning and environmental regulation services.

Through its Office of State Security and Emergency Coordination, the Department continued work on counter-terrorism and security matters and represented WA on the peak inter-jurisdictional bodies:

- The Australia-New Zealand Counter-Terrorism Committee (with the WA Police Force); and
- the Australia New Zealand Emergency Management Committee (with the Department of Fire and Emergency Services).

The Department's work also included:

- supporting the progression and finalisation of key funding agreements with the Australian Government including the National Health Reform Agreement;
- considering 100 National Inquiries, of which the WA Government made submissions to 56; and
- progressing the State's mutual recognition requirements including renewal of the *Mutual Recognition (Western Australia) Act 2010*, supporting exemptions related to the Container Deposit Scheme and Ministerial declarations.

There was also a key focus on supporting the national response and recovery from COVID-19 and the 2019-20 bushfires, and the finalisation of key funding agreements.

Establishment of National Cabinet and Federation reform

The Department's support for inter-jurisdictional initiatives also increased during this period. When the National Cabinet was established to coordinate the national response to COVID-19, the Department moved to provide effective support for the Premier. This included a rapid increase in the regularity of inter-jurisdictional meetings, moving from two Council of Australian Governments (COAG) meetings per year, to 19 National Cabinet meetings being held up until 30 June 2020, with the regularity varying from one per fortnight to several times per week.



Image: Telepresence Suite – Deputy Director General Emily Roper and staff attending the Deputy Senior Officials meeting.

To support this significant undertaking and rapid pace, the Department was involved in weekly and fortnightly virtual meetings with representatives as well as the coordination of in-person briefings and meetings. The Department actively engaged across the sector, and with counterparts in the Australian Government and other states and territories on key policy matters. This work has included the facilitation of the Premier's agreement to a number of urgent agreements and items offered by the Australian Government as part of the national COVID-19 response and recovery.

In addition to the Department's ongoing support for the Premier with National Cabinet, the Department has also supported the Premier through significant federation reform, with the replacement of COAG with the National Federation Reform Council. As announced by the Prime Minister on 29 May 2020, this includes the continuation of National Cabinet, along with the Council on Federal Financial Relations, to focus on COVID-19 developments and measures, and to progress National reform priorities. A key focus of this work included engagement with key stakeholders to ensure the changes can be used to progress positive outcomes for WA.

Influencing Economic and Social Development

Providing policy advice, support and leadership on strategic, complex and whole-of-Government matters and deliver on Government's economic and social priorities.

The Department provided and supported a range of strategic and complex economic matters, including the WA Government's jobs and economic diversification agenda via the Jobs and Economic Diversification Cabinet Sub Committee.

DiversifyWA, launched in July 2019, set out a vision for a strong and diversified economy to deliver secure, quality jobs across a broad range of industries. Following the release of DiversifyWA, the Department worked with the Department of Jobs, Tourism, Science and Innovation and other relevant agencies to progress key elements in the framework, including opportunities for emerging industries.

The Department has worked closely with a broad range of stakeholders in the coal sector to provide a foundation to manage the transition away from coal-fired power over the coming decades. This forward planning has seen the Department work with multiple agencies to help diversify the economy of the Collie region and reduce its reliance on coal mining and coal-fired energy production. Key Government commitments include significant progress on the Collie Adventure Trail project, activation of Lake Kewari tourism development and initiation of the Collie Mural Trail incorporating the Wellington Dam mural, one of the largest murals in the world. Industry diversification has included location of the Emergency Services Vehicle Manufacturing contracts in Collie, the launch of the Heavy Haulage Driver Training Course, announcement of the Emergency Service Management facility, and investment in the Westrac Technology Autonomous Training facilities.

Two Collie-specific grant funding streams to encourage new businesses and expand existing local enterprises attracted almost 100 applications, with 20 approved projects and 40 more under assessment at 30 June 2020.

The Justice Planning and Reform Committee (JPRC) was convened in 2017 to drive a cross-sector approach to reducing the growth of the prison population and enhancing community safety. Chaired by the Director General of the Department, it comprises agency leaders from the Departments of Justice, Communities and the Treasury, the WA Police Force and the Office of the Director of Public Prosecutions. The JPRC continued to oversee four initiatives that have achieved significant progress towards reducing the adult prison population. The initiatives focus on evidence-based rehabilitation programs, bail support, electronic monitoring and alternatives to short-term custody. This work is also aligned to the Government's strategic priority to reduce the over-representation of Aboriginal people in custody.

In supporting the WA Government's implementation of the recommendations from the Royal Commission into Institutional Responses to Child Sexual Abuse, the Department led a whole-of-Government approach to developing a model for independent oversight, including conducting extensive consultation across Government on the design of the regulatory system. The oversight system includes child safe standards, out-of-home care, youth detention and a reportable conduct scheme. Consultations will be extended to organisations outside of government and the community before the model is finalised.

The Department also continued to provide leadership and coordination of efforts across Government to implement the Royal Commission's broader recommendations.

The Department continued to support the Department of Communities in its role leading the implementation of the National Disability Insurance Scheme (NDIS) in WA. The Department worked with the Department of Communities and other agencies to identify and address transition risks to ensure the best outcomes for people with a disability in WA.

The transition of participants to the NDIS continues to be progressed by the Australian Government and, as at 31 March 2020, there were 27,379 people in WA with NDIS plans.

The former membership of the Supporting Communities Forum (the Forum) held its final meeting in December 2019. The Forum successfully delivered on its seven priorities, demonstrating the benefits of strong collaboration between the WA Government and the community services sector. In early 2020, membership of the new Forum 2020–21 was announced, with new priorities confirmed at its February 2020 meeting.

Although COVID-19 resulted in the suspension of work on the new priorities, the Forum provided the Government with input on the impact of the pandemic and ideas to guide State recovery planning as part of a broader stakeholder engagement process.



Image: With the Hon Premier Mark McGowan and Minister Simone McGurk at the December 2019 meeting of the Forum.

Supporting Aboriginal Economic and Social Development

Supporting the Minister for Aboriginal Affairs by providing leadership and advice on Aboriginal policy and delivering Native Title and other recognition outcomes.

Determinations of Native Title are an important step in acknowledging the rights and interests of Traditional Owners, and can often take many years of hard work to achieve.

This year the Department, working with the State Solicitor's Office, finalised 14 recognised Native Title determinations (equating to 157,712 square kilometres) by consent with Native Title applicants and other parties.

The determinations are made by the Federal Court, often on-country, through formal hearings.

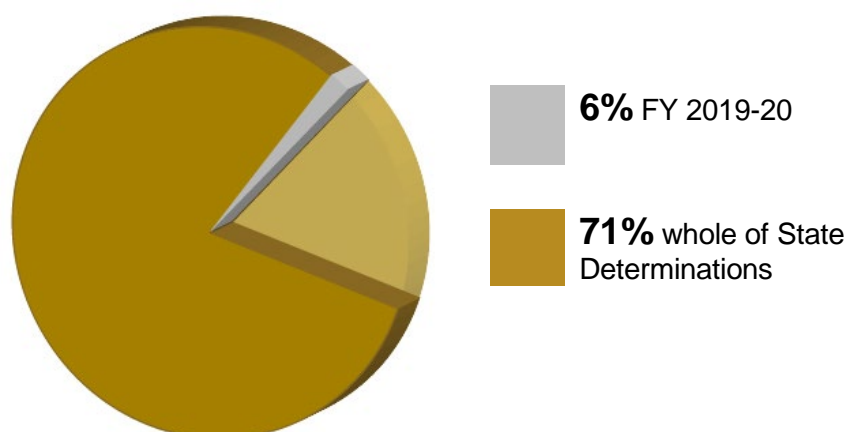
In August 2019, the Department brought together around 90 representatives from Native Title Representative Bodies, Prescribed Bodies Corporate, the Australian Government, WA Government agencies and legal practitioners to initiate early engagement with stakeholders on the development of a WA Native Title Compensation Policy.

The workshop was a valuable opportunity to engage with Native Title parties and gain insight into the challenges of developing a process for the fair, equitable and timely resolution of Native Title compensation in WA.

The Department continued its engagement with the Australian Government regarding a framework for a strategic, national approach to Native Title compensation settlement.

Figure: Land Covered by Native Title Determinations

Adjusted for land coverage only



Yamatji Nation Native Title settlement

The WA Government worked with the Traditional Owner Negotiating Team to agree a comprehensive Native Title settlement over approximately 48,000 square kilometres of land and waters in the Geraldton region. The Federal Court determined the claims by consent on 7 February 2020 and the Agreement was formally executed on 24 February 2020.

The Agreement aims to build a sustainable economic foundation, focuses on Aboriginal empowerment and recognition and includes a broad range of benefits including a cash component, economic development package, heritage agreements, land transfers, jointly managed conservation estate and robust governance framework.



Image: Members of the Traditional Owner Negotiation Team; members of the Yamatji Nation, Hutt River, Mullewa Wadjari, Southern Yamatji and Widi Mob Native Title claim groups; Australian Government Minister for Indigenous Australians Hon Ken Wyatt AM MP; Minister for Aboriginal Affairs Hon Ben Wyatt MLA; Federal Court Justice Debra Mortimer and Registrar Ann Daniel; legal representatives for the WA Government, Australian Government, and Yamatji Nation; the WA Government negotiation team and Yamatji Marlpa Aboriginal Corporation staff gather after the execution of the Yamatji Nation Indigenous Land Use Agreement in Geraldton on 7 February 2020.

The Department led engagement with Aboriginal community leaders to build effective relationships and deliver co-designed policy and program outcomes. Eight separate Aboriginal engagement processes were undertaken this year, to consult with over 500 representatives from Aboriginal communities and organisations, in seven locations.

In developing the discussion paper *A Path Forward: Developing the Western Australian Government's Aboriginal Empowerment Strategy* the Department contacted around 100 Aboriginal organisations and 78 submissions were received on the discussion paper.

Six Closing the Gap Engagement Forums were held in Broome, Kalgoorlie, Port Hedland, Perth, Katanning and Geraldton in 2019, with 269 attendees from community, organisations and government. The national Coalition of Aboriginal and Torres Strait Islander Peak Organisations (Coalition of Peaks) WA member body, the Aboriginal Health Council of WA led these forums, supported by the Department. Outcomes of the WA engagement forums are reflected in the national report on Closing the Gap engagement, authored by the Coalition of Peaks.



Image: Attendees at the Perth Closing the Gap Engagement Forum, led by the Coalition of Aboriginal Peak Organisations and supported by the Department of the Premier and Cabinet.



Image: Attendees at the Aboriginal Youth Wellbeing East Kimberley Engagement, 17 October 2019.

In October 2019, the Minister for Aboriginal Affairs, Hon Ben Wyatt MLA, announced 12 appointments to a reinvigorated Aboriginal Advisory Council of WA (the Council) to advise on matters relating to the interest and well-being of Aboriginal Western Australians.

The 12 peer-nominated Aboriginal leaders reflect a diversity of regional, gender, age and subject matter expertise backgrounds. Based on a genuine partnership approach to engagement, the Council provides a leadership role in the facilitation of dialogue and provision of advice to the WA Government on matters that affect Aboriginal Western Australians.

The Council members are as follows:

- Ms Gail Beck, Co-chair
- Mr Marty Sibosado, Co-chair
- Mr Jonathan Ford, Co-chair of the Closing the Gap Sub-Committee
- Ms Vicki O'Donnell, Co-chair of the Closing the Gap Sub-Committee
- Mr Danny Brown, Member
- Ms Merle Carter, Member
- Ms Linda Dridi, Member
- Mr Gordon Gray, Member
- Ms Corina Martin, Member
- Mr Peter Riley, Member
- Ms Gail Reynolds-Adamson, Member
- Mr Peter Yu (since resigned)

The Council held five meetings during 2019-20, with their inaugural meeting taking place in December 2019. During the COVID-19 pandemic and recovery period, the Council also held fortnightly teleconferences.

The Council has worked strategically with the Minister for Aboriginal Affairs, Hon Ben Wyatt MLA, and the WA Government in finalising the new National Agreement on Closing the Gap and the discussion paper for 'A Path Forward: Aboriginal Empowerment Strategy'.

The Director General, Department of the Premier and Cabinet, is the Chairperson of the Aboriginal Affairs Co-ordinating Committee (AACC), and the Department provides secretariat support.

The AACC includes the following membership:

- Director General, Department of the Premier and Cabinet
- Under Treasurer, Department of Treasury
- Director General, Department of Health
- Director General, Department of Education
- Director General, Department of Communities
- Director General, Department of Justice
- Director General, Department of Planning, Lands and Heritage
- Commissioner, WA Police Force
- Aboriginal Advisory Council of WA Executive

The AACC held three meetings during the reporting period, in September and December of 2019 and May of 2020. The AACC provided strategic advice and co-ordination of a discussion paper for the whole-of-government Aboriginal Empowerment Strategy, the Commitment to Aboriginal Youth Wellbeing and input to the development of a new National Agreement on Closing the Gap.

The Council Executive, comprised of the Co-Chairs of the Council and the Co-Chairs of the Closing the Gap Sub-Committee, were selected by the membership at their inaugural meeting in December 2019.

The Council Executive attended the AACC meeting held on 27 May 2020, to discuss the WA Government's response to the COVID-19 pandemic and associated recovery efforts in relation to remote Aboriginal communities in WA.



Image of Aboriginal Advisory Council members (left to right): Mr Peter Riley, Ms Corina Martin, Mr Jonathan Ford, Ms Gail Reynolds-Adamson, Mr Gordon Gray, Mr Martin (Marty) Sibosado, Ms Gail Beck, Ms Vicki O'Donnell, Ms Linda Dridi Ms Merle Carter and Mr Daniel (Danny) Brown.

The Department coordinated a whole-of-government process of engagement with Aboriginal organisations and community members, culminating in Aboriginal Youth Wellbeing workshops in Broome and Kununurra. These had a combined attendance of approximately 140 people. In March 2020 the Commitment to Aboriginal Youth Wellbeing was released, a set of 12 key commitments for the WA Government to incorporate into the way that it serves the Aboriginal community, and to help build resilient, culturally strong and emotionally healthy young Aboriginal people.



Diagram: The 12 commitments comprising the Commitment to Aboriginal Youth Wellbeing



Image above: Minister for Aboriginal Affairs, Hon Ben Wyatt MLA, releases the Commitment to Aboriginal Youth Wellbeing in Broome, with some of the Kimberley Empowered Young Leaders.

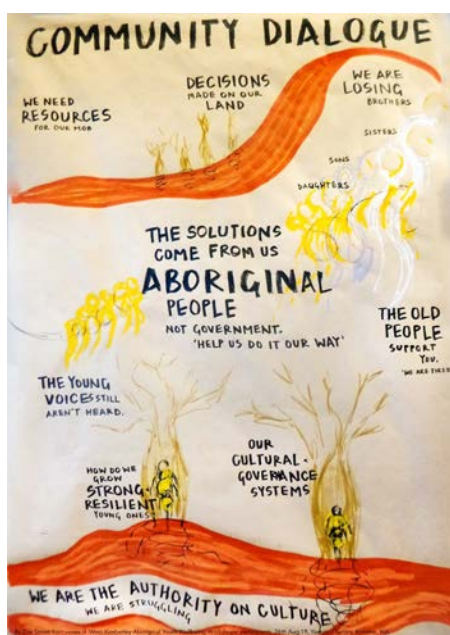


Image left: Illustration by Zoe Street from voices of the West Kimberley Aboriginal Youth Wellbeing Workshop, 26 August 2019, Yawuru Country, Broome.



Image right: Illustration by Glenn Stephenson from voices of the East Kimberley Aboriginal Youth Wellbeing Workshop, 17 October 2019, Miriuwung Gajerrong Country, Kununurra.

Through a number of projects, the Department drove systemic change across Government to improve the economic, health, social and cultural wellbeing of Aboriginal people and communities in WA.

The Wadjemup Project, named after the Noongar name for Rottnest Island, will be one of Australia's first large-scale and genuine acts of recognition related to the impacts of colonisation on Aboriginal people. The first stage of the engagement process commenced in April 2020.

The Dampier Peninsula project is a partnership with Traditional Owners and the 20-member working group identified 14 priority projects that will benefit local communities and businesses, and protect the environmental and cultural values of the Dampier Peninsula. Over \$5 million was invested to support visitor management and safety initiatives; heritage and environmental protection; economic development opportunities; and infrastructure needs.

Project Priorities

Some of the priorities identified by the group are:



Community support

- Provide family and community support
- Enhance community and visitor safety



Visitor Access Management

- Increase visitor information and connectivity
- Protect Aboriginal heritage sites and places
- Review secondary road infrastructure networks and access



Economic Opportunities

- Invest in tourism upgrades and business development opportunities
- Provide business skills and enterprise support
- Reform land tenure and simplify the approvals process



Image: Members of the Dampier Peninsula Working Group.



Image: Dampier Peninsula Working Group meeting at Ardyaloon community.

Driving Digital Transformation

Supporting the Minister for Innovation and ICT through delivery of the Digital Government agenda

The WA Government is committed to supporting Western Australians to confidently and safely enjoy the benefits of digital technologies in everyday life. The Department provided leadership for digital reform across the public sector and improved service delivery to the WA community through several key digital transformation initiatives.

The whole-of-government WA.gov.au platform makes it easier for people to find and access Government services and information through improved accessibility, advanced search and navigation functions, and a user-focused interface. As at 30 June 2020, 26 Government department websites have transitioned to WA.gov.au.

The Department liaised with key public sector agencies to develop a draft *WA Digital Inclusion Blueprint* to engage with community services, industry, and Government on initiatives to make WA more digitally inclusive.

The Department also started exploring how to better support key life events experienced by citizens. A working group comprising agencies that play a part in the citizen's journey developed a 'death of a loved one' life event for WA. The result will be a website that brings all the

services related to this life event together in one place, introducing consistency, removing pain points and improving the user experience when dealing with Government. This work is currently being tested in a preliminary design stage on WA.gov.au.

Data sharing allows the public sector to derive insights from linked data sets to inform the design, evaluation and continual improvement of Government policies, services and operations. In response to COVID-19, the Department provided a WA coordination role in the collection of data sharing requests, engaging with the Departments of Health, Treasury and Communities to identify priority Australian Government data sets that will assist with WA's COVID-19 recovery planning.

The Department manages the GovNext-ICT Common Use Arrangement (CUA), which is a whole-of-government procurement approach designed to support government agencies shift from individual ownership of ICT infrastructure to being consumers of on-demand, consolidated services. Over the past year, the Department continued to support agencies to transition to GovNext services, providing a platform for agencies to pursue their digital transformation objectives.

Cyber Security Unit

The Department is supporting agencies to implement a set of baseline cyber security controls designed to counter the majority of common cyber threats. A comprehensive work program was implemented to improve cyber security capability across the public sector including:

- advice and support to agencies on how to improve their cyber security;
- development of a whole-of-government Cyber Security Incident Coordination Framework;
- a whole-of-government recruitment pool to facilitate the appointment of qualified cyber security professionals; and
- participation in nine Cyber Security Cooperative Research Centre projects, including investigating the use of advanced machine learning to combat phishing attacks.

On the rise

- The Australian Government estimates cybersecurity incidents cost Australian businesses **\$29 billion**.
- Almost **one in three** Australian adults were affected by cybercrime last year.
- Of the 380 incidents reported by agencies to DGov, **50 percent** were phishing attacks.
- The ACCC's Scamwatch received over **1,100 reports** about COVID-19 scams from March to April 2020.

Intern Partnership

In 2019-20, the Office of Digital Government (DGov) has benefited from the placement of more than 20 high-performing students in the Cyber Security Unit to assist with a program of work to improve cyber security across the sector. The students gained valuable skills and experience to bridge the gap from completing their studies to real world scenarios in the public sector. Students have accelerated WA agency cyber security maturity by providing technical support to DGov.



Image: Cyber Security students with Minister Kelly (centre right) and Chief Information Security Officer, Peter Bouhlas (centre left)

The Cloud Community of Practice

Established in 2019, the Cloud Community of Practice (CCP) is an agency-led collaboration forum encouraging engagement and knowledge sharing across Government with respect to cloud migration and services.

The CCP delivered six seminars throughout the year on topics nominated by agencies. The first seminar focused on Multifactor Authentication, followed by Cyber Security, Phishing and Social Engineering, Digital Service Delivery, Strategy and Policy for Data Protection and Sharing, Improving Capability in Data Analytics and Reducing the Digital Divide.



Image: Cloud Community of Practice participants (L-R), Dr Liz Dallimore, Michelle Dewell, Richard Bean, Gavin Mrkic, Michael Carroll and Danny Murphy.

The Department has increased their support for inter-jurisdictional collaboration with the Australian Data and Digital Council (ADDC) during the pandemic. The ADDC Ministers moved from meeting quarterly to meeting on a monthly basis to share knowledge and progress key initiatives such as digital inclusion, the accelerated introduction of digital identities and online services, and data sharing that can inform jurisdictions' COVID-19 response and recovery.

Public Sector Reform

Providing leadership and coordination of reform across the public sector to deliver better outcomes for the WA community.

Significant progress was made with respect to the public sector reform program during the year, including:

- the enactment of *the Infrastructure Western Australia Act 2019* and the establishment of Infrastructure WA as a statutory body. Work also commenced on developing WA's first 20-year infrastructure strategy;
- Streamline WA was further progressed to improve regulatory processes and practices across the public sector;
- enhancements were completed on the Market-led Proposals Policy; and
- more eligible fixed term public sector employees were converted to permanency.

Public consultation on the Privacy and Responsible Information Sharing discussion paper was also completed. This reform is focused on protecting and using information responsibly to deliver more effective services and outcomes for WA citizens.

The *Procurement Bill 2020*, granted Royal Assent on 19 June 2020, consolidated and streamlined the approach to goods and services, works and community services procurement.

The reforms also reduced red tape for businesses wanting to work with Government and assist with WA's economic recovery from COVID-19.

Image: Cover of the Privacy and Responsible Information Sharing Discussion Paper



In 2020, a citizen service centre will go live in Bunbury, ServiceWA, simplifying government service delivery by providing a single point of contact for around 85 transactional type services currently delivered by Departments of Transport, Justice, Communities, Primary Industry and Regional Development and the WA Police Force.

The initiative will be supported by an expanded online service directory on the WA.gov.au website, which is already accessible to all Western Australians.

Significant work was undertaken in 2019-20 in anticipation of the opening of the Bunbury pilot site, including modifying the WA.gov.au website, which will be used to host the ServiceWA online presence.

While reform initiatives that had reached a level of maturity, such as Service WA, continue to be progressed by the sector, the onset of COVID-19 had a significant impact on the overall reform program.

In March 2020, the Premier announced that the program and the majority of its initiatives would be deferred, in order to focus Government resources on responding to COVID-19.

Importantly, the groundwork laid by the public sector reform program has enabled the sector to rapidly respond to the needs of the community during COVID-19.

The cross-agency collaborative culture that underpinned the reform program has helped to drive a cohesive response to COVID-19 and supported the planning and implementation of cross-agency initiatives to assist the resilience and recovery of the State.

Other reform initiatives have been incorporated into the State's COVID-19 response and recovery.

The *Our Priorities Sharing Prosperity* whole-of-government targets program had required agencies to work collaboratively to define evidence-based actions that would drive progress against the 12 targets. A number of the insights gained through this process, including specific initiatives, have been incorporated into the Government's response to COVID-19.

The iThink (WA public sector) online innovation tool was also expanded to the WA community to provide businesses and community members with the opportunity to contribute information and ideas to help Government to better understand the full impacts of COVID-19 and support the development of the State's recovery plan.



Image: Infrastructure WA regional workshops (Courtesy of Infrastructure WA)

Delivering Key Infrastructure and Major Projects

Achieving better outcomes for WA in relation to the State's infrastructure investment program, including attracting Australian Government investment.

The Department provided strategic advice on a number of major infrastructure projects and priorities, contributing to working groups and steering committees to ensure the timely progression of projects, including METRONET and the new Museum of WA. This engagement promoted alignment with broader policy objectives, including supporting the METRONET agenda and ensuring projects are well connected and accessible.

The Department has been actively engaged in progressing the East Perth Power Station project and the Sunset Heritage Precinct project, and has seen significant progress, including the appointment of the preferred proponents to progress revitalisation of the precinct. In October 2019, a renewed commitment to the Perth City Deal was made by the Australian and WA Governments. This commitment saw an agreed focus to create an energised central business district for people to work, live and play through promoting higher population density and an economic boost to city businesses.



Image: Sunset Heritage Precinct project
(Courtesy of the Department of Finance)

An industry roundtable was also held in October 2019 with Hon Rita Saffioti MLA (WA Minister for Planning), Hon Alan Tudge MP (Australian Government Minister for Population, Cities and Urban Infrastructure) and the Hon John Carey MLA (Member for Perth).

The roundtable provided key industry stakeholders a forum to contribute to the discussions around the opportunities for creating an energised and vibrant central business district.

In December 2019, the Perth Cultural Centre Taskforce was established to consider ways of creating a safe and vibrant space for locals and visitors to enjoy in the Cultural Centre of Perth.

The Taskforce is developing a vision for the Cultural Centre that will attract locals and tourists and is focused on making the most of the precinct in preparation for the opening of the new Museum and the rooftop bar in the WA Art Gallery in late 2020.

The Taskforce is making good progress in planning for the future of the Cultural Centre as an exciting space for local visitors as well as domestic and international tourists.

The Department led the development of WA's submission to Infrastructure Australia's Infrastructure Priority List. In its 2020 refresh of the priority list, WA secured 23 listings for projects and initiatives regarded by Infrastructure Australia as nationally significant.

The Department also worked collaboratively with Infrastructure WA to best position WA to secure a fair share of Australian Government investment for nationally significant infrastructure projects in WA.

The Department provided strategic advice to Infrastructure WA on the development of their draft State Infrastructure Strategy discussion paper and will continue to work closely with Infrastructure WA to support a strategic, long term approach to infrastructure planning and prioritisation within WA.

Supporting a highly capable and responsive workforce

Fostering an effective and responsive workforce, with the right practices and skills to lead the public sector.

Work continued in 2019-20 to build and support our workforce. Organisational Health Survey results, reported the year prior, resulted in a number of initiatives implemented to equip and upskill employees.

A range of professional and leadership development activities and events were delivered, including individual coaching sessions for senior staff, cultural awareness sessions, mental health first aid, contact officer training, domestic violence awareness, first aid and occupational safety and health training.

Staff were encouraged to participate in the Interagency Mentoring Program to build their capability and foster cross-agency collaboration. 10 mentors and 13 mentees joined the program, which concludes in November 2020

Recruitment processes were streamlined through online candidate management and the introduction of the online Fit2Work process to effectively on-board new employees.

The Department's commitment to transparent and ethical conduct was demonstrated by the training and appointment of nine new Public Interest Disclosure (PID) officers at the beginning of 2020, which increased the total from three to 12 and provided representation from all Divisions.



Image: L-R: Peter Towie, Roger Hellier, Helen Gladstones, Ashley Sakala, Joy Hillman (PSC), Robert Kennedy, Megan Inglis, Jane MacDonald and Hayley McFarlane (PSC) during PID officer training.

The PID officers built upon the Department's firm integrity foundation and championed the values and Code of Conduct through a challenging period of rapid change for the public sector.

In early 2020, COVID-19 demands fast-tracked implementation of digital solutions such as provision of mobile devices and remote logons, use of Teams for virtual meetings and electronic transmission of Cabinet documents.

During COVID-19, a suite of tools, webinars and resources were made available to support managers and staff to respond to change and to work flexibly and remotely as needed.

Our values in action

In 2017-18, the Department explored and agreed its corporate values:



People: We respect and recognise the contribution of all colleagues.



Clarity: We strive to provide clear advice and support, even where there is ambiguity



Leadership: We empower and enable others to do their best.



Openness: We act in a transparent and ethical manner.

To recognise and celebrate our values the Department participated in several events.

National reconciliation week: 27 May to 3 June 2020

The 2020 National Reconciliation Week theme was 'In This Together', reminding us that we all have a role to play in reconciliation as individuals, families, communities, organisations and as a nation.

The WA Government, through the Department, has a four-year partnership agreement with Reconciliation WA which commenced in July 2019. Throughout National Reconciliation Week the Department shared Reconciliation WA's digital campaign material to help educate and inspire staff on their reconciliation journeys. Staff viewed podcasts and videos, and attended virtual lunch and learn information sessions presenting stories of truth and survival.

At the commencement of National Reconciliation week Acacia Collard of Acacia Cultural Designs, a young Badimia Yamatji - Ballardong Noongar woman, created a unique sand mural on the grounds of Dumas House. A small ceremony took place with a welcome to country and smoking ceremony performed by local Noongar Elder Mervyn (Nick) Abraham.

Due to COVID-19 restrictions, staff were unable to attend the ceremony and watched via a live stream link. The creation of the mural and ceremony were recorded by video, including drone footage and time-lapse images of the sand mural, and made available to staff on the intranet.



Image: The commencement of the National Reconciliation week ceremony in front of the sand mural created by Aboriginal artist, Acacia Collard.

Cultural competence

As part of the Department's commitment to increasing capability and cultural competence, six Culturally Speaking' workshops were coordinated. A total of 73 employees attended, developing their cultural competency to help support effective relationships with stakeholders and foster a culturally inclusive workplace.



Image: Cultural awareness workshop with Danny Ford from CSD Network

Wear it Purple Day

The Department celebrated diversity in the workplace; raised awareness of issues around inclusion and discrimination; and demonstrated that support networks exist by wearing purple and attending a rainbow themed morning tea on Wear it Purple Day in August 2019.



Image: The Department staff celebrates Wear it Purple Day in 2019.

16 days in WA



Each year the Department supports the 16 Days in WA campaign which encourages individuals and the community to take an active role in ending violence against women, including family, domestic and sexual violence.

The campaign included daily intranet articles to highlight statistics and ways to take action, a digital presentation in the elevators, a banner in front of Dumas House and graphics added to staff email signatures.

A morning tea and fund raiser was co-hosted with the Public Sector Commission and attended by Minister Simone McGurk. Attendees heard a personal story from a survivor of domestic violence and were provided with information and resources on support that is available.

Red 25 Challenge

The Department, along with other central public sector agencies, participated in the Red Cross Lifeblood Challenge to donate blood or plasma. Although the early stages of the challenge saw the Department at the bottom of the ladder, simple 'Behavioural Insights' tools were used to shape perceptions of blood donations as attractive and easy to do. Staff responded by supporting the cause.

At the close of the challenge in November 2019 the Department was recognised as the public sector agency with the 'Highest Number of Overall Blood Donations', equating to a total of 198 lives saved.



Image: Accepting the Red Cross Award for achieving the Highest Overall Blood Donations during the 2019 Public Sector Central Agency Lifeblood Challenge. Pictured L-R: Lawry Sancillio, Director of Donor Relations Red Cross, with Department representatives Natasha Howells, Jade Sanchez and Megan Inglis.

International women's day

The 2020 International Women's Day theme of [#EachforEqual](#) acknowledged how collectively and through our individual actions, conversations, behaviours and mindsets, we can help create a gender equal society.

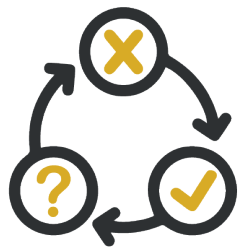
The Department celebrated the day at an event with guest speaker Jan Cooper, Female Player Development and Pathways Manager from the West Coast Eagles Football Club, sharing her story about gender equality challenges she faced during her career.

Her persistence and determination to overcome barriers has paved the way for the women's Australian Football League game. Staff were encouraged to challenge stereotypes, fight bias, and celebrate women's achievements.



Image: L-R: Stephanie Black (Department of the Premier and Cabinet), guest speaker Jan Cooper (West Coast Eagles Football Club), Darren Foster (Department of the Premier and Cabinet) and Sharyn O'Neill (Public Sector Commission) at the 9 March 2020 International Women's Day event.





Significant issues impacting the Department

This year began with the Department continuing its strong support for the delivery of a range of WA Government priorities, election commitments, whole-of-government initiatives and cross-jurisdictional agendas designed to provide improvements to the public sector and better results and services for the WA community.

The Department worked closely with relevant partners and stakeholders to better understand the complex issues that underpin each priority and ensure all initiatives were delivered on time or remained on track.

In March 2020, the declaration of the State of Emergency in response to COVID-19 necessitated some rapid adjustments by the Department to respond to the priorities of Government.

The Department established the Pandemic Coordination Unit (PCU), which drew on resources from across the agency and public sector to support whole-of-government planning, coordination and communication. The PCU used the governance structures established under the State Emergency Management Framework to assist in responding to COVID-19 queries from industry sectors and from members of the public.

The PCU also collaborated with the many parties to the WA Government response to the pandemic, including WA's Department of Health, Chief Health Officer and State Emergency Coordinator, the National Cabinet, State Disaster Council, other state and territory Governments, and the Australian Health Protection Principal Committee.

As the pandemic continued to develop, the Premier announced on 26 March 2020 that several Government programs were to be put on hold indefinitely with staff reassigned, where possible, to COVID-19 related tasks.

This included:

- the Public Sector Reform Program;
- Our Priorities: Sharing Prosperity;
- Strategic Assessment of the Perth and Peel Regions; and
- the Supporting Communities Forum.

To ensure a coordinated and effective response to the rapidly changing operating environment, newly appointed Acting Director General Rebecca Brown established an internal Critical Incident Management Team (CMIT) that initially met daily from 1 April 2020. Through the CMIT, the Department ensured fit-for-purpose business continuity management plans, working from home capabilities for all staff, and timely internal communications.

The Department was instrumental in dedicating resources and support for the rapid formation of the Information Coordination Centre (ICC) within Dumas House. The ICC reported directly to the State Emergency Coordinator and was critical through each phase of the State's response to the pandemic in ensuring the public received up-to-date information.

Other Department resources were dedicated to supporting vulnerable communities and those most impacted by the pandemic and associated restrictions. A key example was the Department's support for the cross-sector resourced Complex Task Team for remote Aboriginal communities (CTT). The CTT was established by the State Emergency Coordinator on 7 April 2020, in response to the urgent and critical needs of remote Aboriginal communities in preparing for the threat of COVID-19.

The unique circumstances of remote communities required a connected and agile Government, public sector and community response. By June 2020, a review into the functions and role of the CTT was commissioned by Acting Director General Rebecca Brown, the State Welfare Coordinator and the

State Emergency Coordinator, to consider the learnings from this approach and what role the CTT may have on an ongoing basis. The review confirmed the important role of the CTT and maintaining effective coordination going forward, with key recommendations currently being progressed.

With the response to COVID-19 continuing to move at pace across Government, and in the community, the Department completed an organisational restructure in late April. These changes ensured the Department's resources were best positioned to support the Government's response to COVID-19, including supporting public sector officers working at the frontline, as well as planning for the longer-term resilience and recovery of the State.

A Public Sector Leadership Council (PSLC) Coordination and Support directorate was established to provide support and assistance to the public sector in its initial stages of planning for recovery. In conjunction with the Public Sector Commission, and other teams within the Department, the directorate also supported the State Recovery Controller and Public Sector Commissioner Sharyn O'Neill, Directors General and member agencies of the PSLC, and the broader public sector, with regard to critical work including the development of the first Impact Statement and WA Recovery Plan.

A State Recovery Planning and Policy directorate was also established to provide COVID-19 coordination and recovery planning support to the Premier, Cabinet and the State Recovery Controller. Critical work included supporting the coordination of Government efforts to develop a COVID-safe environment for Western Australians.

As WA continued to present positive signs of progress with the pandemic, the directorate worked with the State's Chief Health Officer, the State Emergency Coordinator, the Australian Government and other jurisdictions, as well as key stakeholders across the sector to support the WA Government's implementation of the WA Roadmap for the careful easing of the COVID-19 restrictions.

COVID Safety Plan tools and guidelines were additionally developed in collaboration with other public sector agencies, to help businesses and communities adopt COVID-safe practices.

A dedicated COVID-19 Communications directorate was created to provide a clear liaison point with the ICC and to help drive the recovery communications objectives of the Department, Premier and the State Recovery Controller. The team was integral to the delivery of the WA Recovery Plan which was released in July 2020.

The Department's support for cross-jurisdictional initiatives also increased during this period. On 29 May 2020, the Prime Minister announced reforms to the Australian Federation that saw COAG replaced by the National Federation Reform Council, and the continuation of National Cabinet which was formed to coordinate the national response to COVID-19. The Inter-governmental Relations team worked closely with WA Government agencies and Ministerial Offices, as well as their counterparts in each State, Territory and the Australian Government, to share information and develop advice for the regular National Cabinet meetings, with a focus on COVID-19 developments and measures, as well as national reform priorities.

Throughout this time, the Department continued to ensure sound policy and operational advice for Government by facilitating a 34 percent increase in Cabinet, Sub-Committee and Executive Council meetings, whilst the Ministerial Liaison Unit responded to a 180 percent increase in calls to the Premier's community comment line, and a 40 percent increase in email correspondence to the WA Government.

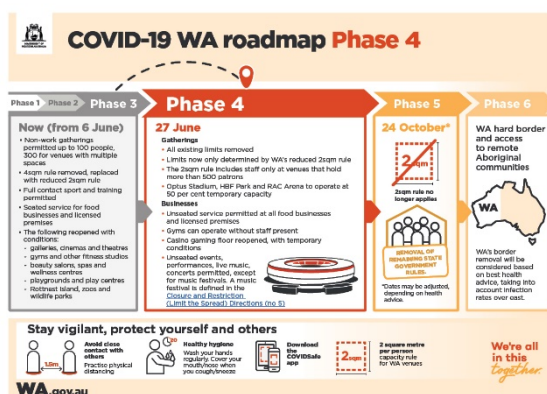


Image: WA Roadmap for the careful easing of COVID-19 restrictions

Critical support for timely and accurate public information

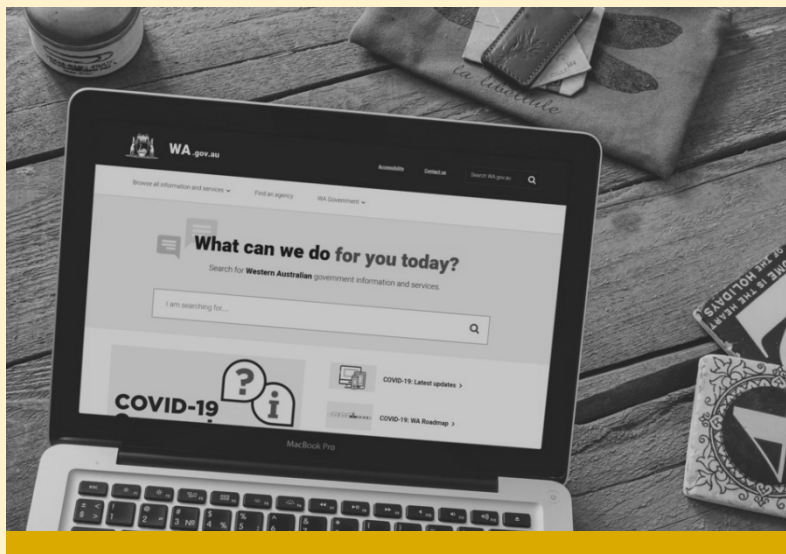
In response to the COVID-19 Pandemic, the Office of Digital Government (DGov) developed a set of detailed proposals to meet the WA Public Sector's projected communications requirements, both internally and in interfacing with the WA community. The need for a direct telephone-based information channel to address the high volume of community queries arising from the WA Government's response to the Pandemic was identified.

Working together with WA Police Force and the Departments of Transport, Communities and Health a COVID-19 Call Centre was built over a period of two weeks utilising cloud based ICT services. The **13 COVID** Call Centre is a virtual capability leveraging Cloud Services supporting remotely located (work from home) operators with capacity for up to 1,200 concurrent call takers.

DGov currently provides technical support for the centre operation, as well as maintaining the Interactive Voice Response information and workflows. The service was launched on 2 April 2020 and as at 29 June 65,962 calls were made to the hotline.

The **WA.gov.au** platform was also chosen as the primary communication interface for the Government's advice on COVID-19, releasing timely and accurate information to the citizens of WA. COVID-19 content dominated the most visited pages on WA.gov.au, making up six of the top nine most visited pages (previously occupied by online digital services).

Traffic to the website increased more than tenfold, peaking at just under **134,000** visitors on 31 March 2020. There have been **15.2 million** views of WA.gov.au since the State of Emergency was declared.



Working together for recovery

The Department supported the WA Government in bringing together business, community and industry stakeholders to shape the State's economic and social recovery from the pandemic. A State Recovery Advisory Group was established and convened to provide strategic advice on the impacts of COVID-19 and recovery planning.

The first phase of stakeholder consultations saw more than 600 people representing business, industry, not-for-profit organisations, unions, the public sector, local government and the community participate in a total of **22 engagement sessions** hosted by the Premier and Ministers.

Five iThink challenges were made available related to the recovery areas of health, social, economic and infrastructure, industry and the regions. This generated a total of 431 ideas, 955 comments and 4,000 votes. These contributions played a critical role in developing the first WA Recovery Plan.



Image: State Recovery Advisory Group workshop.





Disclosure and Legal Compliance

Our people

The Department has a total of 664 employees of which 404 are female (60.8 percent) and 260 are male (39.2 percent).

| Age Group | Number of Employees | % of all DPC employees |
|----------------|---------------------|------------------------|
| < 25 Years Old | 37 | 5.57% |
| 25 to 34 | 181 | 27.26% |
| 35 to 44 | 165 | 24.85% |
| 45 to 54 | 134 | 20.18% |
| 55 to 64 | 129 | 19.43% |
| 65 Years + | 18 | 2.71% |

| Diversity group | Representation |
|---------------------------------------|----------------|
| Female | 60.8% |
| Youth (<25 years of age) | 5.57% |
| Culturally and Linguistically Diverse | 14.15% |
| People with Disability | 4.06% |
| Aboriginal and Torres Strait Islander | 2.55% |

The data is calculated from those that have disclosed this information through the Department's Diversity Questionnaire (approximately 65 percent of employees).

Employment and Industrial Relations

The Department's annual average number of paid full-time equivalent (FTE) staff employed in 2019-20 was 530 FTEs, as compared to 483 FTEs in 2018-19. As at 30 June 2020, the Department's workforce^(a) employed in core business areas comprised of 78 percent permanent employees and 22 percent fixed term employees (excluding casuals).

In the Parliamentary Electorate Offices, the annual average number of paid FTEs in 2019-20 employed to support the 95 Members of Parliament was 203 FTEs^(a).

^(a) Source Public Sector Commission Human Resource Minimum Obligatory Information Requirements (HRMOIR) data.



Image: Social Policy Unit team.

Governance

The Department's Corporate Governance Framework was reviewed during the year. The Finance and Organisational Improvement Committees were dissolved and their responsibilities brought into the Corporate Executive to increase executive oversight of the Department's budget and internal reform program. The Audit and Risk Management Committee Charter and membership was also revised to meet the requirements of the newly issued Treasurer's Instructions.

A Strategic Risk Management Framework was developed and tools were introduced to improve the Department's risk management capability. New business continuity management policies and plans were also developed to enable the Department to respond and recover from any business disruption.

This work assisted the Department to manage risks and respond to COVID-19 and will form the foundation for ongoing work while the Department's focus is towards State recovery and planning priorities.

Freedom of Information

The Department assists the public to access available documents it holds at the least possible cost. In 2019-20, 34 new valid Freedom of Information (FOI) applications were received.

Of these, two applications were withdrawn by the applicant. A further 15 applications were carried over from the previous year.

FOI Applications 2019-20

| Applications | Total |
|--------------------|-------|
| Carried Over | 15 |
| New valid received | 34 |
| Total handled | 49 |

Of the total applications, 39 were finalised and 10 carried forward.

The table below provides a breakdown of the FOI applications that were finalised.

| Applications Decided in Year | Total | Personal Information | Non-Personal Information |
|------------------------------|-------|----------------------|--------------------------|
| Full Access | 5 | 1 | 4 |
| Edited Access | 22 | - | 22 |
| Deferred Access | - | - | - |
| Section 26 Refused Access | 4 | 1 | 3 |
| Access Refused | 6 | - | 6 |
| Withdrawn | 2 | - | 2 |
| TOTAL DECISIONS | 39 | 2 | 37 |

The Department also continued to assist Ministerial offices in processing their FOI applications. A more comprehensive breakdown of the Department's statistics is provided in the Information Commissioner of WA's Annual Report - www.foi.wa.gov.au.

Compliance with Legal and Policy Requirements

The following is a list of the policy and legal requirements with which the Department complies:

Public Sector Standards and Ethical codes: *Public Sector Management Act 1994*, section 31(1)

The Department has implemented a number of supporting policies, procedures and guidelines which are reviewed on a regular basis.

Western Australian Public Sector Code of Ethics and the Department's Code of Conduct

As part of the induction program new staff read and accept the Department's Code of Conduct and complete training on ethical and accountable decision making.

State Records Act 2000

The Department has an approved and current Record Keeping Plan, next due for review in December 2023. Record Keeping Plans have been prepared and signed by all Ministers and the Parliamentary Secretary of the Cabinet. The online induction program covers record keeping roles and responsibilities, as does the mandatory Accountable and Ethical Decision Making training. Online records awareness training, delivered to all staff, received a 100 percent approval of the content with 80 percent gaining an improved understanding of record keeping roles and responsibilities. All support materials are available to staff via the intranet.

Public Sector Standards in Human Resource Management and Commissioner's Instructions

There were no breaches in the Employment Standard in the 2019–20 financial year.

Public Sector Workforce Diversification strategy

As at December 2019 the Department achieved a workforce participation rate of 4 percent of people with (declared) disabilities and has a longstanding successful supported work team in collaboration with BizLink.

Disability Access and Inclusion Plan Outcomes: *Disability Services Act 1993* – section 29 and Schedule 3 of the Disability Services Regulations 2004

Disability Access and Inclusion Plan 2016-2021 is reviewed annually and outcomes are monitored periodically to ensure the initiatives are still relevant and the level of accessibility continues to be suitable.

Western Australian Multicultural Policy Framework

The Department is developing a Multicultural Plan to implement the framework as part of its workforce planning initiatives.

Substantive Equality

The principles of the policy framework are upheld through the Department's Equal Opportunity Policy and management decisions take into consideration equity, parity and fairness to the community.

Government Building Training Policy

At 30 June 2020 no contract subject to the Government Building Training Policy had been awarded.

Compliance with *Occupational Safety and Health Act 1984* and the *Workers' Compensation and Injury Management Act 1981*

The Department is committed to providing a healthy, safe and accident free workplace for all its employees, contractors and visitors and undertakes continuous review and improvement of workplace safety and health. A documented Injury Management System is in place to provide injury management support for any work-related injury or illness.

Participation in the Department's influenza vaccination program was promoted and encouraged during COVID-19.

More than 400 employees received a funded flu vaccination, either onsite or at a pharmacy, accounting for approximately 60 percent of staff, compared to 40 percent in the previous year.

The Occupational Safety and Health (OSH) Committee, as the fundamental mechanism for consultation on OSH matters between employees and management, met four times to discuss and resolve issues in line with the Department's OSH Management Plan.

Table: OSH compliance results

| Measure | Actual Results | | Results against Target | |
|--|----------------|---------|------------------------------|-----------------------------|
| | 2018–19 | 2019–20 | Target | Comment on Results Achieved |
| Number of fatalities | 0 | 0 | 0 | Target achieved |
| Lost time injury/disease incidence rate | 0% | 0% | 0 or 10% reduction | Target achieved |
| Lost time injury/disease severity rate | 0% | 0% | 0 or 10% reduction | Target achieved |
| Percentage of injured workers returned to work within 13 weeks | N/A | N/A | Actual number to be reported | Zero injuries |
| Percentage of injured workers returned to work within 26 weeks | N/A | N/A | Actual number to be reported | Zero injuries |
| Percentage of managers trained in occupational safety, health and injury management responsibilities | 82% | 82% | Greater than or equal to 80% | Online training delivered |

Board and Committee Remuneration

The former membership of the Supporting Communities Forum held its final meeting in December 2019. In early 2020 membership of the new Forum 2020-21 was announced.

Supporting Communities Forum 2020–21

For the period 1 January 2020 to 30 June 2020

| Position | Name | Type of Remuneration | Period of Membership | Gross Remuneration (\$) | Actual Remuneration (\$) |
|--------------|---------------------|----------------------|----------------------|-------------------------|---|
| Co-Chair | Michelle Scott | Annual | 2 years | - | *annual remuneration is paid during December of each year |
| Co-Chair | Jodi Cant | N/A | 2 years | - | - |
| Deputy Chair | Kate George | Sitting fee | 2 years | - | \$560.00 |
| Member | Louise Giolitto | N/A | 2 years | - | - |
| Member | Dan Minchin | N/A | 2 years | - | - |
| Member | Tricia Murray | N/A | 2 years | - | - |
| Member | Maria Osman | Sitting fee | 2 years | - | \$442.00* |
| Member | Julie Waylen | N/A | 2 years | - | - |
| Member | Ross Wortham | N/A | 2 years | - | - |
| Member | Debra Zanella | N/A | 2 years | - | - |
| Member | Felicite Black | N/A | 2 years | - | - |
| Member | Kate Chaney | N/A | 2 years | - | - |
| Member | Justine Colyer | N/A | 2 years | - | - |
| Member | Emma Jarvis | N/A | 2 years | - | - |
| Member | Melissa Perry | N/A | 2 years | - | - |
| Member | Denver D'Cruz | N/A | 2 years | - | - |
| Member | Kelda Oppermann | N/A | 2 years | - | - |
| Member | Michelle Andrews | N/A | 2 years | - | - |
| Member | Adam Tomison | N/A | 2 years | - | - |
| Member | Lisa Rodgers | N/A | 2 years | - | - |
| Member | David Russell-Weisz | N/A | 2 years | - | - |
| Member | Rebecca Brown | N/A | 2 years | - | - |
| Member | Jennifer McGrath | N/A | 2 years | - | - |
| Member | Duncan Ord | N/A | 2 years | - | - |
| Member | Susan Hunt | N/A | 2 years | - | - |
| Member | Sharyn O'Neill | N/A | 2 years | - | - |
| TOTAL | | | | | \$1002 |

*Amounts paid for the first meeting of the Forum that took place on 24 February 2020. However, with the indefinite suspension of Forum activities announced on 26 March, the second quarterly meeting and working group meetings did not occur.

Supporting Communities Forum 2019–20

The 2019-20 membership of the Supporting Communities Forum held its final meeting in December 2019.

For the period 1 July 2019 to 31 December 2019

| Position | Name | Type of Remuneration | Period of Membership | Gross Remuneration (\$) | Actual Remuneration (\$) |
|--------------|-------------------------------|----------------------|----------------------|-------------------------|--------------------------|
| Chair | Michelle Scott | Annual | 2 years | | \$26,147 |
| Deputy Chair | Helen Creed | Sitting fee | 2 years | | \$12,520 |
| Member | Pip Brennan | N/A | 2 years | - | - |
| Member | Suzi Cowcher | Sitting fee | 2 years | | \$1,768 |
| Member | Jonathon Ford | N/A | 2 years | - | - |
| Member | Kate George | N/A | 2 years | - | - |
| Member | Louise Giolitto | N/A | 2 years | - | - |
| Member | Neil Guard | Sitting fee | 2 years | - | \$1,768 |
| Member | Dan Minchin | N/A | 2 years | - | - |
| Member | Tricia Murray | N/A | 2 years | - | - |
| Member | Vicki O'Donnell | N/A | 2 years | - | - |
| Member | Maria Osman | Sitting fee | 2 years | | \$2,210 |
| Member | Carol Petterson JP | Sitting fee | 2 years | | \$884 |
| Member | Julie Waylen | N/A | 2 years | - | - |
| Member | Ross Wortham | N/A | 2 years | - | - |
| Member | Debra Zanella | N/A | 2 years | - | - |
| Member | Michelle Andrews | N/A | 2 years | - | - |
| Member | Adam Tomison | N/A | 2 years | - | - |
| Member | Lisa Rodgers | N/A | 2 years | - | - |
| Member | David Russell-Weisz | N/A | 2 years | - | - |
| Member | Darren Foster | N/A | 2 years | - | - |
| Member | Jennifer McGrath | N/A | 2 years | - | - |
| Member | Commissioner Chris Dawson APM | N/A | 2 years | - | - |
| TOTAL | | | | | \$45,297 |

Notes (from previous page):

- Grahame Searle ended his membership on 31 January 2019
- Timothy Marney ended his membership on 14 June 2019
- Michelle Andrews joined as a member on 8 February 2019
- Lisa Rodgers joined as a member on 19 February 2019

Aboriginal Advisory Council (the Council)

The Department is responsible for policy relating to Aboriginal affairs, including the functions of the Council and the Aboriginal Affairs Coordinating Committee (AACC). The Council and AACC are established under the *Aboriginal Affairs Planning Authority Act 1972*. Details of remuneration for members is therefore contained in the Aboriginal Affairs Planning Authority financial statements in the Department of Planning, Lands and Heritage Annual Report.

Administered Legislation

The following Acts of Parliament which are the responsibility of the Premier are administered by the Department:

Alteration of Statutory Designations Act 1974

Armorial Bearings Protection Act 1979

Constitution Act 1889

Constitution Acts Amendment Act 1899

Daylight Saving Act 2006

Deputy Governor's Powers Act 1911

Discharged Servicemen's Badges Act 1967

Election of Senators Act 1903

Indian Ocean Territories (Administration of Laws) Act 1992

Machinery of Government (Miscellaneous Amendments) Act 2006

Members of Parliament (Financial Interests) Act 1992

Ministers' Titles Act 1925

Mutual Recognition (Western Australia) Act 2010

Noongar (Koorah, Nitja, Boordahwan) (Past, Present, Future) Recognition Act 2016

Parliamentary and Electorate Staff (Employment) Act 1992

Parliamentary Papers Act 1891

Public Sector Management Act 1994 (Part 4 only; remainder of Act administered by the Premier principally assisted by the Public Sector Commission)

Returned Servicemen's Badges Act 1953

Royal Commission (Custody of Records) Act 1992

Royal Commission into Commercial Activities of Government Act 1992

Royal Commissions Act 1968

Royal Powers Act 1953

Royal Style and Titles Act 1947

Standard Time Act 2005

State Flag Act 2006

Succession to the Crown Act 2015

Taxation (Staff Arrangements) Act 1969

Terrorism (Commonwealth Powers) Act 2002

Trans-Tasman Mutual Recognition (Western Australia) Act 2007

Western Australia Day (Renaming) Act 2012

Other key legislation impacting on the Department's activities includes:

Corruption, Crime and Misconduct Act 2003

Disability Services Act 1993

Equal Opportunity Act 1984

Electoral Act 1907

Financial Management Act 2006

Freedom of Information Act 1992

Industrial Relations Act 1979

Minimum Conditions of Employment Act 1993

Occupational Safety and Health Act 1984

Parliamentary Commissioner Act 1971

Public and Bank Holidays Act 1972

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

The following Act of Parliament is the responsibility of the Minister for Aboriginal Affairs and is administered in part by the Department:

Aboriginal Affairs Planning Authority Act 1972

Other Financial Disclosures

Pricing Policies

Fees and charges for publications, Government Gazette advertising and subscription services are generally increased in line with the Consumer Price Index as advised by the Department of Treasury (Treasury).

Rates are structured to recover all costs including overheads and labour, and are part of

the budget process with increases being approved by the responsible Minister (Premier) and Treasury.

Capital Works

The Department incurred purchase capital items of \$0.7 million during the financial year, predominantly for office establishment costs.

Personal Use of Credit Cards

| Personal expenditure under Treasurer's instruction 321 – Credit Cards – Authorised Use: | 2018–19 | 2019–20 |
|---|------------|------------|
| 1) the number of instances the Western Australian Government Purchasing Card has been used for a personal purpose | 16 | 18 |
| 2) the aggregate amount of personal use expenditure for the reporting period | \$3,401.50 | \$1,500.56 |
| 3) the aggregate amount of personal use expenditure settled by the due date | \$2,960.27 | \$1,414.71 |
| 4) the aggregate amount of personal use expenditure settled after the period required by paragraph (c) | \$441.23 | \$85.85 |
| 5) the aggregate amount of personal use expenditure outstanding at the end of the reporting period | - | - |
| 6) the number of referrals for disciplinary action instigated by the notifiable authority during the reporting period | - | - |

Statement of Expenditure – Electoral Act 1907

In compliance with section 175ZE of the *Electoral Act 1907*, the Department is required to report on expenditure incurred during the financial year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

Summary of Department advertising in 2019-20

| Summary of Advertising | Amount (\$) |
|--------------------------------------|------------------|
| Advertising Agencies | 653,114 |
| Market Research Organisations | 1,800 |
| Polling Organisations | – |
| Direct Mail Organisations | – |
| Media Advertising Agencies | 2,117,412 |
| Total advertising expenditure | 2,772,326 |

Advertising by class of expenditure 2019-20

| Recipient/Organisation | Amount (\$) |
|------------------------------------|-------------|
| Advertising Agencies | |
| 303 MullenLowe | 17,450 |
| Ammo Marketing | 102,727 |
| Arts Hub Australia Pty Ltd | 2,000 |
| Circling Shark Productions | 684 |
| Datasearch Internet Services | 905 |
| Doghouse Group Pty Ltd | 2,100 |
| Expo Signage and Digital Pty Ltd | 1,072 |
| FTI Consulting (Perth) Pty Ltd | 25,541 |
| Gatecrasher Advertising Pty Ltd | 3,500 |
| Goolarri Media Enterprises Pty Ltd | 2,000 |
| Clockwork Print | 605 |
| Jones Lang LaSalle (WA) Pty Ltd | 879 |
| Madeleine De Pierres | 2,990 |
| Metrix Consulting Pty Ltd | 77,850 |
| RARE Creativethinking | 392,941 |
| Sandbox Productions | 19,870 |

| Recipient/Organisation | Amount (\$) |
|--------------------------------------|------------------|
| Total | 653,114 |
| | |
| Market Research Organisations | |
| The KP Collective | 1,800 |
| Total | 1,800 |
| | |
| Polling Organisations | |
| Nil | – |
| Total | – |
| | |
| Direct Mail Organisations | |
| Nil | – |
| Total | – |
| | |
| Media Advertising Agencies | |
| Facebook | 602 |
| Initiative Media Australia Pty Ltd | 2,109,810 |
| Ipsos Public Affairs Pty Ltd | 7,000 |
| Total | 2,117,412 |

Performance Management Framework and KPIs

Relationship to Government goals

Broad Government goals are supported at agency level by specific outcomes, with the Department delivering services to achieve these outcomes. There were no changes to the Outcome Based Management structure during the 2019-20 financial year.

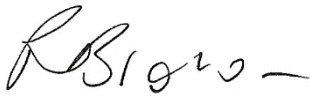
The following tables illustrate the relationship between the Department's services and desired outcomes, and the Government goal to which they contribute.

| Government Goal | Desired Outcomes | Services |
|---|---|--|
| Sustainable Finances: Responsible financial management and better service delivery | Executive Government and Members of Parliament receive appropriate support | Administration of Executive Government Services |
| | | Administration of Parliamentary Support |
| | The Premier and Ministers receive high quality, rigorous and timely policy advice | Government Policy Management – whole-of-Government |
| | | Government Policy Management – Aboriginal Affairs |
| | | Government Policy Management – ICT |

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



Rebecca Brown
Accountable Authority
03 September 2020

Audited Key Performance Indicator Information

Performance Indicators

The Department delivered services to achieve the following Government Goal, which is:

- Sustainable Finances: Responsible financial management and better service delivery.

The Department's Outcome Based Management (**OBM**) structure consists of two agency-level outcomes, and five agency-level services, which are:

- Outcome 1: Executive Government and Members of Parliament receive appropriate support.
- Outcome 2: The Premier and Ministers receive high quality, rigorous and timely policy advice.
- Service 1: Administration of Executive Government Services.
- Service 2: Administration of Parliamentary Support.
- Service 3: Government Policy Management – Whole-of-Government.
- Service 4: Government Policy Management – Aboriginal Affairs.
- Service 5: Government Policy Management – ICT.

Explanations for Significant Variances

Results with significant variances of 10 percent or more compared to the target or to prior year's results have been explained.

Key Effectiveness Indicators

The key effectiveness indicators reported were chosen for their ability to enable assessment to be made of the extent to which the Department's activities are achieving, or have made substantial progress towards achieving Outcome 1 and Outcome 2.

Outcome 1 – Executive Government and Members of Parliament receives appropriate support

| | 2016–17 Actual | 2017–18 Actual | 2018-19 Actual | 2019-20 Actual | 2019–20 Target |
|--|-----------------------|-------------------|--------------------|-------------------|-------------------|
| 1.1 Targets for support services are met or exceeded | 98% | 96% | 100% | 100% | 95% |
| 1.2 Service recipient's confirmation that services provided enable the obligations of Executive Government and Members of Parliament to be met | Exempt ^(a) | 3.7 | 4.0 ^(b) | 3.9 | 3.0 |

^(a) Due to the change in Government, the Department was unable to collect survey data for the first nine months of 2016-17. As a result, the Department obtained an exemption from the Under Treasurer and was not required to report against this Indicator for 2016-17.

^(b) The methodology with this Indicator was amended in 2018–19. The Annual Expectations Survey now includes the Members of Parliament. This change does not significantly impact on prior years' results.

Outcome 1 – Key Effectiveness Indicators Explanatory Notes

1.1 Targets for support services are met or exceeded

This indicator reports 'support services' (e.g. Air Charter requests, Ministerial Merit Panel and Correspondence, and Parliamentary printing and publishing) provided by corporate services to Executive Government (Premier, Ministers, Leaders of the Opposition parties) and Members of Parliament (Premier, all Ministers, Members of Parliament and their staff) to ensure the Department delivers appropriate support to Executive Government and Members of Parliament for which the timeliness of these services is measured. All services measured are considered to be of equal rank, with all results for the performance indicators averaged to determine the total result.

1.2 Service recipient's confirmation that services provided enable the obligations of Executive Government and Members of Parliament to be met

This indicator reports the satisfaction levels of the Executive Government, Leaders of the Opposition parties, Members of Parliament and their staff for corporate services delivered that enable them to meet their Parliamentary obligations. The survey population was 114 and the response rate was 71%.

The Annual Expectations Survey is distributed to all stakeholders for completion, which consists of various questions relating to the timeliness and quality of a range of corporate services provided. The rating is a value between one and five, where a value of one indicates services were 'well below expectations' and five indicates services were 'well above expectations'; while a value of three indicates services 'met expectations'.

Outcome 2 – The Premier and Ministers receive high quality, rigorous and timely policy advice

| | 2016–17 Actual | 2017–18 Actual | 2018–19 Actual | 2019–20 Actual | 2019–20 Target |
|---|-----------------------|-------------------|-------------------|-------------------|-------------------|
| 2.1 Service recipient's confirmation that high quality and timely policy advice is provided | Exempt ^(a) | 3.2 | 3.7 | 3.4 | 3.0 |

^(a) Due to the change in Government, the Department was unable to collect survey data for the first nine months of 2016-17. As a result, the Department obtained an exemption from the Under Treasurer and was not required to report against this Indicator for 2016-17.

Outcome 2 – Key Effectiveness Indicators Explanatory Notes

2.1 Service recipient's confirmation that high quality and timely policy advice is provided

This indicator reports the satisfaction levels of the Premier and all Ministers for policy services delivered by the Department. The survey population was 17 and the response rate was 94%.

The Annual Expectations Survey is distributed to all stakeholders for completion, which consists of various questions relating to the timeliness and quality of a range of policy services delivered by the Department. The rating is a value between one and five, where a value of one indicates services were 'well below expectations' and five indicates services were 'well above expectations'; while a value of three indicates services 'met expectations'.

Agency Services and Key Efficiency Indicators

The following five services directly support the delivery of agency-level outcomes and the Department's strategic goals:

- Service 1: Administration of Executive Government Services;
- Service 2: Administration of Parliamentary Support;

- Service 3: Government Policy Management – Whole of Government;
- Service 4: Government Policy Management – Aboriginal Affairs; and
- Service 5: Government Policy Management – ICT.

The key efficiency indicators provide information on the cost of inputs required to deliver outcomes, and include all costs associated with the specific service. To report the cost of service, corporate support expenses are distributed across services on a Full Time Equivalent (FTE) basis and incorporated in reported key efficiency indicators.

The following expenditures have been excluded in calculating efficiency indicators as they do not directly relate to the services provided by the Department or are not considered to be a cost of service delivery.

| Excluded Expenditures | 2016–17 Actual \$'000 | 2017–18 Actual \$'000 | 2018–19 Actual \$'000 | 2019–20 Actual \$'000 |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Resources provided free of charge | 1,023 | 802 | 812 | 892 |
| Community service obligations and non-core operations ^(a) | 28,124 | 5,543 | 2,813 | 1,931 |
| Grants and donations | 36,890 | 8,745 | 7,981 | 13,693 |
| Total | 66,037 | 15,090 | 11,606 | 16,516 |

(a) Includes costs for the Constitutional Centre, State Law Publisher, Government Communications Unit and Yarloop Clean-up Project (2016-17 to 2018-19).

Service 1: Administration of Executive Government Services

The Department provides a range of services including:

- administrative support to the Premier, Ministerial offices and to the Leader of the Opposition and Leader of the Second Opposition offices;
- support for the functions of Cabinet and Parliament;
- communication of Government policies and activities;
- support for the Executive Council; and
- management of the State occasions and official visits program.

| | 2016–17 Actual \$'000 | 2017–18 Actual \$'000 | 2018–19 Actual \$'000 | 2019–20 Actual \$'000 | 2019–20 Target \$'000 |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| 1.1 Average operating cost per Ministerial Office (including Premier's Office and Leader of the Opposition) | 2,908 | 3,032 | 2,959 | 2,856 | 2,776 |
| 1.2 Average cost of support provided per Ministerial Office (including Premier's Office and Leader of the Opposition) | 546 | 542 | 492 | 522 | 487 |

Service 1: Key Efficiency Indicators Explanatory Notes

1.1 Average operating cost per Ministerial Office (including the Premier's Office and Leader of the Opposition)

The purpose of this indicator is to highlight the operating cost per Ministerial Office, and seek to measure the efficiency of the costs associated with administering each Ministerial Office.

The Department is responsible for the administration of Executive Government services, which includes the administration of salaries, office accommodation and air charter related expenditure for Ministerial Offices.

This indicator reports the average operational expense for each Ministerial Office (but also includes the Leader of the Opposition and Leader of the Second Opposition offices) plus a proportion of the cost of corporate support allocated on an FTE basis.

1.2 Average cost of support provided per Ministerial Office (including the Premier's Office and Leader of the Opposition)

The purpose of this indicator is to highlight the central administrative support cost per Ministerial Office, and seek to measure the efficiency of the costs associated with each Ministerial Office.

The Department is responsible for providing central administration support to Ministerial Offices, which includes executive transport, media monitoring, cabinet secretariat and state ceremonial events.

This indicator reports the average operational expense for each Ministerial Office (but also includes the Leader of the Opposition and Leader of the Second Opposition offices) plus a proportion of the cost of corporate support allocated on an FTE basis.

Service 2: Administration of Parliamentary Support

The Department is responsible for the provision of administrative support to Members of Parliament.

| | 2016–17 Actual \$'000 | 2017–18 Actual \$'000 | 2018–19 Actual \$'000 | 2019–20 Actual \$'000 | 2019–20 Target \$'000 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 2.1 Average cost of entitlements per Member of Parliament | 415 | 403 | 400 | 351 ^(a) | 387 |
| 2.2 Average cost of support per Member of Parliament | 20 | 14 | 21 | 22 | 18 |

(a) The '2019-20 actual' for KEI 2.1 reflects the change in methodology used to allocate corporate overhead expenditure.

Service 2: Key Efficiency Indicators Explanatory Notes

2.1 Average cost of entitlements per Member of Parliament

This indicator has been designed to measure the Department's ability to efficiently administer costs of entitlements per Member of Parliament.

The Department is responsible for the administration of entitlements to Members of Parliament and former Premiers in accordance with the Salaries and Allowances Tribunal. Entitlements include parliamentary electorate office staff, office accommodation and associated costs, as well as intra-state electorate travel for regional Members of Parliament.

This indicator reports the average cost of entitlements per Member of Parliament.

Other expenses included in this indicator are the establishment, relocation and fit-out costs of Electorate Offices.

The decrease in the 'actual' average cost of entitlements per Member of Parliament for 2019-20 compared to the 2018-19 actual and 2019-20 budget target reflects the change in methodology used to allocate corporate overhead expenditure for this KEI. Previously, corporate overheads for this KEI was based on Electorate Office staff (approximately 200 FTE) now overheads are reflected in KEI 2.2.

2.2 Average cost of support provided per Member of Parliament

This indicator has been designed to measure the Department's central administrative costs to support Members of Parliament.

The indicator also includes expenses associated with the salaries and related costs for the Government Whip.

This indicator reports the average cost of support provided per Member of Parliament.

The minor increase in the 'actual' average cost of support per Member of Parliament for 2019-20 compared to the 2019-20 budget target reflects the change in methodology used to allocate corporate overheads expenditure (refer to KEI 2.1).

Service 3: Government Policy Management – Whole of Government

The Department provides strategic policy advice and coordination to the Premier and Cabinet including:

- leadership and coordination of cross-agency solutions to complex issues;
- managing and coordinating Government input into intergovernmental negotiations and advice on federal reform, treaties, defence and other matters raised through the Council of Australian Governments and the Council for the Australian Federation; and
- emergency management policy advice to the Premier, Ministers and Government agencies and whole-of-government management and coordination of significant security incidents and emergencies.

| | 2018–19 Actual \$'000 | 2019–20 Actual \$'000 | 2019–20 Target \$'000 |
|---|-----------------------------|-----------------------------|-----------------------------|
| 3.1 Average cost to deliver policy advice per applicable Full Time Equivalent | 233 | 223 | 258 |

Service 3: Key Efficiency Indicators Explanatory Notes

3.1 Average cost to deliver policy advice per applicable Full Time Equivalent

The purpose of this indicator is to identify the average cost to deliver policy advice services.

This indicator reports the average cost to deliver policy advice per applicable FTE and is calculated by dividing the total cost to deliver policy advice by the number of FTEs in the general Policy Management area including corporate support.

The decrease in the 'actual' average cost to deliver policy advice per FTE for 2019-20 compared to the 2019-20 budget target represents the deferral of the Public Sector Reform Program and increased FTE due to the revised allocation for corporate overhead expenditure (refer to KEI 2.1).

The 2019-20 Budget Target also includes costs for Infrastructure WA, which was established on 25 July 2019, and is not reported in the 2019-20 Actual.

Service 4: Government Policy Management – Aboriginal Affairs

The Department provides strategic policy advice and coordination to the Minister for Aboriginal Affairs, including cross-portfolio advice on land, State and Commonwealth approvals and Indigenous issues.

| | 2018–19 Actual \$'000 | 2019–20 Actual \$'000 | 2019–20 Target \$'000 |
|---|-----------------------------|-----------------------------|-----------------------------|
| 4.1 Average cost to deliver policy advice per applicable Full Time Equivalent | 305 | 300 | 380 |

Service 4: Key Efficiency Indicators Explanatory Notes

4.1 Average cost to deliver policy advice per applicable Full Time Equivalent

The purpose of this indicator is to identify the average cost to deliver policy advice for Aboriginal Affairs.

This indicator reports the average cost to deliver policy advice per applicable FTE and is calculated by dividing the total cost to deliver policy advice by the number of FTEs in Aboriginal Affairs including corporate support.

The decrease in the 'actual' average cost for 2019-20 compared to the target reflects the lower than expected tenure, research and legal fees.

Service 5: Government Policy Management – ICT

The Department provides strategic policy advice and coordination to the Minister for Innovation and ICT.

| | 2018–19 Actual \$'000 | 2019–20 Actual \$'000 | 2019–20 Target \$'000 |
|---|-----------------------------|-----------------------------|-----------------------------|
| 5.1 Average cost to deliver policy advice per applicable Full Time Equivalent | 274 | 211 | 187 |

Service 5: Key Efficiency Indicators Explanatory Notes

5.1 Average cost to deliver policy advice per applicable Full Time Equivalent

The purpose of this indicator is to identify the average cost to deliver policy advice for Innovation and ICT.

This indicator reports the average cost to deliver policy advice per applicable FTE and is calculated by dividing the total cost to deliver policy advice by the number of FTEs in the Office of Digital Government including corporate support.

The increase in the 'actual' average for 2019-20 compared to the target mainly reflects lower actual FTE (44) compared to the Target which was based on 55 FTE.

The decrease in the 'actual' average for 2019-20 compared to the 'actual' for 2018-19 reflects the higher FTE in 2019/20 (44) compared to 2018/19 (24). It also represents a higher proportion of staff at lower levels and goods and services shared by a greater number of employees, which decrease the overall average cost.





Financial Performance



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

DEPARTMENT OF THE PREMIER AND CABINET

Report on the financial statements

Opinion

I have audited the financial statements of the Department of the Premier and Cabinet 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 the Premier and Cabinet for the year ended 30 June 2020 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

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

Responsibility of the Director General for the financial statements

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

In preparing the financial statements, the Director General is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Department.

Auditor's responsibility for the audit of the financial statements

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

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. 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 the Premier and Cabinet. The controls exercised by the Department are those policies and procedures established by the Director General to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

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

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

The Director General's responsibilities

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

Auditor General's responsibilities

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

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

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

Limitations of controls

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

Report on the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Department of the Premier and Cabinet 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 the Premier and Cabinet are relevant and appropriate to assist users to assess the agency's performance and fairly represent indicated performance for the year ended 30 June 2020.

The Director General's responsibility for the key performance indicators

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

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

Auditor General's responsibility

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

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

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

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

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

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

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



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

Certification of Financial Statements

for the reporting period ended 30 June 2020

The accompanying financial statements of the Department of the Premier and Cabinet 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.

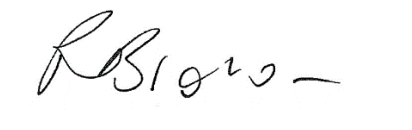
At the date of signing we are not aware of any circumstances, which would render the particulars included in the financial statements misleading or inaccurate.

A handwritten signature in black ink, appearing to read 'G Meyers', is written over a horizontal line.

Gary Meyers

Chief Finance Officer

03 September 2020

A handwritten signature in black ink, appearing to read 'R Brown', is written over a horizontal line.

Rebecca Brown

Accountable Authority

03 September 2020

Department of the Premier and Cabinet
Statement of Comprehensive Income
for the year ended 30 June 2020

| | Note | 2020 \$'000 | 2019 \$'000 |
|---|-------------------|----------------|----------------|
| Cost of Services | | | |
| Expenses | | | |
| Employee benefits expense | 2.1 (a) | 92,867 | 89,675 |
| Supplies and services | 2.3 | 28,714 | 27,836 |
| Depreciation and amortisation expense | 4.1.1; 4.2; 4.3.1 | 2,353 | 1,984 |
| Finance costs | 6.3 | 17 | - |
| Accommodation expenses | 2.3 | 19,694 | 20,240 |
| Grants and subsidies | 2.2 | 13,693 | 7,795 |
| Loss on disposal of non-current assets | 3.6 | 3 | 2 |
| Other expenses | 2.3 | 2,097 | 1,570 |
| Total cost of services | | 159,438 | 149,101 |
| Revenue and income | | | |
| Sales | 3.2 | 897 | 1,291 |
| Other revenue | 3.4 | 763 | 708 |
| Gains on hedging | | - | 169 |
| Commonwealth grants and contributions | 3.3 | 537 | 525 |
| Grant and subsidies | 3.5 | - | 5,939 |
| Total Revenue | | 2,197 | 8,632 |
| Total income other than income from State Government | | 2,197 | 8,632 |
| Net cost of services | | 157,241 | 140,469 |
| Income from State Government | | | |
| Service appropriation | 3.1 | 145,719 | 133,451 |
| Services received free of charge | 3.1 | 6,922 | 6,400 |
| Royalties for Regions Fund | 3.1 | 2,207 | 407 |
| Total income from State Government | | 154,848 | 140,258 |
| Deficit for the period | | (2,393) | (211) |
| Total Comprehensive Loss for the Period | | (2,393) | (211) |

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

Department of the Premier and Cabinet
Statement of Financial Position
as at 30 June 2020

| | Note | 2020 \$'000 | 2019 \$'000 |
|--------------------------------------|---------|----------------|----------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 6.1 | 24,308 | 23,304 |
| Restricted cash and cash equivalents | 6.1 | 15,597 | 17,828 |
| Receivables | 5.1 | 3,752 | 805 |
| Amounts receivable for services | 5.2 | 8,786 | 6,603 |
| Other current assets | 5.3 | 1,829 | 2,428 |
| Total Current Assets | | 54,272 | 50,968 |
| Non-Current Assets | | | |
| Restricted cash and cash equivalents | 6.1 | 1,299 | 831 |
| Amounts receivable for services | 5.2 | 24,342 | 24,342 |
| Property, plant and equipment | 4.1 | 6,604 | 7,640 |
| Right-of-use assets | 4.2 | 447 | - |
| Intangibles | 4.3 | 1,063 | 1,365 |
| Total Non-Current Assets | | 33,755 | 34,177 |
| Total Assets | | 88,027 | 85,146 |
| Current Liabilities | | | |
| Payables | 5.4 | 5,221 | 3,645 |
| Provisions | 2.1 (b) | 17,613 | 15,352 |
| Lease Liabilities | 6.2 | 251 | - |
| Grant Liabilities | 5.5 | 908 | - |
| Total Current Liabilities | | 23,993 | 18,997 |
| Non-Current Liabilities | | | |
| Lease Liabilities | 6.2 | 218 | - |
| Provisions | 2.1 (b) | 4,490 | 3,667 |
| Total Non-Current Liabilities | | 4,708 | 3,667 |
| Total Liabilities | | 28,701 | 22,664 |
| Net Assets | | 59,326 | 62,482 |
| Equity | | | |
| Contributed equity | 8.7 | 40,588 | 41,351 |
| Accumulated surplus | | 18,738 | 21,132 |
| Total Equity | | 59,326 | 62,482 |

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

| | Note | Contributed equity | Reserves | Accumulated Surplus/ (deficit) | Total equity |
|--|------|--------------------|------------|--------------------------------|---------------|
| Balance at 1 July 2018 | | 36,368 | 164 | 22,393 | 58,925 |
| Changes in accounting policies ^(a) | | - | - | (6) | (6) |
| Correction of prior period errors ^(b) | | - | - | (1,045) | (1,045) |
| Restated balance at 1 July 2018 | | 36,368 | 164 | 21,342 | 57,874 |
| Surplus / (deficit) | | - | - | (211) | (211) |
| Transfers from other agencies ^(c) | | 4,983 | - | - | 4,983 |
| Hedging gains reclassified to profit or loss | | - | (164) | - | (164) |
| Total movements | | 4,983 | (164) | (211) | 4,608 |
| Balance at 30 June 2019 | | 41,351 | - | 21,131 | 62,482 |
| Balance at 1 July 2019 | | 41,351 | - | 21,131 | 62,482 |
| Surplus / (deficit) | | - | - | (2,393) | (2,393) |
| Transfers from other agencies | | | | | |
| Capital Appropriation | | 382 | - | - | 382 |
| Transferred to Other Agency ^(d) | | (1,145) | - | - | (1,145) |
| Total movements | | (763) | - | (2,393) | (3,156) |
| Balance at 30 June 2020 | | 40,588 | - | 18,738 | 59,326 |

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

(a) reflects the effect of the introduction of AASB 9.

(b) during the year it was found that \$1.045 million was paid for expenses incurred during the previous financial year. This is offset by the correction for the prior year interest receivable (\$180k) on the Browse SPA account. See note 8.2.

(c) represents net assets transferred from the former Office of the Government Chief Information Officer (OGCIO) following the Machinery of Government (MoG) changes on 1 July 2018.

(d) represents unspent Royalties for Regions cash received for the Great Kimberley Marine Park (\$365k) and appropriation relating to Infrastructure WA (\$780k) during 2018-2019.

Statement of Cash Flows

for the year ended 30 June 2020

| | 2020 \$'000 | 2019 \$'000 |
|--|------------------------|------------------------|
| Cash Flows from State Government | | |
| Service appropriation | 143,179 | 132,367 |
| Capital appropriation | 382 | - |
| Holding account drawdowns | 357 | 351 |
| Royalties for Regions Fund | 2,207 | 407 |
| Net cash provided by State Government | 146,125 | 133,125 |
| Utilised as follows: | | |
| Cash Flows from Operating Activities | | |
| Payments | | |
| Employee benefits | (90,772) | (86,404) |
| Supplies and services | (23,556) | (23,491) |
| Finance costs | (17) | - |
| Accommodation | (18,727) | (21,911) |
| Grants and subsidies | (13,420) | (7,750) |
| GST payments on purchases | (5,590) | (5,814) |
| GST payments to taxation authority | - | (149) |
| Other payments | (770) | (159) |
| Receipts | | |
| Other revenue | 758 | 609 |
| Grants and subsidies | 908 | 5,939 |
| Sales of goods and services | 946 | 1,291 |
| Commonwealth grants and contributions | 537 | 525 |
| Interest received | - | - |
| GST receipts on sales | 113 | 149 |
| GST receipts from taxation authority | 4,595 | 5,760 |
| Other receipts | 249 | 164 |
| Net cash provided by / (used in) operating activities | (144,746) | (131,239) |
| Cash Flows from Investing Activities | | |
| Payments | | |
| Cash transferred from / (to) other agencies ^(a) | - | 4,426 |
| Purchase of non-current physical assets | (651) | (6,841) |
| Net cash provided by / (used in) investing activities | (651) | (2,415) |

| | 2020 \$'000 | 2019 \$'000 |
|--|----------------|----------------|
| Statement of Cash Flows (continued) | | |
| Cash Flows from Financing Activities | | |
| Payments | | |
| Principal elements of lease payments | (345) | - |
| Transferred to other Agency ^(b) | (1,145) | |
| Net cash provided by / (used in) financing activities | (1,490) | - |
| Net (decrease) / increase in cash and cash equivalents | (762) | (529) |
| Cash and cash equivalents at the beginning of period | 41,966 | 42,495 |
| Cash and Cash Equivalents at the End of Period | 41,204 | 41,966 |

- (a) Represents cash transferred from the Office of the Government Chief Information Officer (OGCIO) as part of the 2018-19 MoG changes.
- (b) Represents unspent Royalties for Regions cash received for the Great Kimberley Marine Park (\$365k) and appropriation relating to Infrastructure WA (\$780k) during 2018-2019.

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

Summary of Consolidated Account Appropriations

for the year ended 30 June 2020

| | 2020 Budget Estimate \$'000 | 2020 Supplementary Funding \$'000 | 2020 Revised Budget \$'000 | 2020 Actual \$'000 | 2020 Variance \$'000 |
|---|--------------------------------------|--|-------------------------------------|--------------------------|----------------------------|
| Delivery of Services | | | | | |
| Item 5 Net amount appropriated to deliver services | 142,489 | 1,802 | 144,291 | 144,154 | (137) |
| Section 25 Transfer of service appropriation | - | - | - | - | - |
| Amount authorised by other Statutes: | | | | | |
| - <i>Salaries and Allowances Act 1975</i> | 2,065 | (500) | 1,565 | 1,565 | - |
| Total appropriations provided to deliver services | 144,554 | 1,302 | 145,856 | 145,719 | (137) |
| Capital | | | | | |
| Item 93 Capital Appropriation | 12,175 | (11,793) | 382 | 382 | - |
| Item 116 Capital Appropriation | - | - | - | - | - |
| Administered Transactions | | | | | |
| Item 6 Administered grants, subsidies and other transfer payments | - | - | - | - | - |
| Total Administered transactions | - | - | - | - | - |
| Grand Total | 156,729 | (10,491) | 146,238 | 146,101 | (137) |

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

Note 8.9 'Explanatory Statement' provides details of significant variations between estimates and actual results for 30 June 2020.

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 03 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 (TI);
- 3) Australian Accounting Standards (AAS) – Reduced Disclosure Requirements; and
- 4) where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

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

Basis of preparation

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

Judgments 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 believed to be reasonable under the circumstances.

Contributed equity

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

2. Use of our funding

Expense incurred in the delivery of services

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

| | Notes | 2020 \$'000 | 2019 \$'000 |
|-----------------------------|---------|----------------|----------------|
| Employee benefits expenses | 2.1 (a) | 92,867 | 89,675 |
| Employee related provisions | 2.1 (b) | 22,103 | 19,019 |
| Grants and subsidies | 2.2 | 13,693 | 7,795 |
| Other expenditure | 2.3 | 50,505 | 49,646 |

2.1 (a) Employee benefits expense

| | 2020 \$'000 | 2019 \$'000 |
|--|----------------|----------------|
| Employee benefits ^(a) | 83,979 | 80,617 |
| Termination benefits ^(b) | 529 | 1,273 |
| Superannuation - defined contribution plans ^(c) | 8,359 | 7,785 |
| Total employee benefits expense | 92,867 | 89,675 |

(a) Employee Benefits:

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

(b) 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.

(c) Superannuation:

The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the Gold State Super (concurrent contributions), the West State Super (WSS), the Government Employees Superannuation Board (GESB), or other superannuation funds. The employer contribution paid to the GESB in respect of the Gold State Super is paid back into the Consolidated Account by the GESB.

2.1 (b) Employee related provisions

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

| | 2020 \$'000 | 2019 \$'000 |
|--|----------------|----------------|
| Current | | |
| Employee benefits provisions: | | |
| Annual leave ^(a) | 9,498 | 8,023 |
| Long service leave ^(b) | 8,059 | 7,279 |
| | 17,557 | 15,302 |
| Other provisions: | | |
| Employment on-costs ^(c) | 56 | 50 |
| Total current employee related provisions | 17,613 | 15,352 |
| Non-current | | |
| Employee benefits provisions: | | |
| Long service leave | 4,476 | 3,656 |
| Other provisions: | | |
| Employment on-costs ^(c) | 14 | 12 |
| Total non-current employee related provisions | 4,490 | 3,667 |
| Total employee related provisions | 22,103 | 19,019 |

(a) Annual leave liabilities:

These are classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period.

The provision for annual leave is calculated as the present value of expected payments in relation to services provided by employees up to the end of 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) 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 expenditure, note 2.3 (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 |
|--|----------------|----------------|
| Employment on-cost provision | | |
| Carrying amount at start of the period | 45 | 51 |
| Additional/ (reversals of) provisions recognised | 58 | 27 |
| Payments/other sacrifices of economic benefits | (33) | (33) |
| Carrying amount at end of the period | 70 | 45 |

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 |
|-----------------------------------|------------------------|------------------------|
| Recurrent | | |
| Subsidies and community grants | 5,386 | 3,178 |
| Government agency grants | 2,916 | 1,880 |
| External grants | 5,391 | 2,737 |
| Total grants and subsidies | 13,693 | 7,795 |

Transactions in which the Department provides goods, services, assets (or extinguishes 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.

2.3 Other Expenditure

| | 2020 \$'000 | 2019 \$'000 |
|-------------------------------------|----------------|----------------|
| Supplies and services | | |
| Professional services | 14,119 | 12,839 |
| Aircraft operating costs | 4,139 | 7,082 |
| Travel | 1,850 | 2,618 |
| Communications | 1,480 | 1,922 |
| Consumables | 2,423 | 1,365 |
| Lease of motor vehicles | 249 | 639 |
| Security | 225 | 231 |
| Advertising | 2,601 | 22 |
| Systems development and maintenance | 785 | 397 |
| Other administration costs | 843 | 721 |
| Total supplies and services | 28,714 | 27,836 |
| Accommodation Expenses | | |
| Lease rentals and outgoings | | |
| Department of Finance | 5,467 | 5,681 |
| Other ^(a) | 13,500 | 13,647 |
| Repairs and maintenance | 241 | 430 |
| Contract - cleaning services | 486 | 482 |
| Total accommodation expenses | 19,694 | 20,240 |
| Other expenditure | | |
| Other staff costs | 285 | 367 |
| Computer software licenses | 1,088 | 635 |
| Expected credit loss expense | - | 7 |
| Employment on-cost ^(b) | 245 | 304 |
| Audit Fees - Internal/External | 479 | 257 |
| Total other expenditure | 2,097 | 1,570 |
| Total Other Expenditure | 50,505 | 49,646 |

(a) Contracts for Dumas House and Parliamentary Electorate Offices are with the Department of Finance Building Management and Works through Jones Lang Lasalle (WA) Pty Ltd as agents.

(b) Includes workers' compensation insurance.

Supplies and services

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

Rental expenses include:

- i) short-term leases with a lease term of 12 months or less;
- ii) low-value leases with an underlying value of \$5,000 or less; and
- iii) 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.

Other expenses

Other expenses generally represent the day-to-day running costs incurred in normal operations. Other staff costs include training and staff development.

Employee on-cost

Employee on-cost includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at note 2.1(b) 'Employee related provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Expected credit loss expense

From 2018-19, expected credit loss 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 based on observed indicators of the probability of default and the loss given default for the asset classes including trade receivables and other assets. This is 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 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 governing the recognition and measurement of funding. The primary income received by the Department and the relevant notes are:

| | Notes | 2020 \$'000 | 2019 \$'000 |
|--------------------------------------|-------|----------------|----------------|
| Income from State Government | 3.1 | 154,848 | 140,258 |
| Sales of goods | 3.2 | 897 | 1,291 |
| Commonwealth grants | 3.3 | 537 | 525 |
| Other revenue | 3.4 | 763 | 708 |
| Grants and subsidies | 3.5 | - | 5,939 |
| (Losses)/Gains on disposal of assets | 3.6 | (3) | (2) |

3.1 Income from State Government

| | 2020 \$'000 | 2019 \$'000 |
|--|----------------|----------------|
| Appropriation received during the period: | | |
| Service appropriations ^(a) | 145,719 | 133,451 |
| Services received free of charge from other State Government agencies during the period: | | |
| Department of Finance - lease administration services and depreciation on fit outs | 3,221 | 3,126 |
| Department of Justice - legal services | 3,649 | 3,251 |
| Department of Education - communication representatives for COVID-19 pandemic unit | 31 | - |
| Landgate - spatial and valuation services | 4 | 22 |
| Department of Primary Industries and Regional Development - support the Department of its obligations under applicable legislation | 17 | 1 |
| Total services received | 6,922 | 6,400 |
| Royalties for Regions Fund: | | |
| - Regional Community Services Account ^(b) | 2,207 | 407 |
| Total Royalties for Regions Fund | 2,207 | 407 |
| Total income from State Government | 154,848 | 140,258 |

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

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

- cash component; and
- a receivable (asset). Amounts receivable for services (Holding Account).

b) Resources Received Free of Charge:

Where services have been received free of charge, the Department recognises income equivalent to the fair value of those services that can be reliably determined and which would have been purchased if not donated.

Capital works project management services received free of charge from the Department of Finance are recognised at fair value.

c) Regional Community Services Account:

This is a sub-fund within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas and are recognised as revenue when the Department gains control on receipt of the funds. The Department has assessed Royalties for Regions agreements and concludes that they are not within the scope of AASB 15 as they do not meet the 'sufficiently specific' criterion.

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

3.2 Sale of Goods

| | 2020 \$'000 | 2019 \$'000 |
|--|------------------------|------------------------|
| Sale of goods from the State Law Publisher | 897 | 1,291 |

Until 30 June 2019, revenue was recognised from the sale of goods when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

From 1 July 2019, revenue is recognised at the transaction price when the Department transfers control of the goods to customers.

Revenue is recognised at a point-in-time for the sale of goods from the State Law Publisher. The performance obligations are satisfied when the goods are delivered to the customers.

3.3 Commonwealth grants and contributions

| | 2020 \$'000 | 2019 \$'000 |
|--------------------------|------------------------|------------------------|
| Indian Ocean Territories | 537 | 525 |

The funding received from the Commonwealth Department of Regional Australia, Local Government, Arts and Sport is to fund the salaries and on-costs for a State Coordinator and an Administrative Officer. The arrangement between the Department and the Commonwealth Government requires the Department to:

- protect the State's legal, financial and political interests;
- provide a first point of contact in Indian Ocean Territories (IOT) matters for State Agencies; and to
- facilitate the Commonwealth Government's objective of comparability of rights, standards and services in the IOT consistent with those of Western Australia.

Until 30 June 2019

Income from Commonwealth grants is recognised at fair value when the grant is receivable.

From 1 July 2019

Current grants are recognised as income when the grants are receivable. Capital grants are recognised as income when the Department achieves milestones specified in the grant agreement.

3.4 Other revenue

| | 2020 \$'000 | 2019 \$'000 |
|--|----------------|----------------|
| Contributions by eligible officers to the Government's Vehicle Schemes | 163 | 143 |
| Services provided to other agencies | 7 | 10 |
| Recoups ^(a) | 199 | 292 |
| Miscellaneous funding | 394 | 263 |
| Total other revenue | 763 | 708 |

(a) Includes recoups for Information Technology services provided to other agencies.

Other revenue is recognised as income at fair value when the services have been provided and the Department gains control over the resulting economic benefit.

3.5 Grants and subsidies

| | 2020 \$'000 | 2019 \$'000 |
|-------------------------------------|----------------|----------------|
| Grants and subsidies ^(a) | - | 5,939 |
| Total grants and subsidies | - | 5,939 |

(a) Includes \$5.8 million in grants revenue received in FY2019 from the ICT Renewal and Reform Fund for the operation of the former OGCI0.

Until 30 June 2019

Income from grants is recognised at fair value when the grant is receivable.

From 1 July 2019

Current grants are recognised as income when the grants are receivable. Capital grants are recognised as income when the Department achieves milestones specified in the grant agreement.

3.6 Gains/(Losses) on disposal of assets

| | 2020 \$'000 | 2019 \$'000 |
|--|----------------|----------------|
| Carrying amount of non-current assets | | |
| Office establishment | 3 | 2 |
| Net (loss)/gain | (3) | (2) |

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets. Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in profit or loss in the 'Statement of Comprehensive Income' (from the proceeds of sale).

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 |
|-------------------------------|-------|----------------|----------------|
| Property, plant and equipment | 4.1 | 6,604 | 7,642 |
| Right-of-use assets | 4.2 | 447 | - |
| Intangible assets | 4.3 | 1,063 | 1,365 |

4.1 Property, plant and equipment

| | Computer Hardware \$'000 | Furniture and Fittings \$'000 | Aircraft \$'000 | Office Equipment \$'000 | Office Establishment \$'000 | Total \$'000 |
|---|--------------------------------|-------------------------------------|--------------------|-------------------------------|-----------------------------------|-----------------|
| Year ended 30 June 2019 | | | | | | |
| At 30 June 2019 | | | | | | |
| Open net book amount | 2,270 | 120 | 5,609 | 1,931 | 10,467 | 20,397 |
| Adjustment for change in accounting policy - AASB 16(a) | - | - | - | - | - | - |
| Restated opening net book amount | 2,270 | 120 | 5,609 | 1,931 | 10,467 | 20,397 |
| 1 July 2019 | | | | | | |
| Gross carrying amount | 2,270 | 120 | 5,609 | 1,931 | 10,467 | 20,397 |
| Accumulated Depreciation | (2,237) | (98) | (407) | (1,574) | (8,438) | (12,753) |
| Carrying amount at start of the period | 33 | 22 | 5,203 | 356 | 2,028 | 7,642 |
| Additions | 7 | - | - | 95 | 507 | 609 |
| Disposals | - | - | - | - | (2) | (2) |
| Depreciation | (29) | (3) | (698) | (151) | (764) | (1,645) |
| Carrying amount at 30 June 2020 | 11 | 19 | 4,505 | 300 | 1,769 | 6,604 |
| Gross carrying amount | 2,277 | 120 | 5,609 | 1,682 | 10,150 | 19,838 |
| Accumulated Depreciation | (2,266) | (101) | (1,104) | (1,382) | (8,381) | (13,234) |

(a) The application of AASB 16 has resulted in the reclassification of finance leased assets to right-of-use assets.

Initial recognition and measurement

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, 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 acquired for no consideration and those transferred as part of a machinery of government change are transferred at their fair value.

Subsequent measurement

The Department does not hold land, buildings or infrastructure assets. As such, items of property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses.

Significant assumptions and judgements

The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic life.

4.1.1 Depreciation and impairment

Charge for the period

| | 2020 \$'000 | 2019 \$'000 |
|--|----------------|----------------|
| Depreciation | | |
| Computer hardware | 29 | 318 |
| Furniture and fittings | 3 | 3 |
| Aircraft | 698 | 407 |
| Office equipment | 151 | 169 |
| Office establishment | 764 | 711 |
| Total depreciation for the period | 1,645 | 1,609 |

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

Finite useful lives

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner reflecting the consumption of their future economic benefits.

Depreciation is generally calculated on a straight line basis, at rates allocating 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 |
|------------------------|--------------|
| Furniture and fittings | 5 years |
| Office equipment | 5 – 10 years |
| Computer hardware | 3 years |
| Aircraft | 8 years |
| Office establishment | 4 – 10 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.

Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication 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. 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 asset is reviewed annually to verify 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 |
|--|----------------|----------------|
| Right-of-use assets | | |
| Vehicles at cost | 753 | - |
| Accumulated depreciation | (306) | |
| Net Carrying Amount at 30 June 2020 | 447 | - |

Additions to right-of-use assets during the 2020 financial year were \$282,454.

Initial recognition

Right-of-use (ROU) 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'.

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

Subsequent measurement

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

Depreciation and impairment of right-of-use assets

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

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

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 4.1.1.

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

| | 2020 \$'000 | 2019 \$'000 |
|--|------------------------|------------------------|
| Vehicles | 364 | - |
| Total right-of-use asset depreciation | 364 | - |
| Lease interest expense | 17 | - |

The total cash outflow for leases in 2020 was **\$343,989**.

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.

Up to 30 June 2019, the Department classified leases as either finance leases or operating leases. From 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 6.2.

4.3 Intangible assets

| | Computer Software \$'000 | Work in Progress \$'000 | Total \$'000 |
|---|---|--|-------------------------|
| Year ended 30 June 2020 | | | |
| 1 July 2019 | | | |
| Gross carrying amount | 4,087 | 247 | 4,334 |
| Accumulated amortisation | (2,969) | - | (2,969) |
| Computer software - Carrying amount at start of the period | 1,118 | 247 | 1,365 |
| Additions | - | 42 | 42 |
| Amortisation expense | (344) | - | (344) |
| Computer software - Carrying amount at 30 June 2020 | 774 | 289 | 1,063 |

Initial recognition

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

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

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

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

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Website costs

Website costs are expensed when incurred unless they directly relate to the acquisition or development of an intangible asset. In this instance they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a website, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a website that can be reliably measured, are capitalised to the extent that they represent probable future economic benefits.

Computer software

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

Subsequent measurement

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

4.3.1 Amortisation and impairment

| | 2020 \$'000 | 2019 \$'000 |
|---|----------------|----------------|
| Charge for the period | | |
| Computer software amortisation ^(a) | 344 | 375 |
| Total amortisation for the period | 344 | 375 |

^(a) The estimated useful life for software is 3 years.

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 and at reporting date 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.

Impairment

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.

There were no indications of impairment of property, plant and equipment, and intangible assets at 30 June 2020.

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 | 3,752 | 805 |
| Amounts receivable for services | 5.2 | 33,128 | 30,945 |
| Other current assets | 5.3 | 1,829 | 2,428 |
| Payables | 5.4 | 5,221 | 3,645 |
| Grant Liabilities | 5.5 | 908 | - |

5.1 Receivables

| | 2020 \$'000 | 2019 \$'000 |
|---|----------------|----------------|
| Current | | |
| Trade receivables | 2,516 | 525 |
| Allowance for impairment of receivables | (7) | (7) |
| GST receivable | 1,243 | 288 |
| Total current receivables | 3,752 | 805 |

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 | 8,786 | 6,603 |
| Non-current | 24,342 | 24,342 |
| Balance at end of the period | 33,128 | 30,945 |

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

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

5.3 Other current assets

| | 2020 \$'000 | 2019 \$'000 |
|-----------------------------------|----------------|----------------|
| Prepayments | 1,816 | 2,411 |
| Inventory | 13 | 17 |
| Total other current assets | 1,829 | 2,428 |

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

The inventory of publications held for resale is measured on a first in first out basis at the lower of cost and net realisable value.

5.4 Payables

| | 2020 \$'000 | 2019 \$'000 |
|-----------------------|----------------|----------------|
| Current | | |
| Trade payables | 2,863 | 2,511 |
| Revenue in advance | 39 | 39 |
| Accrued salaries | 1,028 | 260 |
| Accrued expenses | 1,083 | 834 |
| FBT Liabilities | 208 | - |
| Total payables | 5,221 | 3,645 |

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 6.1 '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.

5.5 Grant Liabilities

| | 2020 \$'000 | 2019 \$'000 |
|---|----------------|----------------|
| Opening balance at the beginning of the period | - | - |
| Additions | 908 | - |
| Income recognised in the reporting period | - | - |
| Closing balance at the end of the period | 908 | - |

Grant liabilities are payments from other agencies for the construction of the Whole of Government Citizen Digital Identity Solution. Income is recognised as expenses are incurred.

6. Financing

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

| | Notes |
|---------------------------|-------|
| Cash and cash equivalents | 6.1 |
| Lease liabilities | 6.2 |
| Finance costs | 6.3 |

6.1 Cash and cash equivalents

| | 2020 \$'000 | 2019 \$'000 |
|---|----------------|----------------|
| Cash and cash equivalents | 24,308 | 23,304 |
| Restricted Cash and Cash Equivalent: | | |
| Land and Equity Fund | 7,242 | 10,029 |
| Mineral Incentive Special Purpose Account (<i>Note 8.5</i>) | 7,437 | 7,434 |
| Royalties for Regions | 918 | 365 |
| | 15,597 | 17,828 |
| Accrued salaries suspense account ^(a) | 1,299 | 831 |
| | 1,299 | 831 |
| Balance at end of period | 41,204 | 41,963 |

(a) Amount held in a suspense account by the Department of Treasury for the purposes of meeting the 27th pay period that occurs every 11 years. Last paid in 2015-16.

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

6.2 Lease Liabilities

| | | 2020 \$'000 | 2019 \$'000 |
|-------------|--|----------------|----------------|
| Current | | 251 | - |
| Non-current | | 218 | - |
| | | 469 | - |

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); and
- 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.

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

6.3 Finance costs

| | 2020 \$'000 | 2019 \$'000 |
|-------------------------------|----------------|----------------|
| Lease interest expense | 17 | |
| Finance costs expensed | 17 | - |

Finance costs include the interest component of lease liability repayments.

7 Financial instruments and contingencies

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

| | Notes |
|-----------------------------------|-------|
| Financial Instruments | 7.1 |
| Contingent liabilities and assets | 7.2 |
| Capital Commitments | 7.3 |

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 date are:

| | 2020 \$'000 | 2019 \$'000 |
|---|----------------|----------------|
| Financial Assets | | |
| Cash and cash equivalents | 41,204 | 41,963 |
| Financial assets at amortised cost ^(a) | 35,637 | 31,462 |
| Total financial assets | 76,841 | 73,424 |
| Financial Liabilities | | |
| Financial liabilities at amortised cost | 3,946 | 2,511 |
| Total financial liabilities | 3,946 | 2,511 |

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

7.2 Contingent liabilities and contingent assets

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

7.2.1 Contingent liabilities

There were no contingent liabilities at 30 June 2020 or 30 June 2019.

7.2.2 Contingent assets

There were no contingent assets at 30 June 2020 or 30 June 2019.

7.3 Capital Commitments

There were no capital commitments at 30 June 2020 or 30 June 2019.

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 |
| Related party transactions | 8.4 |
| Special purpose accounts | 8.5 |
| Remuneration of auditors | 8.6 |
| Equity | 8.7 |
| Supplementary financial information | 8.8 |
| Explanatory statement | 8.9 |

8.1 Events occurring after the end of the reporting period

There were no significant events affecting the operations of the Department of the Premier and Cabinet after the reporting period.

8.2 Initial application of Australian Accounting Standards

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

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

AASB15 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; and
- recognising revenue as each performance obligation is satisfied.

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

In addition, the Department derives income from appropriations which are recognised under AASB 1058. AASB 1058 is applied to Not-for-Profit Entities for recognising income that is not revenue from contracts with customers. Timing of income recognition under AASB 1058 depends on whether such a transaction

gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) recognised by a Department.

The Department will adopt the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information will be restated under this approach, and the Department will recognise the cumulative effect of initially applying the standard 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 applies the standards retrospectively only to contracts that are not completed at the date of initial application.

Refer to Note 3.1, 3.2, 3.3, 3.4 and 3.5 for the revenue and income accounting policies adopted from 1 July 2019.

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

| | 30 June 2020 | Adjustments | 30 June 2020 under AASB 118 and 1004 |
|--|---------------------|--------------------|---|
| Sale goods | 897 | - | 897 |
| Grant contributions | - | 908 | 908 |
| Net result | 897 | 908 | 1,805 |
| Impact on Statement of Financial Position | | | |
| Current grant liabilities | 908 | (908) | - |
| | 908 | (908) | - |

(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:

- 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;
- depreciation of right-of-use assets and interest on lease liabilities in the Statement of Comprehensive Income; and

- c) the total amount of cash paid as principal amount, which is presented in the cash flows from financing activities, and interest paid, which is presented in the cash flows from operating activities, in the Statement of Cash Flows.

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

The Department measures concessionary leases that are of low value terms and conditions at cost at inception. 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; and
- e) hindsight has been used to determine if the contracts contained options to extend or terminate the lease.

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

Measurement of lease liabilities

| | 2020 |
|---|------------|
| Operating lease commitments disclosed as at 30 June 2019 | 60,758 |
| Less Leases outside of the scope of AASB 16 (Government Office Accommodation aircraft leases) | (60,249) |
| | 509 |
| Discounted using incremental borrowing rate at date of initial application ¹ | (11) |
| Lease liability recognised at 1 July 2019 | 498 |
| Current lease liabilities | 86 |
| Non-current lease liabilities | 412 |

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

8.3 Key management personnel

The Department has determined that key management personnel includes the responsible Cabinet Ministers and senior officers of the Department. However, the Department is not obliged to compensate the responsible Cabinet Ministers and therefore disclosures in relation to Cabinet Ministers' compensation 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:

| | 2020 | 2019 |
|--|------------------------|------------------------|
| Compensation Band (\$) | | |
| 100,001 – 110,000 ^(a) | 2 | - |
| 110,001 – 120,000 ^(b) | 2 | - |
| 130,001 – 140,000 ^(c) | 1 | - |
| 140,001 – 150,000 | - | 2 |
| 150,001 – 160,000 ^(d) | 2 | - |
| 160,001 – 170,000 ^(e) | 1 | 1 |
| 170,001 – 180,000 | - | 1 |
| 190,001 – 200,000 ^(f) | 2 | - |
| 200,001 – 210,000 | 2 | 1 |
| 210,001 – 220,000 | 1 | - |
| 220,001 – 230,000 | 3 | 3 |
| 230,001 – 240,000 | - | 2 |
| 250,001 – 260,000 | 1 | - |
| 260,001 – 270,000 ^(g) | 1 | - |
| 270,001 – 280,000 | - | 1 |
| 280,001 – 290,000 | - | 1 |
| 300,001 – 310,000 | - | 1 |
| 360,001 – 370,000 | 1 | 1 |
| 490,001 – 500,000 | 1 | - |
| 550,001 – 560,000 | - | 1 |
| | 2020 \$'000 | 2019 \$'000 |
| Total Compensation of Senior Officers | 4,110 | 3,747 |

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

- (a) Includes two Directors who started on 06/01/2020 and 20/01/2020
- (b) Includes a Director who was on secondment between 06/01/2020 and 26/06/2020 and a Director who departed on 13/03/2020.
- (c) Includes a Director who commenced on 30/03/2020
- (d) Includes two Directors who commenced on 01/10/2019 and 11/11/2019
- (e) Includes a Director who departed on 06/04/2020
- (f) Includes a Director who commenced on 31/07/2019
- (g) Includes a Director who departed on 16/04/2020

No Senior Officers are members of the Pension Scheme.

8.4 Related party transactions

The Department is a wholly owned and controlled entity of the Government 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 agencies 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

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.

8.5 Special purpose accounts

Esperance Nyungar Government Indigenous Land Use Agreement

The purpose of this account is to hold the State's contribution of \$2.4 million in an interest bearing trust account for and on behalf of the Native Title Claim Group or the Prescribed Body Corporate until such time as the Prescribed Body Corporate has submitted a budget approved in accordance with clause 19.2 of the Agreement.

| | 2020 \$'000 | 2019 \$'000 |
|---------------------------------------|----------------|----------------|
| Balance at the start of the year | - | 479 |
| Receipts | - | - |
| Payments | - | (479) |
| Balance at the end of the year | - | - |

The account was set up in April 2014. As all obligations under the Agreement have been met, the account is to be closed.

Browse LNG Precinct Project Agreement Native Title Beneficiaries' Interest Bearing Trust Account

The purpose of this account is to hold \$30 million, being the State's contribution of \$10 million to the Economic Development Fund and \$20 million to the Indigenous Housing Fund pursuant to the Browse LNG Precinct Project Agreement. This account is an interest bearing account.

| | 2020 \$'000 | 2019 \$'000 |
|---------------------------------------|------------------------|------------------------|
| Balance at the start of the year | 34,862 | 34,123 |
| Receipts | 438 | 739 |
| Payments | - | - |
| Balance at the end of the year | 35,300 | 34,862 |

The account was set up in December 2013.

Beverley Land Agreement - Ballardong People Claim Group

The purpose of this account is to hold funds received pursuant to the Beverley Land Agreement for the Ballardong native title claimants until such time that the South West Settlement Indigenous Land Use Agreement becomes operational.

| | 2020 \$'000 | 2019 \$'000 |
|---------------------------------------|------------------------|------------------------|
| Balance at the start of the year | 8 | 8 |
| Receipts | 1 | - |
| Payments | - | - |
| Balance at the end of the year | 9 | 8 |

The account was set up in January 2018.

Native Title Holder Incentive for Mineral Exploration and Land Access Account

The purpose of this account is to hold funds for the provision of a financial incentive to Native Title holders who are prepared to endorse a Government Indigenous Land Use Agreement (the Agreement) for the purpose of expediting procedure for the grant of exploration and prospecting licences and low impact activities in areas where native title rights are recognised.

| | 2020 \$'000 | 2019 \$'000 |
|---------------------------------------|------------------------|------------------------|
| Balance at the start of the year | 7,434 | 7,426 |
| Receipts: Appropriations | 25 | 25 |
| Payments | (22) | (17) |
| Balance at the end of the year | 7,437 | 7,434 |

The account was set up in September 2012.

Exmouth Land Agreement – Gnulli Claim Group

The purpose of this account is to hold funds received pursuant to the Exmouth Land Agreement for the Gnulli Claim Group.

| | 2020 \$'000 | 2019 \$'000 |
|---------------------------------------|----------------|----------------|
| Balance at the start of the year | - | - |
| Receipts | - | - |
| Payments | - | - |
| Balance at the end of the year | - | - |

The account was set up in May 2014.

ICT Renewal and Reform Fund

The purpose of this account is to hold funding for ICT reform across the Western Australian public sector.

| | 2020 \$'000 | 2019 \$'000 |
|---|----------------|----------------|
| Balance at the start of the year | - | - |
| Receipts: Appropriations ^(a) | - | 7,202 |
| Payments | - | (7,202) |
| Balance at the end of the year | - | - |

The account was set up in June 2018.

^(a) Following the MoG the ICT Renewal and Reform Fund (IRRF) was transferred to the Department on 1 July 2018.

Funds from the former Office of the Government Chief Information Officer (OGCIO) were Administered Funds (refer note 9.1). As part of the MoG, approval was received from Government to use the remaining balance within the IRRF to meet expenditure of the newly formed Office of Digital Government within the Department. This is now a controlled operation of the Department.

8.6 Remuneration of auditor

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 |
|--|----------------|----------------|
| Auditing the accounts, financial statements, controls and performance indicators | 160 | 160 |

8.7 Equity

Equity represents the residual interest in the net assets of the Department. The Government holds the equity interest in the Department on behalf of the community.

| | 2020 \$'000 | 2019 \$'000 |
|---|----------------|----------------|
| Contributed equity | | |
| Balance at the start of the year | 41,351 | 36,368 |
| Contributions by owners: | | |
| Capital appropriation | 382 | - |
| Transfer of Net assets from other agencies: | | |
| Transfer from OGCIO ^(a) | - | 4,983 |
| Total contribution by owners | 382 | 4,983 |
| Transferred to Other Agency ^(b) | (1,145) | - |
| Balance at end of period | 40,588 | 41,351 |

^(a) Represents net assets transferred from the former OGCIO following the Machinery of Government (MoG) changes on 1 July 2018.

^(b) Distribution to owners represents unspent Royalties for Regions funds and Infrastructure WA appropriations.

8.8 Supplementary financial information

(a) Write-offs

During the financial year, there was an amount of \$92 written off under the authority of section 48 of the FMA (2019: \$9,496):

| | 2020 \$'000 | 2019 \$'000 |
|--|----------------|----------------|
| Amounts written off by the Accountable Authority | - | 9 |
| | - | 9 |

(b) Gifts of public property

| | 2020 \$'000 | 2019 \$'000 |
|---|----------------|----------------|
| Gifts of public property provided by the Department | 5 | 5 |
| | 5 | 5 |

8.9 Explanatory statement

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

8.9.1 Statement of comprehensive income

| Income Variances | Variance Note | Estimate 2020 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 | Variance between estimate and actual \$'000 | Variance between actual results for 2020 and 2019 \$'000 |
|--|---------------|----------------------|--------------------|--------------------|---|--|
| <i>(Controlled Operations)</i> | | | | | | |
| Expenses | | | | | | |
| Employee benefits expense | | 92,249 | 92,867 | 89,675 | 618 | 3,192 |
| Supplies and services | | 28,258 | 28,714 | 27,836 | 456 | 878 |
| Depreciation and amortisation expense | 1 | 15,392 | 2,353 | 1,984 | (13,039) | 369 |
| Finance Costs | 2 | 1,678 | 17 | - | (1,661) | 17 |
| Accommodation expenses | 3 | 6,207 | 19,694 | 20,240 | 13,487 | (546) |
| Grants and subsidies | 4,A | 11,429 | 13,693 | 7,795 | 2,264 | 5,898 |
| Loss on disposal of non-current assets | | - | 3 | 2 | 3 | 1 |
| Other expenses | | 2,377 | 2,097 | 1,570 | (280) | 527 |
| Total Cost of Services | | 157,590 | 159,438 | 149,101 | 1,848 | 10,337 |
| Income | | | | | | |
| <i>Revenue</i> | | | | | | |
| Sales | | 1,220 | 897 | 1,291 | (323) | (394) |
| Other Revenue | | 323 | 763 | 708 | 440 | 55 |
| Gains on hedging | | - | - | 169 | - | (169) |
| Grants and subsidies | B | - | - | 5,939 | - | (5,939) |
| Commonwealth grants and contributions | | 510 | 537 | 525 | 27 | 12 |
| Interest revenue | | 700 | - | - | (700) | - |
| Total Revenue | | 2,753 | 2,197 | 8,632 | (556) | (6,435) |
| Net Cost of Services | | 154,837 | 157,241 | 140,469 | 2,404 | 16,772 |
| Income from State Government | | | | | | |
| Service appropriation | | 144,554 | 145,719 | 133,451 | 1,165 | 12,268 |
| Services received free of charge | | 6,556 | 6,922 | 6,400 | 366 | 522 |
| Royalties for Regions Fund | C | 1,612 | 2,207 | 407 | 595 | 1,800 |
| Total income from State Government | | 152,722 | 154,848 | 140,258 | 2,126 | 14,590 |
| (Deficit)/Surplus for the Period | | (2,115) | (2,393) | (211) | (278) | (2,182) |
| Total Comprehensive Loss for the Period | | (2,115) | (2,393) | (211) | (278) | (2,182) |

Major Estimate and Actual (2020) Variance Narratives

- 1 Depreciation expense was \$13 million (85%) less than the estimate. The estimate includes the depreciation for right-of-use leased assets relating to Government Office Accommodation (GOA) premises. During the year the Department of Treasury (in conjunction with the Department of Finance), concluded GOA premises fall out of scope for the new Lease Accounting Standard (AASB 16). Accordingly, there was no depreciation expense for those leases.
- 2 Finance costs were \$1.7 million (98%) less than the estimate. The estimate includes the interest cost relating to the right-of-use lease liability for GOA premises. During the year the Department of Treasury (in conjunction with the Department of Finance), concluded that GOA premises fall out of scope for the new Lease Accounting Standard (AASB 16). Accordingly, there was no interest expense for those leases.
- 3 Accommodation expenses were \$13.5 million (217%) more than the estimate. During the year the Department of Treasury (in conjunction with the Department of Finance), concluded GOA premises fall out of scope for the new Lease Accounting Standard (AASB 16). All lease payments were recognised as accommodation expenses as incurred.
- 4 Grants and subsidies expenditure were \$2.3 million (20%) more than the estimate. This mainly relates to a grant to the Kalamunda Community Centre (\$2.4 million).

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

- A The increase in Grants and subsidies expenditure of \$5.9 million (76%) mainly reflects new grant payments to the Kalamunda Community Centre (\$2 million); Telethon (\$2.5 million); Brockman House (\$0.4 million) and payments from the Land and Equity Fund (\$2 million).
- B The decrease in Grants and Subsidies revenue of \$5.9 million (100%) is mainly due to the receipt in the prior year of cash received from the ICT Renewal and Reform Fund (Special Purpose Account) recognised as revenue (\$5.8 million) to fund the former Office of the Government Chief Information Officer.
- C The income from Royalties for Region Fund increased by \$1.8 million (442%). This relates to the following new initiatives: Plan for our Parks (\$0.5 million); Yawuru Strategic Development (\$0.3 million); Martuwarra Fitzroy River Council (\$0.3 million); Dampier Peninsula project (\$0.2 million) and the Collie Delivery Unit (\$0.6 million).

8.9.2 Statement of financial position variances

| Variances | Variance Note | Estimate 2020 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 | Variance between estimate and actual \$'000 | Variance between actual results for 2020 and 2019 \$'000 |
|--------------------------------------|---------------|----------------------|--------------------|--------------------|---|--|
| Assets | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | 5 | 30,458 | 24,308 | 23,304 | (6,150) | 1,004 |
| Restricted cash and cash equivalents | 6, D | 35,737 | 15,597 | 17,828 | (20,140) | (2,231) |
| Receivables | 7, E | 593 | 3,752 | 805 | 3,159 | 2,947 |
| Amounts receivable for services | 8, F | 5,162 | 8,786 | 6,603 | 3,624 | 2,183 |
| Other current assets | 9 | 718 | 1,829 | 2,428 | 1,111 | (599) |
| Total Current Assets | | 72,668 | 54,272 | 50,968 | (18,396) | 3,304 |
| Non-Current Assets | | | | | | |
| Restricted cash and cash equivalents | | 928 | 1,299 | 831 | 371 | 468 |
| Amounts receivable for services | 10 | 40,817 | 24,342 | 24,342 | (16,475) | - |
| Property, plant and equipment | G | 6,249 | 6,604 | 7,640 | 355 | (1,036) |
| Right-of-use assets | 13 | 39,248 | 447 | - | (38,801) | 447 |
| Intangible assets | | 1,433 | 1,063 | 1,365 | (370) | (302) |
| Total Non-Current Assets | | 88,675 | 33,755 | 34,178 | (54,920) | (423) |
| Total Assets | | 161,343 | 88,027 | 85,146 | (73,316) | 2,881 |
| Liabilities | | | | | | |
| Current Liabilities | | | | | | |
| Payables | 11, H | 2,255 | 5,221 | 3,645 | 2,966 | 1,576 |
| Provisions | 12, I | 13,008 | 17,613 | 15,352 | 4,605 | 2,261 |
| Lease Liabilities | 13 | - | 251 | - | 251 | 251 |
| Grant Liabilities | 15, J | - | 908 | - | 908 | 908 |
| Total Current Liabilities | | 15,263 | 23,993 | 18,997 | 8,730 | 4,996 |
| Non-Current Liabilities | | | | | | |
| Lease Liabilities | 13 | 40,316 | 218 | - | (40,098) | 218 |
| Provisions | 14 | 2,837 | 4,490 | 3,667 | 1,653 | 823 |
| Total Non-Current Liabilities | | 43,153 | 4,708 | 3,667 | (38,445) | 1,041 |
| Total Liabilities | | 58,416 | 28,701 | 22,662 | (29,715) | 6,037 |
| Net Assets | | 102,927 | 59,326 | 62,482 | (43,601) | (3,156) |
| Equity | | | | | | |
| Contributed equity | | 48,707 | 40,588 | 41,351 | (8,119) | (763) |
| Hedging reserves | | 164 | - | - | (164) | - |
| Accumulated surplus/(deficiency) | | 54,056 | 18,738 | 21,132 | (35,318) | (2,394) |
| Total Equity | | 102,927 | 59,326 | 62,482 | (43,601) | (3,157) |

Major Estimate and Actual (2020) Variance Narratives

- 5 Cash and cash equivalents were \$6.2 million (20%) less than the estimate. This is mainly attributable to the purchase of the ministerial aircraft in January 2019. The 2019-20 budget papers did not reflect that expected cash payment.
- 6 Restricted cash and cash equivalents were \$20 million (56%) less than the estimate. This is attributable to the restatement in the previous year for the accounting for the Browse trust monies (\$35 million) which was offset by the reclassification to restricted cash of the balances for the Land and Equity Fund and Mineral Incentive Scheme from (\$15 million). This change has been effected after the 2019-20 budget papers.
- 7 Receivables were \$3.2 million (533%) more than the estimate. This mainly reflects higher than expected trade debtors (\$1 million), outstanding recoupments for seconded out employees (\$0.5 million) and receivables from the ATO for GST and fringe benefit tax refunds (\$1.7 million).
- 8 Current Amounts Receivable for Services was \$3.6 million (70%) more than the estimate. The variance is due to a re-classification of the Holding Account Balance from Current to Non-Current in the prior year. The 2019-20 budget papers did not reflect that change.
- 9 Other Current Assets were \$1.1 million (155%) higher than anticipated and mainly represents increased prepayments for accommodation and software licences.
- 10 Non-current Amounts Receivable for Services was \$16.5 million (40%) less than the estimate. The estimate reflected the capital appropriation received for the depreciation of the right-of-use assets relating to the leases of GOA premises which were not recognised here and re-classified to service appropriation.
- 11 Payables were \$3 million (131%) higher than anticipated. This mainly reflects higher than expected trade payables and accrued expenses (\$2 million) and accrued salaries (\$1 million).
- 12 Current Provisions were \$4.6 million (35%) more than the estimate. This relates to an increase in leave liability which is attributable to balances assumed by the Department from the former OGCI0 as well as organic growth across all areas of the Department. The COVID 19 pandemic has meant that staff have not been taking the leave that would ordinarily be expected.
- 13 Right-of-use assets of \$38.8 million and lease liabilities of \$40 million (99%) were less than expected. This relates to the GOA premises falling out of scope for the new Lease Accounting Standard (AASB 16). Accordingly, there was no right-of-use lease liability for those leases.
- 14 Non-current Provisions were \$1.7 million (58%) more than the estimate. This relates to an increase in leave liability which is attributable to balances assumed by the Department from the former OGCI0 as well as organic growth across all areas of the Department. The COVID 19 pandemic has meant that staff have not been taking the leave that would ordinarily be expected.
- 15 Grant liabilities are \$0.9 million (100%) more than the estimate. This represents unearned Grant revenue relating to the Department's Whole of Government Citizen Digital Identity Solution.

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

- D Restricted Cash and cash equivalents decreased by \$2.2 million (13%). This is mainly attributable to payments from the Land and Equity Fund.
- E Receivables increased by \$2.9 million (366%). This mainly reflects an increase in amounts recoverable for seconded employees (\$0.5 million) and refunds owing from the ATO for GST and Fringe Benefits Tax (\$1.7 million).

- F Amounts receivable for services increased by \$2.2 million (33%) and represents additional appropriation for capital expenditure which includes non GOA leases.
- G Property, plant and equipment decreased by \$1 million (14%). This reflects depreciation during the year.
- H Payables increased by \$1.6 million (44%). This mainly reflects increased accrued salaries (\$0.9 million) and accrued trade payables (\$0.7 million).
- I Current Provisions increased by \$2.3 million (15%) and represents increased accrued leave liability. (Refer note 12.)
- J Grant liabilities increased by \$0.9 million (100%). This represents unearned Grant revenue relating to the Department's Whole of Government Citizen Digital Identity Solution project due to commence after 1 July 2020.

8.9.3 Statement of cash flows variances

| | Variance Note | Estimate 2020 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 | Variance between estimate and actual \$'000 | Variance between actual results for 2020 and 2019 \$'000 |
|--|------------------|----------------------------|--------------------------|--------------------------|---|--|
| Cash Flows from State Government | | | | | | |
| Service appropriation | 16 | 129,162 | 143,179 | 132,367 | 14,017 | 10,812 |
| Capital appropriation | 17 | 12,175 | 382 | - | (11,793) | 382 |
| Holding account drawdowns | | 357 | 357 | 351 | - | 6 |
| Royalties for Regions Fund | L | 1,612 | 2,207 | 407 | 595 | 1,800 |
| Net cash provided by State Government | | 143,306 | 146,125 | 133,125 | 2,819 | 13,000 |
| Utilised as follows: | | | | | | |
| Cash Flows from Operating Activities | | | | | | |
| Payments | | | | | | |
| Employee benefits | | (92,249) | (90,772) | (86,404) | 1,477 | (4,368) |
| Supplies and services | | (22,649) | (23,556) | (23,491) | (907) | (65) |
| Finance Costs | 23 | (1,678) | (17) | - | 1,661 | (17) |
| Accommodation | 18, M | (5,240) | (18,727) | (21,911) | (13,487) | 3,184 |
| Grants and subsidies | 21, N | (11,429) | (13,420) | (7,750) | (1,991) | (5,670) |
| GST payments on purchases | 19 | (8,332) | (5,590) | (5,814) | 2,742 | 224 |
| GST payments to taxation authority | | (329) | - | (149) | 329 | 149 |
| Other Payments | 20 | (2,377) | (770) | (159) | 1,607 | (611) |
| Receipts | | | | | | |
| Other revenue | | | 758 | 609 | 758 | 149 |
| Sales of goods and services | | 1,200 | 946 | 1,291 | (254) | (345) |
| Commonwealth grants and contributions | | 510 | 537 | 525 | 27 | 12 |
| Interest received | | 700 | - | - | (700) | - |
| GST receipts on sales | | 329 | 113 | 149 | (216) | (36) |
| GST receipts from taxation authority | | 8,332 | 4,595 | 5,760 | (3,737) | (1,165) |
| Grants and subsidies | O | - | 908 | 5,939 | 908 | (5,031) |
| Other receipts | | 323 | 249 | 164 | (74) | 85 |
| Net cash provided by/(used in) operating activities | | (132,889) | (144,746) | (131,239) | (11,857) | (13,505) |
| Cash Flows from Investing Activities | | | | | | |
| Payments | | | | | | |
| Cash transferred from / (to) to other agencies | P | - | - | 4,426 | - | (4,426) |
| Purchase of non-current physical assets | Q | (357) | (651) | (6,841) | (294) | 6,190 |
| Net cash provided by/(used in) investing activities | | (357) | (651) | (2,415) | (294) | 1,764 |
| Cash Flows from Financing Activities | | | | | | |
| Payments | | | | | | |
| Principal elements of lease payments | 22 | (12,175) | (345) | - | 11,830 | (345) |
| Transferred to Other Agency | | - | (1,145) | - | (1,145) | (1,145) |
| Net cash provided by/(used in) financing activities | | (12,175) | (1,490) | - | 10,685 | (1,490) |

8.9.3 Statement of cash flows variances (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 |
|---|------------------|----------------------------|--------------------------|--------------------------|---|--|
| Net increase/(decrease) in cash and cash equivalents | | (2,115) | (762) | (529) | 1,353 | (233) |
| Cash and cash equivalents at the beginning of period | | 69,238 | 41,966 | 42,495 | (27,272) | (529) |
| Cash and Cash Equivalents at the end of period | | 67,123 | 41,204 | 41,966 | (25,919) | (762) |

Major Estimate and Actual (2020) Variance Narratives

- 16 Service appropriation was \$14 million (11%) more than the estimate. This is attributed to capital appropriation being re-classified to service appropriation following the change in treatment for GOA leases.
- 17 Capital appropriation was \$12 million (97%) less than the estimate. This is attributed to capital appropriation being re-classified to service appropriation following the change in treatment for GOA leases.
- 18 Accommodation expenses were \$13.5 million (257%) more than estimate. During the year the Department of Treasury (in conjunction with the Department of Finance), concluded GOA premises fall out of scope for the new Lease Accounting Standard (AASB 16). All lease payments were recognised as accommodation expenses as incurred.
- 19 GST payments on purchases was \$2.7 million (32%) less than the estimate. GST estimates are based on prior year's expenditure which was inflated by increased payments to suppliers relating to grants and Yarloop bushfire recovery.
- 20 Other payments were \$1.6 million (67%) less than the estimate. This is mainly due to less than expected expenditure for consumables and the reallocation of lease payments to cash flows from financing activities.
- 21 Grants and subsidies were \$2 million (17%) more than the estimate. This mainly relates to a grant to the Kalamunda Community Centre (\$2.4 million).
- 22 Principle elements of lease payments were \$11.8 million (97%) less than estimate. During the year the Department of Treasury (in conjunction with the Department of Finance), concluded GOA premises fall out of scope for the new Lease Accounting Standard (AASB 16). All lease payments were recognised as accommodation expenses as incurred.
- 23 Finance costs were \$1.7 million (98%) less than the estimate. The estimate includes the interest cost relating to the right-of-use lease liability for GOA premises. During the year the Department of Treasury (in conjunction with the Department of Finance), concluded GOA premises fall out of scope for the new Lease Accounting Standard (AASB 16). Accordingly, there was no interest expense for those leases.

Variances between actual results for 2020 and 2019

- L The income from the Royalties for Region Fund increased by \$1.8 million (442%). This relates to the following new initiatives: Plan for our Parks (\$0.5 million); Yawuru Strategic Development (\$0.3 million); Martuwarra Fitzroy River Council (\$0.3 million); Dampier Peninsula project (\$0.2 million) and the Collie Delivery Unit (\$0.6 million)
- M Cash flows for accommodation decreased by \$3.2 million (14%). This is mainly due to a decrease in the prepayment of accommodation costs at 30 June 2020.

- N The increase in Grants and subsidies expenditure of \$5.7 million (73%) mainly reflects new grant payments to the Kalamunda Community Centre (\$2 million); Telethon (\$2.5 million); Brockman House (\$0.4 million) and payments from the Land and Equity Fund (\$2 million).
- O The decrease in Grants and subsidies revenue of \$5 million (84%) is mainly due to the receipt in the prior year of cash received from the ICT Renewal and Reform Fund (Special Purpose Account) recognised as revenue (\$5.8 million) to fund the former Office of the Government Chief Information Officer.
- P Cash transferred from other agencies reduced by \$4.4 million (100%). This attributable to the prior year's transfer from the former OGCIO.
- Q The purchase of non-current physical assets decreased by \$6.2 million (90%). This is attributable to the prior year's acquisition of the ministerial aircraft.

9. Administered disclosures

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

| | |
|--|-----|
| Disclosure of administered income and expenses | 9.1 |
| Explanatory statement for administered items | 9.2 |

9.1 Disclosure of administered income and expenses

| | 2020 \$'000 | 2019 \$'000 |
|---|----------------|----------------|
| Income | | |
| Cash balance transferred ^(a) | - | 1,363 |
| Administered appropriation | - | 5,839 |
| Total Administered Income | - | 7,202 |
| Expenses | | |
| Grants and subsidies | - | 7,202 |
| Total Administered Expenses | - | 7,202 |

^(a) Following MoG the ICT Renewal and Reform Fund (IRRF) was transferred to the Department on 1 July 2018.

Funds from the former OGCIO were Administered Funds. As part of the MoG, approval was received from Government to use the remaining balance within the IRRF to meet expenditure of the newly formed Office of Digital Government within the Department. This is now a controlled operation of the Department.

9.2 Explanatory Statement for Administered items

| | Variance Note | Original Budget 2020 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 | Variance between estimate and actual \$'000 | Variance between actual results for 2020 and 2019 \$'000 |
|---|------------------|--------------------------------------|--------------------------|--------------------------|--|--|
| Income from Administered Items | | | | | | |
| Income | | | | | | |
| Administered appropriation | 1 | - | - | 7,202 | - | (7,202) |
| Total Administered Income | | - | - | 7,202 | - | (7,202) |
| Expenses | | | | | | |
| Grants and subsidies | | - | - | 7,202 | - | (7,202) |
| Total Administered Expenses | | - | - | 7,202 | - | (7,202) |
| Net income/(deficit) from administered items | | - | - | | - | - |

Major Actual 2020 Vs Actual 2019

1. Funds from the former OGCI0 were Administered Funds. As part of the MoG, approval was received from Government to use the remaining balance within the IRRF to meet expenditure of the newly formed Office of Digital Government within the Department. This is now a controlled operation of the Department.

*Living the values
everyday.*

People



Openness



Clarity



Leadership



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