

ANNUAL REPORT

2004-05



Department of Treasury and Finance
Government of Western Australia

Contents

The Hon E S RIPPER BA, Dip Ed, MLA
TREASURER OF WESTERN AUSTRALIA

2004-05 Annual Report

I have pleasure in presenting the Department of Treasury and Finance's Annual Report for the year ended 30 June 2005 for your information and presentation to Parliament.

We have prepared this report in accordance with the requirements of sections 62 and 64 of the *Financial Administration and Audit Act*, section 31 of the *Public Sector Management Act* and other relevant written laws.



Timothy Marney

UNDER TREASURER

Under Treasurer's Review	1
Treasury and Finance at a Glance	4
Meeting the State Government's Strategic Outcomes	6
Our People	14
Our Customers	16

Report on Operations

Economic	18
Finance	20
Agency Resources	23
Office of State Revenue	24

Performance Assessment

Opinion of the Auditor General	28
Certification of Performance Indicators	29
Performance Assessment	30

Financial Statements

Opinion of the Auditor General	48
Certification of Financial Statements	49
Financial Statements	50
Notes to the Financial Statements	58

Appendices

A: Legislation Administered	94
B: Amendments to Legislation Administered	98
C: Other Legislation	100
D: Publications	102

Customer Contact Details	104
--------------------------	-----

Under Treasurer's Review

The past year has been a time of high business activity, strong economic growth, further procurement reform and a number of legislative and tax regime changes.

With the Department of Treasury and Finance (DTF) charged with ensuring the financial wellbeing of the State and protecting the interests of the people of Western Australia, the past 12 months have seen an extraordinary volume of work undertaken. It is work I am pleased to say has that kept Western Australia on a very sound financial footing, which led to improved service delivery by the Western Australian public sector across a range of areas, while delivering major tax benefits to both businesses and individuals.

A significant volume of advice, and administrative and policy support, was provided to the Government during the year. In particular, with a stronger revenue outlook apparent in the lead-up to the mid-year review in December 2004, there was a substantial number of new policy decisions considered by the Government, supported by analysis from the department and in subsequent support to agencies to reflect these policy changes through the forward estimates.

Following the mid-year review, the public sector was in caretaker mode during the January/February 2005 election period, with DTF occupied with production of the 2004-05 Pre-election Financial Projections Statement.

The election period also reduced the time available for preparation of the 2005-06 Budget. The Treasurer delivered the Budget on 26 May 2005, broadly in line with previous years' practice. This represented a much shorter preparation time for DTF with a high workload associated with assisting the Government to accommodate election commitments and other issues into the estimates in time to present a budget that could be passed by 30 June 2005.

Our efforts have not been confined solely to strengthening the State's finances. We are very much looking to the future, working hard to put in place a foundation for sustained strong economic growth and improved Government service delivery and infrastructure for all Western Australians.

Our efforts were recognised with the confirmation of the State's triple-A credit rating by both major ratings agencies. While strong economic growth has enabled us to have a healthy surplus, I am keenly aware that the surplus must be managed and used wisely.

The strong economic and financial fundamentals that Western Australia currently enjoy have resulted in better than expected financial outcomes for public sector finances.

Advice to Government to maximise the longer-term benefits of these outcomes has featured throughout the year, permitting increasing investment in economic and social infrastructure while minimising the reliance on debt funding.

Under Treasurer's Review (contd)

A very positive outcome was the use of around \$481 million in surplus Consolidated Fund cash balances to retire a significant portion of high cost debt in August 2004. This delivered tangible benefits to the public sector balance sheet and, through lower on-going interest costs, has increased budget flexibility into the future.

Tax relief, introduced in October 2004, and measures for the 2005-06 Budget were consistent with the responsible management of the State's finances. At the same time, all legislation relating to the tax changes had to be reviewed and amended, all within quite demanding deadlines.

During the year there was considerable debate on Commonwealth-State finances, with Western Australia in dialogue with the Commonwealth and other State Treasuries over the GST Agreement and the abolition of certain stamp duties.

This is still an unresolved issue in Western Australia, but the Government has made it clear that there needs to be further consultation with the community to assess its priorities and not implement something that is imposed on the State. Community consultation will be a key element of the State Tax Review, foreshadowed in the 2005-06 Budget delivered in May.

Clearly, the economic performance over the past few years has been great news for Western Australia. But future needs must be taken into account of when we develop policies for how that money is to be invested. At the same time, ways of getting better value from the way we do business must be thoroughly examined.

Our work in procurement reform is already reaping dividends. The state's public sector agencies are now well on the way to achieving annual savings in excess of \$100 million from 2005-06 onwards. This is evidenced by the fact that in 2004-05 the Government was able to redirect \$29 million in procurement savings to priority areas such as health, education and training, and law and order.

Part of the reform has been to bring professional procurement officers in many agencies into our Department. This, among other factors, has seen our staff numbers grow in the past 12 months from just over 600 to 767.

The way the Department operates is constantly changing. We are continuing to improve and build our relationships with other agencies. We now have an even clearer understanding of other agency's businesses and the issues which impact on them. Work on improving online revenue collection services is also improving our service.

During the year, the Department lost the services of John Langoulant, who had been Under Treasurer for over nine years. The Department, and the public sector more broadly are greatly indebted to the leadership, expertise, and commitment of John Langoulant. It is a sign of the strength of the Department that it continued to operate at a very high level while for the greater part of the year, the

Under Treasurer's position was filled on a rotational basis by Colin Murphy, David Smith and myself. I would like to acknowledge and sincerely thank Colin and David for placing the Department's interests first during what could easily have become a very destabilising period.

Finally I would like to thank the highly professional work of all the staff during a very busy year.

Timothy Marney

UNDER TREASURER

Treasury and Finance at a Glance

Our Vision

Employer of choice. Provider of choice.

Our Mission

To provide quality economic and financial advice, financial management, fair and equitable revenue law administration and effective government procurement.

Outcomes/Services

The outcomes we seek to achieve and the services we deliver are detailed in the Performance Assessment section of this report.

Our Operations

Legislation that governs the Department's operations:

- the *Public Sector Management Act* for our general administration;
- the *Constitution Act* and the *Constitution Acts Amendment Act* provide the framework under which we operate;
- the Government Financial Responsibility Act places reporting obligations on the Department in respect to the State's finances; and
- the *Financial Administration and Audit Act*, and associated Treasurer's Instructions, provides the powers for our officers to operate in Government finance, control and accountability matters.

A list of the Acts we administered in 2004-05 is shown in Appendix A.

Responsible Minister

The Hon. E.S. Ripper, BA, Dip Ed, MLA, Deputy Premier; Treasurer; Minister for Government Enterprises; Minister Assisting in Public Sector Management.

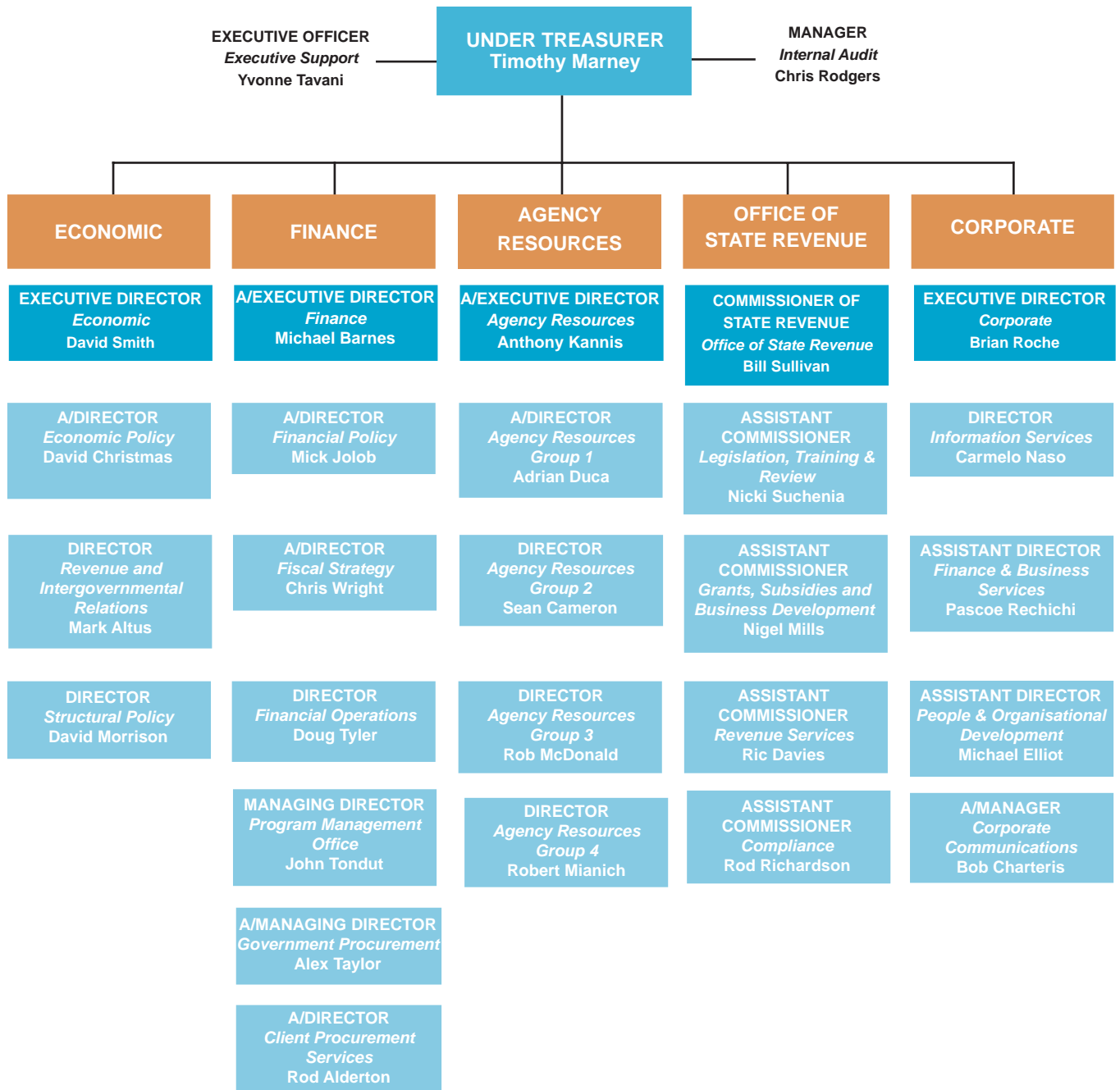
Our Structure

The Department of Treasury and Finance consists of four structural areas:

- Economic;
- Finance, including the procurement function;
- Agency Resources; and
- Office of State Revenue.

In addition to these four structural areas, we have a Corporate Services Division that coordinates the administration and strategic development of Treasury and Finance, and a wide range of activities that, in combination, ensure we deliver services effectively to our customers.

Organisational Structure as at 30 June 2005



Meeting the State Government's Strategic Outcomes

The Government's *Better Planning: Better Services – A Strategic Framework for the Western Australian Public Sector (2003)* sets out a number of goals for agencies.

Goal 1 – People and Communities

The Department assists the Government of the day to achieve its objectives and to protect the interests of the people of Western Australia.

Disability Services

The Department is committed to ensuring that people with disabilities, their families and carers are able to fully access the range of services and facilities we provide. The Department's Disability Services Plan seeks to ensure:

- functions and services meet the needs of people with disabilities;
- access to buildings and facilities are available;
- information on facilities and services is provided in formats that enhance the communication needs of people with disabilities;
- advice and services are delivered by staff who are aware of and understand the needs of people with disabilities; and
- opportunities are provided for people with disabilities to participate in public consultations, grievance mechanisms and decision-making processes that are available to other members of the public.

During 2004-05, there were no approaches made from the public for services to be modified to meet the needs of persons with disabilities. Our Disability Services Plan is accessible to all staff through our intranet facility and to the public through our Internet site www.dtf.wa.gov.au

Youth Outcomes

For many years, graduate recruitment has been an important method of sourcing personnel for the Department. The program places considerable emphasis on the development of graduates once they have commenced working for the Department. To develop our graduates we:

- provide on-the-job training which will facilitate their transition from graduates to well developed professionals;
- provide graduates with an introduction to the operations of the Department;
- provide graduates with exposure to a wide variety of issues in which the Department is involved; and
- develop graduate skills and abilities so they can progress through the classification levels and contribute effectively towards the Department attaining its business objectives.

In 2004-05, 18 graduates joined the Department. During the year, 14 graduates were offered permanent positions.

Goal 2 – The Economy

The Department provides advice and analysis on State revenues, the State economy, structural economic reforms, governance of major public utilities and intergovernmental financial relations.

The Department also provides policy advice, analysis and services in relation to financial management and reporting, accounting policy, asset financing and cash management. In addition, the Department delivers various online services and undertakes a contracting and tendering role for Government.

Through the Office of State Revenue, the Department assesses and collects a range of statutory based revenues, including stamp duties, land tax and pay-roll tax, and those that are collected on behalf of other agencies or other jurisdictions.

A comprehensive report of the Department's work in all areas of the economy can be found under the headings for the business units (Economic, Finance, Agency Resources, Office of State Revenue) later in this report.

Goal 3 – The Environment

The Department's Sustainability Action Plan outlines our commitment to ensuring the influences of sustainability and the Sustainability Code of Practice are applied, where appropriate, in all our business activities.

In procurement, the Department undertakes its activity in a manner that is consistent with the Government's commitment to sustainability principles. Environmental considerations are built into the procurement planning and tendering process and are considered as part of the overall value for money evaluation in the selection process. The Department plays a lead role in ensuring that all planning processes and tendering documentation are up to date with Government initiatives in this area.

The Department has actively sought to reduce the impact on the environment through the use of recycled paper for publications, recycling printer toner cartridges, and the provision of recycling bins through the Department.

Waste Paper Recycling

The Department has continued to participate in the Government sponsored Paper Recycling Program. This program covers the removal of office waste paper for recycling. Participation in the program contributes towards the State's waste management and recycling objectives.

During 2004-05, a total of 14.5 tonnes of waste paper was collected from our Department for recycling.

Meeting the State Government's Strategic Outcomes (contd)

Energy Smart Initiatives

The Department continued its participation in the Energy Smart Government Program. Several strategies were implemented to reduce the Department's level of energy consumption:

- Installation of triphosphor light tubes to replace standard fluororecent tubes in most areas of the Department's offices. These tubes provide an increased level of lighting that allows de-lamping to occur in areas such as office passages and light fittings located near windows.
- Mechanisms to automatically switch off hot water urns outside of normal office hours were installed in refreshment areas.
- Staff were encouraged to switch off equipment and lighting when not in use. Examples include computer screens and meeting room lights.
- Despite the Department's efforts, an increased level of energy usage was incurred and this is reflected in the table below. The increase was attributable to the following factors:
 - an increase of 700m² in occupied leased areas compared with the previous year;
 - an increase in the level of information technology equipment such as servers installed within the Department's offices; and
 - additional staff, especially temporary staff being employed during the year to meet operational needs. (However, there was actually a small decrease in energy per FTE when compared with the previous year and only a 2% increase when compared with base year 2001-02.)

As a consequence of this year's performance, the need to make more significant energy savings has become paramount, and the implementation of the Department's Energy Action Plan will be critical to achieving this objective.

Energy Smart Government Program Results

Performance Indicators:	2001-02 (Base Year)	2002-03	2003-04	2004-05	Variation to Base Year %
Total Energy Consumption (Giga Joules)	4,045	4,286	4,348	4,821	+19
Total Energy Cost (\$)	182,952	181,646	187,318	201,389	+10
Total Greenhouse Gas Emissions (tonnes of CO ₂)	1,034	1,095	1,090	1,219	+18
Mega Joules per square meter of occupied area (13,974m ²)	316	336	327	345	+9
Mega Joules per average annual FTE level (669)	7,097	7,390	7,369	7,207	+2

Goal 4 – The Regions

Regional Policy Implementation

The Department is represented on the Regional Policy Implementation Group, which is responsible for the implementation of the Regional Development Policy. Responsibility has been assigned to the Department for implementing specific outcomes of the Policy and to report our progress in our annual report. The following is a report against each of the Outcomes which are relevant to the Department.

Outcome

Ensure the public interest test for the National Competition Policy fully takes into account regional issues, views and potential impacts in every case.

While public interest tests for National Competition Policy are the responsibility of Portfolio Ministers, the Department has developed guidelines for the implementation of the public interest test that have been adopted by Government. These guidelines are designed to improve the practical application of the public interest test and to make explicit the main components of the test. Public interest includes, but is not limited to:

- the environment;
- employment;
- social welfare;
- regional development;
- consumer interests;
- business competitiveness; and
- economic efficiency.

Outcome

Research and make submissions to the Commonwealth Government on key issues such as taxation, allowances and microeconomic reform affecting regional areas.

Submissions made by the Department to the Commonwealth on major issues such as taxation, allowances and microeconomic reform are always made from the perspective of the whole Western Australian community, including those residents in regional areas.

Meeting the State Government's Strategic Outcomes (contd)

Outcome

Review the scope and level of community service obligations (CSOs) and make changes as necessary.

An annual review of community service obligations has been undertaken through the budget process. In determining the allocation of a new CSO, the responsible Minister makes a submission to Cabinet outlining the reason for the CSO, who is to receive the CSO, and the cost and the policy objectives of the CSO (among other things). The Department assists in the development of Cabinet submissions.

Outcome

Use the purchasing power of the government sector strategically to maximise the benefits of improving the infrastructure for all regional West Australians.

The Department is responsible for leading the Government's program of procurement reform, which involves an important regional dimension. This includes consideration of regional issues in the development and revision of whole of government procurement policies and contracting arrangements.

Another key reform entails the establishment during 2005 of three Regional Buying Centres in the Mid West, South West and Goldfields/Esperance regions. Preparations for the establishment of these centres are well advanced.

Goal 5 – Governance

The Department is committed to the highest standards of corporate governance.

During the year, the Department reviewed its governance arrangements and it is anticipated these revised arrangements will come into effect early in the new financial year.

Freedom of Information

Under the *Freedom of Information Act 1992*, the Department responds to applications for information within 45 days of receipt, unless an extension of time is granted. The average time to process applications during 2004-05 was 44 days.

Where an applicant is granted permission to inspect documents, the applicant is contacted to arrange mutually convenient viewing or distribution arrangements.

Where we refuse access to documents, in part or in full, the applicant is notified of the reasons for our decision. Applicants have the right of appeal and may ask us to reconsider a decision to refuse access. Further appeal rights to the Information Commissioner are also available.

For more information and access to our FOI Application Form refer to the Department's website at www.dtf.wa.gov.au

We received 40 Freedom of Information Act applications during the year. Edited access was allowed for five of these applications and four applications were refused. Six applications were subject to internal review. Two applications were under consideration at 30 June 2005.

The applications were mainly concerning State taxes and the first home owner grant scheme.

Recordkeeping Plan

The State Records Office has accepted the Department's records and document management procedures identified in our Recordkeeping Plan. The status of the Vital Record Plan and the Disaster Management Plan are to be reported on in January 2006. In addition, the Retention and Disposal Schedule will be presented to the State Records Office in July 2005.

Our induction program was reviewed in January 2005. As a result of the review, the induction program was extended to incorporate mandatory training sessions on recordkeeping obligations, records and document management business rules. Results from the feedback from Staff Individual Evaluations on induction content has resulted in more one-on-one training on the Electronic Document and Records Management System (EDRMS). Refresher training for business unit groups on specific requirements has also been included in the program. A support service has been implemented for each geographic location.

The EDRMS has now been implemented across the Department, providing a centralised database with decentralised control. Control of electronic documents has been improved by the addition of workflow to the system.

The EDRMS has been accredited by the American Defence Force and further evaluation will take place during 2005-06 as to the effective implementation of the system at the Department.

Advertising and Sponsorship

Under the *Electoral Act*, the Department is required to disclose expenditure made to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

For the year ended 30 June 2005, we incurred the following advertising and sponsorship costs:

- \$47,386 for staff vacancies;
- \$148,065 for the 2004-05 State Budget;

Meeting the State Government's Strategic Outcomes (contd)

- \$4,000 for unclaimed monies;
- \$82,218 for taxation administration matters; and
- \$47,835 for customer satisfaction surveys.

Corruption Prevention

As a result of an unauthorised release of confidential information to the media in relation to the State Government Budget surplus, the Corruption and Crime Commission of Western Australia (CCC) carried out an investigation. In June 2005, the CCC tabled a report to Parliament which included a number of recommendations to improve security arrangements. Many of those recommendations had already been implemented as a result of a comprehensive security audit, while others will be implemented in the coming year.

Public Interest Disclosures

The *Public Interest Disclosure Act* came into effect on 1 July 2003. The Act facilitates disclosure of public interest information by providing protection for those who make disclosures and those who are the subject of disclosures. The Department is committed to the aims and objectives of the Act.

In July 2003, a set of procedures was developed which outlines the manner in which the Department will comply with its obligations under the Act. An internal briefing on Public Interest Disclosure was held for staff and the procedures are posted on our Intranet facility for staff to view. The Executive Director, Corporate, was appointed as the Public Interest Disclosure Officer for the Department.

There were no disclosures made during 2004-05.

Public Sector Standards

The Department conducts its activities in accordance with the Human Resource Procedures and Standards that have been developed internally. These procedures and standards are consistent with the Public Sector Standards and associated guidelines issued by the Office of the Public Sector Standards Commissioner.

There was one claim of breach of standard lodged during 2004-05. This claim was subsequently withdrawn.

Equal Opportunity/Diversity

The Department is an equal opportunity employer and actively encourages and supports diversity in the workplace. Our commitment is demonstrated in our recruitment, selection and appointment process through the inclusion of relevant statements in all job advertisements.

The Department has policies and procedures in place in relation to equal opportunity and diversity, consistent with the general public sector standards. Specific strategies focusing on improvement opportunities are covered in our Equity and Diversity Plan and related policies. These policies apply to all staff and can be accessed by staff through our Intranet facility.

Through our Employee Assistance Program, staff and their immediate families have access to the services of qualified external consultants who provide professional and confidential counselling services.

Code of Conduct

The Department has a Code of Conduct based on the principles of natural justice, respect for persons and responsible care, as embodied in the Western Australian Public Sector Code of Ethics.

Our Code of Conduct provides a guide for our officers in understanding their rights and obligations, including the ethical behaviours and values expected of them in undertaking their day-to-day duties. It also serves as a public demonstration by the Department and its officers of a commitment to professional integrity and accountability when conducting Treasury and Finance business.

Compliance Statement

In the administration of the Department, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and our Code of Conduct.



Timothy Marney
UNDER TREASURER

Our People

Building an Exceptional Workplace

The Department is committed to investing in its people. Our current priorities include attraction and retention strategies, as well as an emphasis on understanding and managing relationships with each other and our clients. Working towards building an exceptional workplace will put the Department in a good position to meet the challenges posed by pressure in the tightening labour market, particularly in Western Australia.

Programs such as Induction and Mentoring, which were in pilot phase last year, have been implemented as full programs available for staff development.

The Mentoring Program expanded to involve 14 partnerships across business areas. The Leadership and Management Development Program continued across the Department. An extended framework and plan has been put in place to further develop leadership talent and enhance management skills across the Department.

The Career Development and Performance Management Systems are key programs in promoting and supporting staff development. Conducted twice a year, these programs allow staff and managers to reflect on the individual's development for the year ahead. Close attention is given to the individual's training and development needs.

Staffing

The Department employed 767 full time equivalent staff at 30 June 2005, compared with 601 at the same time last year. The increase can be attributed, in the main, to the Government's procurement reforms, which resulted in staff from 20 other Government agencies transferring to the Department to create the newly formed Client Procurement Services Division.

Training and Development

Staff participated in a range of formal training activities in the areas of professional, technical and personal development. An automated Training and Development calendar was created to allow staff to nominate and book training online, with personal training records being linked through the Human Resource Information System. The ongoing partnership with the Department of the Premier and Cabinet to provide computer-related training courses has provided benefits to staff in terms of cost and easy access to quality training.

Partnerships continued with the University of Western Australia through the Graduate Diploma in Taxation Studies, and with Curtin University for procurement post-graduate research programs. To encourage further education among our staff, an agency-specific agreement was negotiated with the Union to promote a more flexible approach to study.

Safety, Health and Welfare

The Department's performance in relation to the safety and health of employees is monitored through workers' compensation and rehabilitation statistics which are summarised below.

Workers' Compensation Indicators 2004-05		
	2003-04	2004-05
Frequency rate ^(a)	1.17	9.5
Estimated cost of claims ^(b)	0.02	0.11
Premium rate (per cent) ^(c)	0.42	0.29
Rehabilitation success rate	n.a.	n.a.

^(a) Relates the number of lost time incidents, where one or more days were lost, to total hours worked.

^(b) Cost incurred per \$100 of our annual payroll.

^(c) Premium is calculated as a proportion of our annual payroll.

n.a. denotes not applicable

Donations to Charity

The last Friday of each month is designated 'casual for a cause day'. Staff are encouraged to come to work dressed 'smart casual' and to make a gold coin donation which is given to a different charity each month. More than \$3,500 was raised during 2004-05 and directed to a range of charities including the Red Cross, the Cerebral Palsy Association, Princess Margaret Hospital and Make-a-Wish Foundation.

Our Customers

Our major customer groups are:

- the Western Australian Government and Parliament;
- State Government agencies;
- the community, taxpayers and their agents; and
- local industry and suppliers to Government.

Our Customer Commitment

Our Customer Service Charter sets out our commitment to our customers and the service standards our customers can expect when dealing with us.

Our customers can expect:

- our service to be professional and staff to take pride in the delivery of our service;
- all advice and decisions from the Department to be clearly explained, well founded, relevant and timely;
- our officers to be properly trained to deliver a high standard of service;
- the name of the officer dealing with each customer to always be provided to establish clear points of contact for a coordinated and effective service;
- our officers to act ethically and legally with the utmost integrity, and treat people with impartiality, fairness and respect; and
- a clear understanding by our staff of the services required by our customers.

Achieving Customer Focus

Customer relationships continue to be a key focus in our strategic planning activities.

Our objective is to increase the openness and transparency of these relationships. To achieve this, the Department seeks to improve communication and promote relationships with our customers. The outcomes include increased satisfaction of our customers, a reduction in the number of customer complaints and increased visits to our website.

Our Effectiveness

To gauge our customer effectiveness, a client/stakeholder survey is conducted each year. The results provide valuable feedback about areas for improvement. The results of the survey for 2004-05 are outlined in the Performance Assessment section of this report.

Your Say

On 14 March 2005, the Department introduced its Complaints Feedback System, as part of a whole-of-government initiative to assist people to lodge complaints about any State Government product or service.

All State Government agencies are required to have a Complaints Feedback System in place that meets or exceeds the Australian Standard with a link for submission purposes on their respective Internet web site.

The Complaints Feedback System is not designed to apportion blame, rather to provide customers with reassurances that issues raised will be investigated, and to provide an opportunity for continuous improvement in delivering our services.

In the period from 14 March 2005 to 30 June 2005, a total of 39 submissions were received. This was made up of 27 complaints, 7 compliments and 5 suggestions. All responses were reviewed and management action taken where necessary.

Report on Operations – Economic

Activities

Provides advice and analysis on State revenues, the State economy, structural economic reforms, governance of major public utilities and intergovernmental financial relations.

Key Achievements in 2004-05

The efforts of the business unit focused on the Government's goal of developing a strong and competitive Western Australian economy creating conditions conducive to investment and growth.

Specific activities centred on policy advice to maximise the performance of the State economy and helping achieve sustainable financial outcomes for the State.

- Initiatives aimed at strengthening the Western Australian economy included:
 - advised Government on policy responses to the reduced availability and affordability of certain classes of insurance, particularly public liability insurance and professional indemnity insurance;
 - published research papers titled An Economic History of the Western Australian Economy Since Colonial Settlement and an economic research note titled The World Iron Ore Market in 2005;
 - published regular assessments of trends in the Western Australian economy, including the Western Australia Economic Summary (on a quarterly basis) and Economic Notes following key data releases. The Economic Summary features included articles on the impact of higher oil prices in Western Australia and the benefits of tariff reform to Western Australian consumers; and
 - contributed to the formulation of the 2005-06 Budget and forward estimates, and provided advice to the Expenditure Review Committee on areas concerning net payments to Government, impact on borrowings and net debt and capital investment initiatives.
- Initiatives aimed at achieving sustainable State financial outcomes included:
 - assisted effective governance of State enterprises, such as the Water Corporation and Western Power Corporation, including the provision of ongoing advice to the Minister for Government Enterprises;
 - provided advice through a submission to the Economic Regulation Authority's Inquiry into Urban Water and Wastewater Pricing, and a further response to the Inquiry's Draft Report;
 - purchased ABS@ from the Australian Bureau of Statistics (ABS), providing access to all published ABS data for State Government employees to improve the quality of information that is readily accessible to, and provided by, the State Government;

- made a substantial contribution, including undertaking major modelling work, to the Government's submission to the Productivity Commission Inquiry on the Economic Implications of an Ageing Australia;
- advised on tax relief measures for the October 2004 tax relief package and the 2005-06 Budget that were consistent with the responsible management of the State's finances, and assisted with the implementation of the tax relief through the development of information brochures on the measures, and provided advice on, and responses to, queries on the measures;
- contributed to the Government's review of concessions for pensioners and seniors, by providing advice (including costings) to the Government on potential improvements to the concessions system to enhance equity;
- provided advice on Western Australia's response to the Commonwealth Treasurer's proposal that the States abolish a range of stamp duties that were subject to review under the Inter-Governmental Agreement on the Reform of Commonwealth-State Financial Relations;
- provided advice on administrative and policy matters relating to the Goods and Services Tax (GST), including monitoring the performance of the Australian Taxation Office in administering the tax;
- contributed to a Heads of Treasuries report on how the Commonwealth Grants Commission process can be simplified. This report recommended terms of reference that will guide the Grants Commission as it reviews its methods of distributing GST revenue grants between the States;
- continued to chair an inter-jurisdictional working group seeking to agree reform principles and frameworks for Commonwealth specific purpose payments to the States; and
- continued to assist agencies with specific purpose payment (grants) negotiations (including payments for vocational education and training, emergency accommodation, roads, and services for indigenous persons), to help ensure that a whole-of-government position is presented to the Commonwealth in negotiating these grants.

Report on Operations - Finance

Activities

Provides policy advice, analysis and services in relation to financial management and reporting, accounting policy, asset financing and cash management. Delivers various online services and undertakes a central contracting and tendering role for Government.

Key Achievements in 2004-05

- Assisted the Government in delivering financial outcomes consistent with its financial targets, resulting in confirmation of the State's triple-A credit rating by both major ratings agencies (Standard & Poor's and Moody's Investor Services).
- This was achieved through the provision of regular analysis and advice on the State's finances, thereby ensuring that the Government was fully informed of the financial position when making decisions. This, in turn, resulted in sound financial management outcomes.
- Produced and published a number of significant reports on the State's finances, including:
 - the 2003-04 Government Financial Results Report and the Government of Western Australia Consolidated Financial Statements for the year ended 30 June 2004;
 - the 2004-05 Government Mid-Year Financial Projections Statement (mid-year review);
 - the 2004-05 Pre-Election Financial Projections Statement;
 - the 2005-06 Economic and Fiscal Outlook (Budget Paper No. 3); and
 - monthly and quarterly public sector financial outcomes publications.

These reports involved the collection, consolidation and analysis of data from some 150 agencies across the State public sector and were typically produced within tight timeframes. Access Economics has assessed Western Australia as the best performing State in terms of fiscal transparency, underlining the comprehensive scope, quality and usefulness of these publications.

- Analysed new standards issued by the Australian Accounting Standards Board in relation to the adoption of international accounting standards. Issued model financial statements to assist agencies to meet their reporting obligations under current reporting standards and the transition to Australian Equivalents to International Financial Reporting Standards.
- Conducted six major forums on topical financial management issues to increase the awareness and knowledge of financial management and accounting policies and practices in the State public sector.
- Assisted with the drafting and passage of the *Financial Administration Legislation Amendment Act 2005* that improves the accountability and timeliness of financial reporting at both the whole-of-government and agency levels. This Act received Royal Assent on 27 June 2005.

- Implemented improvements to the Outcome Based Management framework including an increased emphasis on achieving government desired outcomes, replacement of output measures with audited key efficiency indicators in both budget papers and agency annual reports, and gazettal of an amended Treasurer's Instruction 904 'Performance Indicators'. These initiatives are intended to assist in improving the relevance and usefulness of agency based performance information.
- Effectively managed the investment of the Public Bank Account, achieving a rate of return on invested funds (5.44 per cent per annum) in excess of the cash management benchmark (5.41 per cent per annum).
- Implemented a revised Investment Policy, approved by the Treasurer, that aligns with contemporary financial market conditions and enhances performance measurement.
- Implemented new vehicle fleet-related contracts with a common theme of consolidating and streamlining processes for a more cost effective operation as well as addressing a range of policy issues. Savings to Government of more than \$1 million a year have been identified.
- Developed and awarded 13 common use contracting arrangements (CUAs) in areas including temporary personnel, printed stationery, mobile telecommunications, records storage, business machines and personal computers. CUAs are focussed on delivering significant savings to Government as part of the procurement reform process. These savings are derived from a variety of initiatives including:
 - aggregation of purchases;
 - standardisation on specifications;
 - making contracts mandatory across Government;
 - maximising the number of commodities covered by CUAs; and
 - streamlining the buying process.
- Implemented an effective whole-of-government model to 'harvest' procurement reform savings from agencies and achieved a savings harvest of \$29 million in 2004-05.
- Transitioned contracting staff from 20 agencies to form the newly created Client Procurement Services Division. This is a key initiative under the procurement reform program, aimed at achieving a more 'corporate' approach to contracting across the public sector, as well as delivering improved consistency and standards.
- Implemented a Procurement Data Warehouse (PDW) as part of the procurement reform program. The PDW is now a major source of information to aid contract planning and contract performance monitoring. This is the first time a system of this kind has been attempted in the Western Australian public sector.

Report on Operations – Finance (contd)

- Issued standardised contract documentation for goods and services to be used by all Government agencies as part of the procurement reform program. A total rewrite of the General Conditions of Contract was undertaken with accompanying changes to the Request document and the contracting templates used in contract development and management. This is the first time that such a degree of standardisation in contract documentation has occurred in the Western Australian public sector.
- Tendered for a new Contract Development and Management System for use across Government, and worked with the Shared Corporate Services Program Office on the development and procurement of new whole-of-government Corporate Services Business Systems that include e-procurement functionality.

Report on Operations – Agency Resources

Activities

Advises on and manages the allocation of taxpayers' resources to achieve Government outcomes.

Key Achievements in 2004-05

- Delivered relevant recommendations of the PricewaterhouseCoopers 2002 review of asset management in the Western Australian public sector. This was achieved through:
- development of a Strategic Asset Management Framework;
- development of a Strategic Planning Framework linked to the Strategic Asset Management Framework; and
- updating and revising policies such as the Project Evaluation Guidelines.
- Monitored the progress of, and assisted in the management of, the 2004-05 Budget through the provision of regular reports and advice to the Expenditure Review Sub-Committee of Cabinet.

Major areas of focus included:

- wages policy;
- law and order;
- health;
- education;
- the environment;
- community support; and
- capital works proposals.
- Contributed to the formulation of the 2005-06 Budget and forward estimates, with process enhancements to increase the quality and timeliness of advice provided to Government.
- Continued to improve and foster relationships with agencies. Through a program of regular visits to agencies we developed a better understanding of the agencies' business and the issues impacting them. This enabled us to improve the quality of our advice to both agencies and Government.
- Provided assistance to the Department of Justice with respect to the CBD Courts Project as part of Public Private Partnerships. In June 2005, the project reached financial close and represents the first project to be progressed under the policy framework of Partnerships for Growth.
- Provided advice to the Department of Health in the implementation of the 2004 Health Reform Committee review of the Western Australian health system. The recommendations of the review provide for fundamental reforms to the future of health service delivery in Western Australia which, if successfully implemented, will dramatically enhance the sustainability of the health sector from both a service delivery (quality, safety and access) and financial perspective.

Report on Operations – Office of State Revenue

Activities

The assessment and collection of a range of statutory based revenues, including stamp duties, land tax and pay-roll tax, and those that are collected on behalf of other agencies or other jurisdictions, and the assessment and payment of a range of grants and subsidies under both statutory and administrative schemes.

Key Achievements in 2004-05

- Undertook the revenue laws administration task. This included:
 - collecting \$3.75 billion in revenue;
 - paying \$182 million in grants and subsidies; and
 - completing 5,995 investigations, raising additional tax or recovered grants of \$42.04 million.
- Improved the administration of taxes collected by:
 - continuing to develop and publish Commissioner's practices in accordance with the requirements of the *Taxation Administration Act*;
 - strengthening the revenue recovery section by staff recruitment and further development of processes and procedures;
 - developing and commencing the implementation of a broadened customer education strategy; and
 - developing and commencing the implementation of a Structured Learning Framework for staff of the OSR.
- Improved the administration of stamp duties by:
 - rolling out an internet-based on-line stamping system for stamp duty instruments;
 - undertaking research to identify changes in indirect ownership of property in relation to mining tenements;
 - putting procedures in place to facilitate the introduction of the First Home Owner Rate of stamp duty and new lodgement and payment arrangements for certain conditional contracts;
 - continuing to implement remaining Business Tax Review (BTR) recommendations, including the introduction of the hire of goods duty regime; and
 - facilitating the move from monthly to annual lodgement for lower value taxpayers who pay hire of goods duty.

- Improved the pay-roll tax scheme by continuing the development of the Revenue Online lodgment and payment service and facilitating the move from monthly to annual lodgment for lower value taxpayers.
- Improved the land and financial taxes scheme by:
 - commencing the implementation of an integrated compliance strategy in respect of land tax;
 - reviewing alternative payment methods to enable online payment of land tax via Electronic Advice of Sale (EAS2); and
 - establishing a land data management section to improve data exchange systems that process land data and ownership of land information.
- Continued improvement in the administration of grants and subsidies schemes by:
 - undertaking further work to OSR databases to streamline the validation process to check individual eligibility for concessional water and local government rates and the Emergency Services Levy (ESL) for pensioners and seniors;
 - increasing the number of visits by OSR officers to financial institutions to improve the level of education and compliance for the First Home Owner Grant (FHOG) scheme requirements by these organisations;
 - implementing the recommendations approved by Government regarding the review of the *Rates and Charges (Rebates and Deferrals) Act 1992*;
 - developing and implementing a system to provide payments to applicants under the Office of Energy's Life Support Equipment Energy Subsidy Scheme;
 - continuing to liaise with the Commonwealth regarding the administration of the FHOG, including accessing information held by certain Commonwealth agencies to improve compliance;
 - commencing a review with the Water Corporation, the Office of e-Government, and other agencies to determine the ability to receive pensioners' and seniors' data automatically from the Commonwealth and the Office for Senior's Interests and Volunteering, so as to enable concessions to be provided to eligible persons in a more timely and accurate manner; and
 - coordinating the conduct and completion of a system audit of the FHOG computer system on behalf of all jurisdictions.

Performance Assessment

2004-05

Opinion of the Auditor General



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF TREASURY AND FINANCE PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Department of Treasury and Finance are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended 30 June 2005.

Scope

The Under Treasurer's Role

The Under Treasurer is responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of effectiveness and efficiency.

Summary of my Role

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
27 September 2005

Certification of Performance Indicators

Treasurer's Instruction 905

Financial Administration and Audit Act 1985

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Treasury and Finance's performance, and fairly represent the performance of the Department of Treasury and Finance for the financial year ended 30 June 2005.



Timothy Marney
UNDER TREASURER

15 AUGUST 2005

Performance Assessment

Our Outcomes

The outcomes the Department seeks to achieve are:

- government and public sector agencies are well informed on resource allocation issues;
- public sector financial management and reporting is accountable, transparent and timely;
- government, business and the community are well informed on economic policy;
- due and payable revenue is collected, and eligible grants, subsidies and rebates paid; and
- value for money from public sector procurement.

Our Services

The Department aims to achieve these outcomes through our nine services:

Service 1 – Resourcing of services and budget development;

Service 2 – Asset management and financing;

Service 3 – Fiscal management and reporting;

Service 4 – Financial management framework development and advice;

Service 5 – Structural policy development and advice;

Service 6 – Economic, revenue and intergovernmental policy development and advice;

Service 7 – Revenue assessment and collection;

Service 8 – Grants and subsidies administration; and

Service 9 – Development and implementation of public sector procurement arrangements and systems.

Measuring Our Performance

The Department measured its performance through statistically based information and survey based questionnaires.

Statistically based effectiveness indicators have been included to help measure performance in both outcome and service areas. The use of in-house statistical data complements the survey-based results and adds scope and objectivity to the sources of information used in measuring our performance.

The efficiency indicators have been sourced from information held in our internal service measurement systems.

In May 2005, the Department commissioned an external consultant to carry out a survey to determine its economic and financial based effectiveness and efficiency. A self-completion questionnaire was sent to 212 clients/stakeholders.

A total of 145 responses were received from a final sample of 212 client/stakeholders. This is a response rate of 68 per cent and gives a maximum associated sample error of +/- 4.6 per cent at the 95 per cent confidence level.

The numbers sampled and response rates were as follows:

Client/ Stakeholder Groupings	Total Number Surveyed	Response Number	Response RatePer cent
Agencies/Other*	212	145	68

* Other includes a small number of economic and financial commentators, officials from other State and Commonwealth agencies and non-ministerial attendees at the Expenditure Review Committee.

Interview questions were designed specifically for each identified client/stakeholder group.

Performance measures covering revenue collection and assessments and the payment of grants and subsidies are sourced from in-house statistically based data collection processes.

The public sector procurement outcome and service indicators are based on a number of client surveys and statistically based information relating to contracting services and procurement systems products.

The procurement related surveys were in the form of telephone-based interviews or self-completion questionnaires directed at our key client suppliers and agency purchasers.

Client/ Stakeholder Groupings	Total Number Surveyed	Response Number	Response RatePer cent
Agency purchasers	1,979	1,162	59

Effectiveness Indicators (Audited)

Outcome 1: Government and public sector agencies are well informed on resource allocation issues

A key role of the Department is keeping public sector agencies well informed on resource allocation issues. This includes the annual budget process and production of budget papers, developments in capital investment planning and asset management and implementing recommendations from the Functional Review Taskforce (such as shared corporate services).

The indicator of effectiveness is the percentage of clients/stakeholders who believe that the Department has kept them well informed on resource allocation issues.

2004-05 Per cent	2004-05 Target Per cent
63	75

The 30 responses to this question (out of a total of 54 surveyed) represent a response rate of 56 per cent for this indicator.

The significant variance between 2004-05 target and actual is mainly due to the fact that when arriving at the target of 75 per cent no formal assessment of stakeholders was carried out.

Due to significant changes in the basis of the indicator comparative information for prior years is not available.

Outcome 2: Public sector financial management and reporting is accountable, transparent and timely

The Department is responsible for:

- the development and implementation of financial management and accounting policy in the Western Australian public sector;
- the provision of advice to agencies and government in relation to the implementation of financial reforms (such as accrual appropriations), changes to accounting policies, legislation review and interpreting existing accounting policy and the legislative framework for the Western Australian public sector;
- the central accounting and reporting requirements of government, including the preparation and publication of whole of government financial statements; and
- the provision of assistance with respect to major capital infrastructure projects (for example, Public Private Partnerships and the New Metro Rail project).

Public sector financial management and reporting is considered effective if it is seen to be accountable, transparent and timely.

Indicators of effectiveness include:

- a) The percentage of stakeholders who believe that the Department's guidance on accounting and financial policies assisted them to discharge their financial management and reporting obligations.

	2003-04 Per cent	2004-05 Per cent	Target	2004-05 Per cent
Financial Management ¹	70	63		75
Reporting ²	67	70		75

¹ The 91 responses to this question (out of a total of 135 surveyed) represent a response rate of 67 per cent for this indicator.

² The 96 responses to this question (out of a total of 135 surveyed) represent a response rate of 71 per cent for this indicator.

The variance between 2004-05 target and actual is mainly due to the fact that when arriving at the target of 75%, no formal assessment of stakeholders was carried out.

- b) The percentage of agencies that met reporting timelines and information requirements.

The *Government Financial Responsibility Act 2000* requires the preparation and publication of quarterly financial results reports at the whole of government level. Agencies are required to submit data to the Department by the 15th day of the month following the end of each quarter, to facilitate the timely release of the quarterly financial results reports.

Whole of Government Returns			
Period	Number of Agency Returns Required	Number of Agency Returns Received by Due Date	Agency Returns Received by Due Date Per cent
2003-04			
September	149	77	51.7
December	148	89	60.1
March	151	89	58.9
June	151	91	61.2
2004-05			
September	145	100	69.0
December	145	89	61.4
March	146	116	79.5
June	147	93	63.3

Performance Assessment (contd)

The Department is working with agencies to improve the timeliness of whole of government financial reporting. Some improvement in the timeliness of agency data submission was evident in 2004-05, with an average 68.3 per cent of agencies meeting the quarterly reporting deadline throughout the year, compared with 58.0 per cent in 2003-04.

Outcome 3: Government, business and the community are well informed on economic policy

One of the key responsibilities of the Department is to ensure that government, business and the community are well informed on economic policy issues. This includes National Competition Policy reforms, utilities reform and regulation, commercial policy and financial performance of government business enterprises, business tax reform, Commonwealth-State relations and general issues impacting on the Western Australian economy.

Keeping government, business and the community well informed on economic policy is considered effective if:

- advice has been provided to stakeholders/clients in a timely manner;
- the majority of stakeholders/clients feel that the information provided on economic issues and trends was clear, complete and relevant, and served to assist them in their decision making; and
- economic policy advice provided to clients/stakeholders was accurate and consistent.

The indicator of effectiveness is the percentage of stakeholders who believe that the Department has kept them well informed on economic policy issues.

2003-04 Per cent	2004-05 Per cent	2004-05 Target Per cent
54	59	75

The 41 responses to this question (out of a total of 71 surveyed) represent a response rate of 58 per cent for this indicator.

The variance between 2004-05 target and actual is mainly due to the fact that when arriving at the target of 75 per cent, no formal assessment of stakeholders was carried out.

59 per cent of all clients who answered this question rated the DTF as effective. This increased slightly from 54 per cent in 2004. Of particular interest however, is the significant decrease in the number of respondents giving an ineffective rating (7 per cent compared with 22 per cent in 2003-04). This is a positive result, as it was noted last year that this measure has a relatively high ineffective rating compared with other results in the report.

The two main client types for whom this area is relevant are structural policy clients and Intergovernmental Relations (IGR)/Economic and Revenue Policy (ERP) (now known as Revenue and Intergovernmental

Relations (RIG) and Economic Policy (EP)) clients. The number of IGR/ERP clients giving an effective rating has increased from 50 per cent to 77%, however, given the fairly low sample sizes, this difference is not significant.

Outcome 4: Due and payable revenue is collected and eligible grants, subsidies and rebates paid

DTF, through the Office of State Revenue, administers a range of revenue laws on behalf of the government. This involves the collection of revenue raised and payment of grants and subsidies provided under those revenue laws, as well as a number of administrative based schemes.

The revenue collection effectiveness indicators provide a measure of the accuracy of the revenue assessment process, the level of compliance by self-assessed taxpayers and the timeliness of processing assessments, and are considered to be the key elements in the effective collection of revenue.

Indicators of effectiveness include:

- a) The percentage of assessments paid and returns lodged by the due date.

The proportion of assessments paid, and returns lodged by the due date, provides an indication of the level of compliance by those persons who make payments. Incorrect assessments paid and lodged can be an indication that persons have an insufficient knowledge of the tax laws. This indicator includes assessments for land tax, stamp duty instruments and returns based taxes for pay-roll tax, debits tax, insurance, stamp duty rental and systems generated (non-manual) miscellaneous stamp duty.

2000-01 Per cent	2001-02 Per cent	2002-03 Per cent	2003-04 Per cent	2004-05 Per cent	2004-05 Target Per cent
85	87	88	83	86	87

As from 1 July 2004, alternative lodgement and payment periods were made available for certain conditional contracts or agreements for the sale of property. The change in legislation contributed to the improvement in percentage for stamp duty assessments paid by the due date.

- b) The extent to which all registered pay-roll tax persons audited had paid their correct liability.

The extent to which all audited persons submit pay-roll tax returns and pay their correct liability reflects the level of compliance in relation to revenue laws.

Liability	Number Investigated/Audited				Per cent Compliant/Correct				
	2001-02	2002-03	2003-04	2004-05	2001-02	2002-03	2003-04	2004-05	2004-05 Target
Pay-roll tax	544	964	849	764	31.1	33.9	27.8	38	30

Performance Assessment (contd)

The percentage of compliance relates to persons found to have correctly declared their liability. Incorrect declarations include both under declarations and over declarations. The indicator is based on routine audits of 764 employers representing 8.2 per cent of the total registered 9,281 employers. As audits are often targeted, the compliance percentage is not necessarily indicative of all employers.

- c) The extent to which all registered stamp duty rental persons audited had paid their correct liability.

The extent to which all audited stamp duty rental persons pay their correct liability reflects the level of compliance in relation to revenue laws.

Liability	Number Investigated/Audited				Per cent Compliant/Correct				
	2001-02	2002-03	2003-04	2004-05	2001-02	2002-03	2003-04	2004-05	2004-05 Target
Stamp duty – rentals	26	43	51	148	46.2	46.5	39.2	39.1	40

The percentage of compliance relates to persons found to have correctly declared their liability. Incorrect declarations include both under declarations and over declarations. It is based on a sample of 148 businesses representing 11.6 per cent of the total stamp duty rental registration base of 1,280. As audits are often targeted, the compliance percentage is not necessarily indicative of the duty base. Additional resources allocated to this were allocated to this activity in order to carryout more investigations.

- d) The extent to which all recipients of the First Home Owner Grant audited had been paid their correct grant.

The extent to which all recipients of grants and subsidies have been paid correctly reflects the level of compliance in relation to revenue laws.

Concession	Number Investigated/Audited				Per cent Compliant/Correct				
	2001-02	2002-03	2003-04	2004-05	2001-02	2002-03	2003-04	2004-05	2004-05 Target
First Home Owner Grant Scheme	406	479	678	687	99.5	99.0	98.5	98.9	98.0

The percentage of compliance relates to the number of persons found to have correctly claimed a First Home Owner Grant (FHOG). Although all FHOG applicants are subject to both a pre-eligibility check and a later residency check, only 687 of the total FHOG applications base of 19,671 were formally investigated. Of those investigated, 468 were found to be eligible for the grant and 219 were either refused the grant or had to repay the grant.

- e) The extent to which all recipients of Pensioner and Senior Rebate Scheme subsidies audited claim the correct concession.

Concession	Number Investigated/Audited				Per cent Compliant/Correct				
	2001-02	2002-03	2003-04	2004-05	2001-02	2002-03	2003-04	2004-05	2004-05 Target
Pensioner and Seniors Rebate Scheme	1,249	1,491	2,789	3,627	98.2	98.7	n.a*	97.8	99.0

* Not Available.

The percentage of compliance relates to the number of pensioner and senior rebate claims found to be correct, based on an eligibility verification on all rebate claim files received (3,627). Of the 521,064 individual pensioner and senior claims processed, 509,540 were accepted. A return to normal processes occurred from October 2004 onwards following the successful stabilisation of the new computer system which resulted in data not being captured in the 2003-04 year. Figures for 2004-05 are based on an estimate of figures from July to September 2004 and actual for October 2004 to June 2005.

There are no restrictions on local governments on how many schedules or when they submit schedules for reimbursement. A local government may choose to submit one schedule per year or several, depending on their internal processes. Also, once a schedule has been processed by OSR it may contain a number of rejected claims. These rejected claims will be corrected by local governments and resubmitted for payment.

Outcome 5: Value for money from public sector procurement

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

Indicators of effectiveness include:

- a) The extent to which client agencies agree that their contracts were awarded on a value for money basis.

2001-02 Per cent	2002-03 Per cent	2003-04 Per cent	2004-05 Per cent	2004-05 Target
75	82	74	87	80

The 136 responses to this question, out of a total of 145 surveyed, represents a response rate of 94 per cent for this indicator.

Performance Assessment (contd)

The extent to which client agencies agree that common use arrangements are managed/awarded on a value for money basis.

2001-02 Per cent	2002-03 Per cent	2003-04 Per cent	2004-05 Per cent	2004-05 Target
75	68	68	81	80

The 868 responses to this question, out of a total of 1,753 surveyed, represents a response rate of 54 per cent for this indicator.

Efficiency indicators (Audited)

Our efficiency indicators have been designed to measure the unit cost of the nine services.

Service One: Resourcing of services and budget development

This service covers the ongoing liaison with agencies on issues impacting their business and the provision of advice and assistance through the budget process (such as Budget Circulars and Budget briefing sessions). It also includes the provision of advice during the Budget process to ministers and non-ministerial members of the Expenditure Review Committee (such as Bilateral and Expenditure Review Committee briefing notes).

Efficiency Indicators	2002-03	2003-04	2004-05
Cost per hour of advice (\$) ¹	205	220	115
Cost of producing budget papers (\$) ²	1,150,340	1,202,697	504,902

¹ The method of recording hours in TOMS (Treasury Outputs Management System) was changed during the financial year to ensure a more accurate recording of tasks. With effect from 2004-05, Service 1 Cost Centres introduced a system of recording total hours as opposed to hours of operational staff during previous years. As a result of this change, total hours of advice recorded have significantly increased this financial year, therefore reducing the unit cost of hours of advice.

² The number of hours to prepare budget papers has been reduced this financial year reflecting a streamlined budget process after the February 2005 State Election, reducing the cost of producing budget papers. Relates to Budget Paper No. 2.

Service Two: Asset management and financing

This service covers the responsibility for provision of financial management advice and services to the public sector.

Efficiency Indicators	2002-03	2003-04	2004-05
Cost per hour of advice (\$)	130	114	95

The main reason for the variance was an allocation of direct costs to corporate overheads to reflect transaction processing functions between 2003-04 and 2004-05 carried out by Asset Management and Financial Services.

Service Three: Fiscal management and reporting

This service covers the provision of fiscal policy advice and whole of government financial reporting that is relevant, accurate and timely.

Efficiency Indicators	2002-03	2003-04	2004-05
Cost per hour of advice (\$)	98	108	169
Cost of producing reports (\$) ¹	2,605,000	2,521,929	2,899,977

During 2004-05 more resources were allocated to producing reports as a result of the statutory requirements to produce the Pre-Election Financial Projection Statements.

¹ Includes cost of producing Budget Paper 1 (Budget Speech) and Budget Paper 3.

Service Four: Financial management framework development and advice

This service covers responsibility for the ongoing development and improvement to the financial management policies and practices within the public sector. This includes consultation with, and assistance to, key stakeholders in terms of implementing financial management initiatives, legislation and accounting policies and standards (such as amendments to the Financial Administration and Audit Act and Treasurer's Instructions, and implementation of Australian equivalents to International Financial Reporting Standards).

Efficiency Indicators	2002-03	2003-04	2004-05
Cost per hour of advice (\$)	149	134	135

Service Five: Structural policy development and advice

This service covers the provision of information and advice relating to microeconomic (structural) policy reform including National Competition Policy reforms, utilities reform and financial performance and budget oversight of government business enterprises, contributions to the gas retail deregulation and establishment of the Independent Market Operator.

Efficiency Indicators	2002-03	2003-04	2004-05
Cost per hour of advice (\$)	136	111	124

The increased cost per hour of advice arises from higher total costs despite a decrease in the number of hours of advice provided. This reflects a return to more normal activity levels and the more routine nature of advice provided. In addition allocation of resources between services Five and Six was affected by a restructure of the Economic Business Unit which occurred in 2004-05.

Performance Assessment (contd)

Service Six: Economic, revenue and intergovernmental policy development and advice

This service covers the Department's role in keeping government, business and the community well informed on economic, revenue and intergovernmental policy developments. This includes promoting a greater understanding of the Western Australian economy. The review of Commonwealth-State funding arrangements (special purpose payments and the Commonwealth Grants Commission) and State taxation (including revenue relief resources announced in 2004-05).

Efficiency Indicators	2002-03	2003-04	2004-05
Cost per hour of advice (\$)	108	133	146
Cost of producing reports and publications (\$)	599,000	169,882	504,866

Due to an internal restructure, more resources were allocated to Service Six as a transfer of resources from Service Five.

Service Seven: Revenue assessment and collection

This service covers the assessment and collection of certain revenues payable to the State under a range of State revenue laws including those raised in accordance with the Land Tax Assessment Act, Land Tax Act, Metropolitan Region Improvement Tax Act, Debits Tax Assessment Act and the Debits Tax Act, Pay-roll Tax Assessment Act, Pay-roll Tax Act and the Stamp Act.

Efficiency Indicators	Actual 2002-03	Actual 2003-04	Actual 2004-05	Target 2004-05
Cost per return issued (\$)	209	195	192	96
Cost per instrument assessed (\$)	24	25	30	27

Service Eight: Grants and subsidies administration

This service covers the administration of the payment of concessions under the First Home Owner Grant Scheme and the Pensioner and Seniors Rebate Scheme.

Efficiency Indicators	Actual 2003-04	Actual 2004-05	Target 2004-05
Cost per grant and subsidy processed (\$)			
- First Home Owner Grant Applications (\$)	110*	80	107
- Pensioner and Seniors Claim Concession (\$)	1.47*	1.91	2.11

* Figures restated to conform with 2004/05 presentation.

The favourable variance between target 2004-05 and actual 2004-05 was mainly due to changes in the allocation of Corporate overheads to the cost of First Home Owner Grant applications and Pensioner and Seniors Claim Concessions.

Service Nine: Development and implementation of public sector procurement arrangements and systems

This service covers the development and management of whole of government contract frameworks as well as contracts to meet specific agency requirements. This service also covers the ServiceNet arrangement, the provision of Internet access services to government agencies and the management of the GEM suite of online procurement services.

Unit cost measures have been obtained from our internal services management systems.

Efficiency Indicators	2002-03	2003-04
Cost of developing, managing and promoting common use agency specific contracts as a percentage of contract value (%)	0.7%	0.6%
Cost of developing and maintaining agency specific contracts as a percentage of contract value (%) ¹	0.8%	1.6%
Average cost per registered user of GEM (\$) ²	\$158	\$116

¹ The 2003-04 figure of 0.8 per cent was an anomalous result due to a number of high value contracts in that year.

² The significant improved performance is as a result of a larger number of users of Gem Tendering and level 1 buyers for Gem Purchasing.

Performance Assessment (contd)

Service Measures (Not Audited)

Our performance in respect to each of these services in terms of quantity and cost is outlined in this section.

Service One: Resourcing of services and budget development

Efficiency Measure	2003-04	Target	2004-05 Actual
Quantity			
Hours of advice to government ¹	12,976	13,000	22,541
Hours of advice to agencies	16,925	16,000	12,456
Hours to prepare budget papers ¹	5,735	6,000	2,503
Cost			
Cost of advice to government (\$)	2,876,231	2,921,000	4,550,170
Cost of advice to agencies (\$)	3,721,540	3,553,000	2,514,667

¹ The method of recording hours in TOMS (Treasury Outputs Management System) was changed during the financial year to ensure a more accurate recording of tasks. As a result of this change, total hours of advice recorded have significantly increased this financial year, therefore reducing the unit cost of hours of advice.

Service Two: Asset management and financing

Efficiency Measure	2003-04	Target	2004-05 Actual
Quantity			
Hours of advice on major asset financing projects	1,584	1,750	1,200
Hours on fleet financing and leasing ¹	7,147	12,200	7,224
Hours on management and investment of cash resources	7,859	9,000	6,967
Cost			
Cost of advice on major asset financing projects (\$)	180,228	180,000	87,980
Cost of fleet financing and leasing (\$)	525,145	1,030,000	661,975
Cost of management and investment of cash resources (\$)	750,784	1,130,000	716,099

The cost of management and investment of cash resources is lower than budget due to a different organisational structure and a changed method of allocating corporate overheads.

¹ Provision for external resources (2FTE's) to assist in the management of the outsourcing arrangements did not eventuate during 2004-05, resulting in a lower number of hours than expected.

Service Three: Fiscal management and reporting

Efficiency Measure	2003-04	2004-05	
		Target	Actual
Quantity			
Number of reports	24	23	24
Hours of advice to government	1,533	1,600	2,132
Hours of advice to agencies/other	2,915	3,000	2,435
Hours preparing budget papers ¹	1,945	4,500	2,076
Hours preparing Mid-Year Review	923	1,000	1,043
Cost			
Cost of reports (\$)	2,565,371	2,103,000	2,018,971
Cost of advice to government (\$)	192,402	306,000	293,669
Cost of advice to agencies/other (\$)	295,618	498,000	477,212
Cost of producing budget papers (\$) ¹	244,010	726,000	697,463
Cost of producing Mid Year Review (\$)	114,299	190,000	183,543

¹ Relates to Budget Paper No.3, the Budget Speech and the Budget Overview.

Service Four: Financial management framework development and advice

Efficiency Measure	2003-04	2004-05	
		Target	Actual
Quantity			
Hours of advice to government	3,792	4,000	3,622
Hours of advice to agencies	11,632	10,500	11,325
Cost			
Cost of advice to government (\$)	523,246	562,000	401,811
Cost of advice to agencies (\$)	1,563,063	1,444,000	1,552,523

Service Five: Structural policy development and advice

Efficiency Measure	2003-04	2004-05	
		Target	Actual
Quantity			
Hours of advice to government	5,668	5,954	5,958
Hours of advice to others	13,625	15,385	14,253
Cost			
Cost of advice to government (\$)	641,523	590,000	601,763
Cost of advice to others (\$)	1,498,311	1,530,000	1,314,681

Performance Assessment (contd)

Reduced costs of advice increases in hours of advice provided reflects changes in the complexity of analysis undertaken and overall resource constraints as well as efficiency improvements. In addition allocation of resources between services Five and Six were affected by the restructure of the Economic Business Unit which occurred in 2004-05.

Service Six: Economic, revenue and intergovernmental policy development and advice

Efficiency Measure	2003-04	2004-05	
		Target	Actual
Quantity			
Hours of advice to government	10,932	8,000	11,322
Hours of advice to other parties	1,522	3,500	3,513
Number of reports/publications	93	100	56
Number of letters prepared	216	200	173
Hours on intergovernmental relations	12,214	11,550	11,853
Cost			
Cost of advice to government (\$)	1,453,113	502,000	1,230,944
Cost of advice to other parties (\$)	202,857	468,000	484,995
Cost of reports/publications (\$)	169,882	911,000	504,866
Cost of letters (\$)	184,981	399,000	58,811
Cost of intergovernmental relations (\$)	926,484	1,152,000	1,349,070

Costs of advice to other parties and intergovernmental matters increased while costs of advice to government on economic and revenue matters declined. The costs of reports increased due to a shift to more costly, complex publications.

During the financial year, a restructure of the Economic Business Unit also resulted in some reallocation of costs, including between services Five and Six.

Service Seven: Revenue assessment and collection

Efficiency Measure	2003-04	2004-05 Target	2004-05 Actual
Quantity			
Number of land items assessed	1,308,537	1,290,000	1,339,055
Number of pay-roll tax returns issued	81,344	80,000	84,077
Number of debit tax returns issued	171	175	184
Number of stamp duty returns issued	15,719	19,850	18,293
Number of stamp duty instruments assessed ¹	618,194	570,000	548,267
Cost			
Cost per land tax item assessed (\$)	8.54	8.12	8.71
Cost per pay-roll tax return issued (\$)	91.14	99.18	94.73
Cost per stamp duty return issued (\$)	103.61	96.35	96.86
Cost per stamp duty instrument assessed (\$) ¹	16.05	18.85	21.25

¹ Includes all original instruments, duplicates assessed for duty and instruments lodged where no duty is payable. Only original instruments self assessed under the disk based system are included. Instruments assessed by the Clerk of Courts and those self assessed under the paper based return system are not included.

Service Eight: Grants and subsidies administration

Efficiency Measure	2003-04	2004-05 Target	2004-05 Actual
Quantity			
Number of First Home Owners Grant (FHOG) applications processed ¹	14,391	14,500	19,671
Number of pensioner/seniors concession claims processed	341,442	315,000	337,910
Cost			
Cost per FHOG application (\$)	110.21*	106.99	80.16
Cost per pensioner and seniors concession claim (\$)	1.47*	2.11	1.91

¹ Growth in the number of first home owner grant applications partly reflected the introduction of substantial stamp duty concessions for first home buyers from 1 July 2004. However, it was also a reflection of the strength of the State's economy and relatively affordable housing in Western Australia when compared to many other States.

* Figures re stated due to incorrect apportionment method used in 2003-04.

Performance Assessment (contd)

Service Nine: Development and implementation of public sector procurement arrangements and systems

Efficiency Measure	2003-04	2004-05 Target	Actual
Quantity			
Value of agency specific contracts developed (\$)	438,924,759	200,000,000	628,350,611
Number of agency specific contracts developed ¹	241	200	1,177
Value of common use contracts managed (\$)	994,932,425	1,200,000,000	1,121,877,727
Number of common use contracts managed	772	720	753
Number of registered users of the Government Electronic Market (GEM) ²	42,617	41,000	47,032
Number of external web links in OnlineWA ³	9,736	10,000	9,263
Volume of ServiceNet internet traffic (gigabytes) ⁴	37,543	38,000	68,116
Number of ConferWest conference hours ⁵	9,137	11,000	8,285
Cost			
Overall cost of developing agency specific contracts (\$) ¹	3,409,370	na	9,981,434
Overall cost of development, management and promotion of common use contracts (\$)	6,630,161	na	6,875,810
Average cost of external web links in OnlineWA (\$) ³	44	41	51
Average cost per gigabyte of ServiceNet traffic (\$) ⁴	59	65	32
Average cost per ConferWest conference hour (\$) ⁵	60	58	76

¹ The transfer of agency procurement practitioners to the Department has resulted in contracts that were previously developed within agencies being managed by the Department. This has resulted in a significant increase in both budgeted costs and total number of contracts.

² A larger than projected number of Gem Tendering users and Gem Purchasing level one buyers resulted in a significant reduction in unit cost.

³ A rationalisation and streamlining occurred of web pages available from agencies, which OnlineWA links to.

⁴ Much of the increase is due to schools now utilising the facility.

⁵ A decrease in the number of small conferences, as a result of improved technology platforms within government agencies, has led to a small decline in the number of conference hours.

Financial Statements

2004-05

Opinion of the Auditor General



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF TREASURY AND FINANCE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

Audit Opinion

In my opinion,

- (i) the controls exercised by the Department of Treasury and Finance provide reasonable assurance that the receipt, expenditure and investment of monies, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Department at 30 June 2005 and its financial performance and cash flows for the year ended on that date.

Scope

The Under Treasurer's Role

The Under Treasurer is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Schedule of Expenses and Revenues by Service, Summary of Consolidated Fund Appropriations and Revenue Estimates, and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

D D R PEARSON
AUDITOR GENERAL
27 September 2005


Certification of Financial Statements

The accompanying financial statements of the Department of Treasury and Finance have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the year ending 30 June 2005 and the financial position as at 30 June 2005.

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.



Pascoe Rechichi CPA
PRINCIPAL ACCOUNTING OFFICER



Tim Marney
ACCOUNTABLE OFFICER

15 August 2005

Financial Statements

Statement of Financial Performance

for the year ended 30 June 2005

	Note	2004–05 (\$'000)	2003–04 (\$'000)
COST OF SERVICES			
Expenses from ordinary activities			
Employee expenses	4	50,267	41,577
Supplies and services	5	24,849	25,840
Depreciation and amortisation expense	6	4,197	4,319
Accommodation expenses	7	5,374	5,005
Capital user charge	8	2,368	2,106
Carry amount of non-current assets disposed of	10	28	40
Total cost of services		87,083	78,887
Revenue from operating activities			
User charges and fees	9	16,269	14,701
Total revenues from ordinary activities		16,269	14,701
NET COST OF SERVICES		70,814	64,186
REVENUES FROM STATE GOVERNMENT	11		
Output Appropriations		53,791	55,595
Liabilities assumed by the Treasurer		1,036	279
Resources received free of charge		9,187	7,644
Total revenues from State Government		64,014	63,518
CHANGE IN NET ASSETS		(6,800)	(668)
Total changes in equity other than those resulting from transactions with WA State Government as owners		(6,800)	(668)

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

Statement of Financial Position

for the year ended 30 June 2005

	Note	2004–05 (\$'000)	2003–04 (\$'000)
CURRENT ASSETS			
Cash assets	21	6,611	13,466
Restricted cash assets	12	–	1,260
Prepayments		958	330
Receivables	13	2,759	3,099
Amounts receivable for outputs	14	2,115	1,131
Total Current Assets		12,443	19,286
NON-CURRENT ASSETS			
Amounts receivable for services	14	12,896	11,033
Plant, equipment and leasehold improvements	15	16,241	18,285
Intangible	16	225	262
Total Non-current Assets		29,362	29,580
TOTAL ASSETS		41,805	48,866
CURRENT LIABILITIES			
Payables	17	848	2,951
Accrued salaries	18	–	1,668
Provisions	19	9,986	7,937
Total Current Liabilities		10,834	12,556
NON-CURRENT LIABILITIES			
Provisions	19	5,294	4,233
Total Non-current Liabilities		5,294	4,233
TOTAL LIABILITIES		16,128	16,789
EQUITY	20		
Contributed equity		21,315	20,915
Accumulated surplus		4,362	11,162
TOTAL EQUITY		25,677	32,077
TOTAL LIABILITIES AND EQUITY		41,805	48,866

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

Statement of Cash Flows

for the year ended 30 June 2005

	Note	2004–05 (\$'000)	2003–04 (\$'000)
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		49,813	50,969
Capital contributions		400	400
Holding account drawdowns		1,131	1,431
Net cash provided by State Government		51,344	52,800
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee costs		(47,487)	(38,859)
Supplies and services		(18,171)	(17,495)
Capital user charge		(2,368)	(2,986)
Accommodation		(5,469)	(4,434)
GST payments on purchases		(2,677)	(3,830)
GST payments to Australian Taxation Office		(1,096)	(1,013)
Receipts			
User charges and fees		16,512	12,722
GST receipts on sales		1,242	2,026
GST receipts from Australian Taxation Office		2,198	3,125
Net cash provided by/(used in) operating activities	22	(57,316)	(50,744)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(2,143)	(2,326)
Net cash provided by/(used in) investing activities		(2,143)	(2,326)
NET INCREASE/(DECREASE) IN CASH HELD		(8,115)	(270)
Cash assets at the beginning of the financial year		14,726	14,996
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	21	6,611	14,726

Output Schedule of Expenses and Revenues for the year ended 30 June 2005

	Resourcing of Services & Budget Development	Asset Management & Financing	Fiscal Management & Reporting	Financial Management Framework Development & Advice	Structural Policy Development & Advice	Economic, Revenue, Intergovernmental Policy Development & Advice	Revenue Assessment & Collection	Grants & Subsidies Administration	Development & implementation of public sector procurement arrangements & systems	Unallocated	Total											
	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05										
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000										
2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05										
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000										
	5,569	5,858	1,070	838	2,362	2,505	1,492	1,675	1,390	1,692	2,439	2,183	16,081	16,271	1,589	1,956	17,953	8,547	322	51	50,267	41,577
	854	379	279	173	697	579	224	128	234	147	640	269	12,476	11,486	315	79	9,088	10,820	42	1,797	24,849	25,840
	351	686	36	25	111	82	57	46	65	49	120	95	1,473	1,440	103	46	1,881	1,851	0	0	4,197	4,319
	716	781	77	386	479	186	169	203	214	214	410	337	2,028	7	111	0	1,170	2,891	0	0	5,374	5,005
	77	69	4	10	20	12	12	20	13	12	18	16	977	944	102	6	1,145	1,017	0	0	2,368	2,106
	3	4	0	0	2	3	1	2	1	2	1	2	8	11	1	2	11	14	0	0	28	40
	7,570	7,778	1,466	1,433	3,671	3,366	1,955	2,073	1,917	2,116	3,628	2,902	33,043	30,159	2,221	2,089	31,248	25,122	364	1,848	87,083	78,887
EXPENSES FROM ORDINARY ACTIVITIES																						
	37	14	639	511	11	9	8	4	11	4	21	6	2,922	3,148	398	216	11,858	8,941	364	1,848	16,269	14,701
	37	14	639	511	11	9	8	4	11	4	21	6	2,922	3,148	398	216	11,858	8,941	364	1,848	16,269	14,701
REVENUES FROM ORDINARY ACTIVITIES																						
	7,533	7,764	827	922	3,660	3,357	1,974	2,069	1,906	2,112	3,607	2,896	30,121	27,011	1,823	1,873	19,390	16,181	0	0	70,814	64,186
Revenues from Government																						
	5,722	6,912	628	838	2,780	3,019	1,478	1,848	1,447	1,895	2,740	2,594	22,880	23,784	1,385	1,647	14,731	13,058	0	0	53,791	55,595
	116	31	22	3	49	20	31	9	29	8	51	14	334	109	33	15	372	70	0	0	1,036	279
	32	25	16	2	10	16	7	7	9	7	18	11	8,981	7,508	12	12	102	56	0	0	9,187	7,644
	5,870	6,968	666	843	2,839	3,055	1,516	1,864	1,485	1,910	2,809	2,619	32,195	31,401	1,430	1,674	15,205	13,184	0	0	64,014	63,518
	(1,663)	(796)	(161)	(79)	(821)	(302)	(431)	(205)	(421)	(202)	(798)	(277)	2,074	4,390	(393)	(199)	(4,185)	(2,997)	0	0	(6,800)	(668)

The Output Schedule of Expenses and Revenues should be read in conjunction with the accompanying notes.
The unallocated figures relate to the provision of services to other agencies and do not form part of the costs of the outputs of the Department.

Summary of Consolidated Fund Appropriations and Revenue Estimates

for the year ended 30 June 2005

		2004–05 Estimate \$'000	2004–05 Actual \$'000	2004–05 Variation \$'000	2003–04 Actual \$'000	Actual \$'000	Variation \$'000
DELIVERY OF OUTPUTS							
Item 10	Net amount appropriated to deliver services	53,777	52,942	(835)	52,942	54,746	(1,804)
	Amount authorised by other statutes						
	Salaries and Allowances Act 1975	849	849	–	849	849	–
	Total appropriations provided to deliver services	54,626	53,791	(835)	53,791	55,595	(1,804)
CAPITAL							
Item 116	Capital Contribution	400	400	–	400	400	–
ADMINISTERED							
RECURRENT ADMINISTERED							
Community Service Obligations							
Item 11	Electricity Corporation	47,930	46,178	(1,752)	46,178	39,204	6,974
Item 12	Forest Products Commission	1,070	1,070	–	1,070	1,300	(230)
Item 13	Water Corporation of Western Australia	273,613	288,253	14,640	288,253	268,393	19,860
Item 14	Western Australian Land Authority	27,538	22,444	(5,094)	22,444	33,552	(11,108)
Grants Subsidies and Transfer Payments							
Item 15	Aerial Shark Surveillance Program	110	131	21	131	101	30
Item 16	Albany Port Authority	173	173	–	173	173	–
Item 17	Armadale Redevelopment Authority	1,030	1,180	150	1,180	750	430
Item 18	First Home Owners' Assistance	113,500	124,757	11,257	124,757	95,500	29,257
Item 19	GST Administration Costs	57,500	58,480	980	58,480	53,354	5,126
Item 20	HIH Insurance Rescue Package	500	23	(477)	23	99	(76)
Item 21	Office of Health Review	1,189	1,197	8	1,197	1,036	161
Item 22	On-Road Diesel Subsidies	5,000	6,894	1,894	6,894	6,600	294
Item 23	Pensioner Concessions - Emergency Services Levy	5,400	6,794	1,394	6,794	3,650	3,144
Item 24	Pensioner Concessions – Local Government and Water Rates	42,500	43,340	840	43,340	41,150	2,190
Item 25	Provision for Unfunded Liabilities in the Government Insurance Fund	4,711	2,535	(2,176)	2,535	2,556	(21)
Item 26	Refunds of Past Years Revenue Collections – Public Corporations	100	338	238	338	704	(366)
Item 27	Refunds of Past Years Revenue Collections – All Other	5,111	12,763	7,652	12,763	8,300	4,463
Item 28	State Housing Commission – Emergency Services Levy	2,100	2,100	–	2,100	1,300	800
Item 29	State Housing Commission – General Housing Funding	1,000	8,000	7,000	8,000	2,000	6,000
Item 30	State Housing Commission – Indigenous Housing	18,483	18,483	–	18,483	18,483	–
Item 31	State Housing Commission – Subsidies for Housing	3,480	3,480	–	3,480	3,480	–
Item 32	State Property – Emergency Services Levy	9,000	7,662	(1,338)	7,662	6,033	1,629
Item 33	Western Australian Building Management Authority Interest	6,615	6,679	64	6,679	7,989	(1,310)

		2004-05 Estimate \$'000	2004-05 Actual \$'000	2004-05 Variation \$'000	2003-04 Actual \$'000	Actual \$'000	Variation \$'000
Item 34	All Other Grants, Subsidies and Transfer Payments	3,325	3,166	(159)	3,166	3,564	(398)
	Midland Redevelopment Authority	—	—	—	—	500	(500)
	Rail Access Regulator	—	—	—	—	395	(395)
	Water Corporation of Western Australia	—	—	—	—	9,170	(9,170)
	Ex-gratia Payment – Refund of Stamp Duty	—	—	—	—	10	(10)
	Western Australian Gas Disputes Arbitrator	—	—	—	—	20	(20)
	Water Corporation – State Water Strategy Rebate Scheme	—	8,372	8,372	8,372	—	8,372
	Amounts Authorised by Other Statutes						
	Financial Agreement Act 1995 - Interest	—	—	—	—	290	(290)
	Gold Corporation Act 1987	64	23	(41)	23	45	(22)
	Judges' Salaries and Pensions Act 1950	3,988	6,361	2,373	6,361	4,496	1,865
	Loan (Financial Agreement) Act 1991						
	Interest	19,479	14,912	(4,567)	14,912	19,695	(4,783)
	Loan Guarantee Fees	610	294	(316)	294	636	(342)
	Parliamentary Superannuation Act 1970	17,500	9,205	(8,295)	9,205	3,784	5,421
	State Superannuation Act 2000	422,065	436,624	14,559	436,624	394,116	42,508
	Tobacco Control Act 1990	17,357	17,363	6	17,363	16,930	433
	Unclaimed Money Act 1990	500	431	(69)	431	277	154
	Western Australian Treasury Corporation Act 1986						
	Interest	55,803	27,773	(28,030)	27,773	31,616	(3,843)
	Loan Guarantee Fees	1,006	604	(402)	604	895	(291)
	Unclaimed Money (Superannuation and RSA Providers) Act 2003	50	81	31	81	117	(36)
	Total Recurrent Administered	1,169,400	1,188,163	18,763	1,188,163	1,082,263	105,900
	ADMINISTERED CAPITAL						
Item 117	Armadale Redevelopment Authority	2,000	3,000	1,000	3,000	2,000	1,000
Item 118	Department of Health	61,152	82,677	21,525	82,677	—	82,677
Item 119	Electricity Corporation	10,450	6,000	(4,450)	6,000	—	6,000
Item 120	Forest Products Commission	1,291	1,270	(21)	1,270	1,289	(19)
Item 121	Fremantle Port Authority	1,222	5,319	4,097	5,319	—	4,398
Item 122	State Housing Commission	19,500	19,105	(395)	19,105	921	3,605
Item 123	Western Australian Building Management Authority	7,275	7,375	100	7,375	7,033	342
Item 124	Western Australian Land Authority	5,000	5,000	—	5,000	5,000	—
	East Perth Redevelopment Authority					3,020	(3,020)
	Electricity Corporation					1,415	(1,415)
	Authorised by Other Statutes						
	Financial Agreement Act 1995 – Sinking Fund	—	—	—	—	8,025	(8,025)
	Loan (Financial Agreement) Act 1991						
	– Capital Repayments	12,208	308,478	296,270	308,478	11,940	296,538
	Western Australian Treasury Corporation Act 1986						
	– Capital Repayments	10,513	168,661	158,148	168,661	148	168,513
	Total Capital Contribution	130,611	606,885	476,274	606,885	56,291	550,594
	GRAND TOTAL OF APPROPRIATION	1,300,011	1,795,048	495,037	1,795,048	1,138,554	656,494

Summary of Consolidated Fund Appropriations and Revenue Estimates

for the year ended 30 June 2005

	2004–05 Estimate \$'000	2004–05 Actual \$'000	2004–05 Variation \$'000	2003–04 Actual \$'000	Actual \$'000	Variation \$'000
Details of expenditure by services:						
Resourcing of Services and Budget Development	7,896	7,570	(326)	7,570	7,778	(208)
Asset Management and Financing	2,340	1,466	(874)	1,466	1,433	33
Financial Management and Reporting	3,823	3,671	(152)	3,671	3,366	305
Financial Management Framework Development and Advice	2,006	1,955	(51)	1,955	2,073	(118)
Structural Policy Development and Advice	2,120	1,917	(203)	1,917	2,116	(199)
Economic, Revenue and Intergovernmental Policy Development and Advice	3,432	3,628	196	2,902	726	
Revenue Assessment and Collection	31,066	33,043	1,977	33,043	30,159	2,884
Grants and Subsidies Administration	2,216	2,221	5	2,221	2,089	132
Development and implementation of public sector procurement arrangements and systems	21,057	31,248	10,191	31,248	25,122	6,126
Unallocated		364	364	364	1,848	(1,484)
Total cost of services	75,956	87,083	11,127	87,083	78,887	8,196
Less: retained revenue	(13,172)	(16,269)	(3,097)	(16,269)	(14,701)	(1,568)
Net Cost of Services	62,784	70,814	8,030	70,814	64,186	6,628
Adjustment for movement in cash balances and other accrual items	(8,158)	(17,023)	(8,865)	(17,023)	(8,591)	(8,432)
Total appropriations provided to deliver services	54,626	53,791	(835)	53,791	55,595	(1,804)
ADMINISTERED REVENUE						
Sale of Goods and Services	21,258	23,317	2,059	23,317	23,235	82
Taxation						
Stamp duty - insurance	254,000	279,928	25,928	279,928	278,693	1,235
Stamp duty - mortgages	95,500	139,595	44,095	139,595	114,880	24,715
Stamp duty - motor vehicles	248,500	302,525	54,025	302,525	273,042	29,483
Stamp duty – conveyancing and transfers	844,000	1,218,330	374,330	1,218,330	1,207,271	11,059
Stamp duty – share and marketable securities	–	4,975	4,975	4,975	12,005	(7,030)
Stamp duty – other financial and capital transactions	–	12	12	12	2,970	(2,958)
Stamp duty – rental business	26,500	29,010	2,510	29,010	26,863	2,147
Stamp duty – other	3,000	2,003	(997)	2,003	10,507	(8,504)
Payroll tax	1,209,500	1,226,202	16,702	1,226,202	1,151,431	74,771
Debits tax	95,500	99,555	4,055	99,555	96,671	2,884
Betting tax	52,500	56,771	4,271	56,771	54,651	2,120
Land tax	300,000	314,823	14,823	314,823	279,036	35,787
Metropolitan Region Improvement Tax	45,500	47,128	1,628	47,128	43,627	3,501
Off Road Diesel	–	499	499	499		499
Total taxation	3,174,500	3,721,356	546,856	3,721,356	3,551,647	169,709
Commonwealth grants						
Goods and services	3,496,200	3,646,228	150,028	3,646,228	3,157,926	488,302
Compensation (companies regulation)	16,196	16,087	(109)	16,087	15,694	393
Competition Reform Payment	34,335	53,568	19,233	53,568	33,587	19,981
Debt Redemption Assistance	3,100	3,072	(28)	3,072	3,092	(20)
Local Government (Financial Assistance Grants)	106,176	104,958	(1,218)	104,958	102,997	1,961
Local Government (Road Funding)	73,399	72,379	(1,020)	72,379	71,171	1,208

	2004–05 Estimate \$'000	2004–05 Actual \$'000	2004–05 Variation \$'000	2003–04 Actual \$'000	Actual \$'000	Variation \$'000
Mirror taxes	18,499	16,137	(2,362)	16,137	15,265	872
Non-government Schools	462,706	503,247	40,541	503,247	442,454	60,793
Pensioner Concession Assistance	16,700	16,670	(30)	16,670	16,172	498
Other	1,292	12,344	11,052	12,344	1,713	10,631
Total Commonwealth	4,228,603	4,444,690	216,087	4,444,690	3,860,071	584,619
Dividends and Taxes						
Government Enterprises - Dividends	420,906	470,334	49,428	470,334	442,456	27,878
Income Tax – Tax Equivalent Regime	228,166	288,531	60,365	288,531	303,906	(15,375)
Local Government Rates – Tax Equivalent Regime	6,739	6,385	(354)	6,385	5,968	417
Total Dividends and Taxes	655,811	765,250	109,439	765,250	752,330	12,920
Other Revenue						
Consolidated Fund revenue received from agencies	2,545,009	2,890,140	345,131	2,890,140	2,493,213	396,927
Capital User Charge	770,734	772,345	1,611	772,345	705,730	66,615
Interest	71,919	91,087	19,168	91,087	83,448	7,639
Loan Guarantee Fees	16,500	13,707	(2,793)	13,707	14,697	(990)
Pension Recoups	32,229	13,649	(18,580)	13,649	32,585	(18,936)
Consolidated Fund (superannuation reimbursement)	124,656	130,415	5,759	130,415	121,298	9,117
Other	3,300	16,381	13,081	16,381	22,900	(6,519)
Total other revenue	3,564,347	3,927,724	363,377	3,927,724	3,473,871	453,853
TOTAL ADMINISTERED REVENUE	11,644,519	12,882,337	1,237,818	12,882,337	11,661,154	1,221,183

The summary of Consolidated Fund Appropriations and Revenue Estimates should be read in conjunction with the accompanying notes. This summary provides the basis for the Explanatory Statement information requirements of TI 945. See note 36.

Notes to the Financial Statements

for the year ended 30 June 2005

1. Department of Treasury and Finance mission and funding

The department's mission is to provide quality economic and financial advice, financial management and government procurement, and to administer revenue laws fairly and equitably.

The department is predominantly funded by parliamentary appropriation. Revenues controlled by the department are net appropriated under the Financial Administration and Audit (Net Appropriations) Determination 2005. The financial statements encompass all funds through which the department controls resources to carry out its functions.

In the process of reporting on the department as a single entity, all intra-entity transactions and balances have been eliminated.

2. Significant accounting policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

- **General Statement**

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary the application, disclosure, format and wording. The Financial Administration and Audit Act 1985 and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

- **Basis of accounting**

The financial statements have been prepared in accordance with Accounting Standards AAS29 'Financial Reporting by Government Departments'.

The statements have been prepared on the accrual basis of accounting using the historical cost convention except for certain assets and liabilities which, as noted, are measured at fair value.

Administered assets, liabilities, expenses and revenues are not integral to the department in carrying out its functions and are disclosed in schedules to the financial statements, forming part of the general purpose financial report of the department. The administered items are disclosed on the same basis as is described above for the financial statements of the department.

The administered assets, liabilities, expenses and revenues are those which government requires the department to administer on its behalf. The assets do not render any service potential or future economic benefits to the department, the liabilities do not require the future sacrifice of service potential or future economic benefits of the department, and the expenses and revenues are not attributable to the department.

The Insurance Commission of Western Australia has been appointed to administer the RiskCover Managed Fund on behalf of government under the supervision of the department. Details of the transactions of the RiskCover Managed Fund are disclosed in the financial statements of the Commission.

As the administered assets, liabilities, expenses and revenues are not recognised in the principal financial statements of the department, the disclosure requirements of Australian Accounting Standard AAS 33 "Presentation and Disclosure of Financial Instruments", are not applied to administered transactions.

(a) Service Appropriations

Service appropriations are recognised as revenues 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 into the department's bank account or credited to the holding account held at department.

(b) Contributed Equity

Under UIG 38 "Contributions by Owners Made to Wholly-Owned Public Sector Entities" transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to contributed equity in the Statement of Financial Position.

(c) Net Appropriation Determination

Pursuant to section 23A of the Financial Administration and Audit Act 1985, the Treasurer may make a determination providing for prescribed revenue to be retained by the department. Receipts in respect of all revenues recognised in the Statement of Financial Performance are the subject of a net appropriation determination by the Treasurer.

The net appropriation determination allows all prescribed revenues to be retained by the department:

- Proceeds from fees and charges; and
- Other departmental revenues.

In accordance with the determination, the department retained \$16.269m in 2005 (\$14.701m in 2004).

Retained revenues may only be applied to the services specified in the 2004-2005 Budget Statements.

(d) Revenue Recognition – Controlled

Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the department has passed control of the goods or other assets or delivery of the service to the customer.

(e) Revenue Recognition – Administered

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

The policies adopted for the recognition of the major types of revenue are as follows:

Type		Recognition policy
Taxation	Land Tax	On issue of assessment
	Pay-roll and Betting Taxes	On receipt of cash (self assessment method), plus on the issue of an assessment to amend a self assessed liability
	Stamp Duty	On issue of assessment or on receipt of cash (self assessment method)
Other	Commonwealth Grants	On receipt of cash
	Dividends	When they are declared by the paying entity
	Tax Equivalent Regime	As they accrue
	Capital User Charge	On receipt of cash (self assessment method) plus on the issue of an assessment

Notes to the Financial Statements

for the year ended 30 June 2005 (continued)

(f) Acquisition of Assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Assets costing less than \$1,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

(g) Depreciation of Non-Current Assets

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

Depreciation is calculated on the straight line basis, using rates which are reviewed annually. Useful lives for each class of depreciable asset are:

Furniture and equipment	5-10 years
Computer equipment	3-5 years
Computer software	4-13 years
Office fit-out	10 years

(h) Leases

The department has no finance leases. The department has entered into a number of operating lease arrangements for the rent of office accommodation and for leased motor vehicles, where the lessors effectively retain all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(i) Cash

For the purposes of the Statement of Cash Flows, cash includes cash assets and restricted cash assets.

(j) Accrued Salaries

The accrued salaries suspense account consists of amounts paid annually into a suspense account (refer note 12) over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries (refer note 18) represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The department considers the carrying amount to be the net fair value.

(k) Receivables

Accounts receivable are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubts as to collection exists.

(l) Intangibles

OnlineWA is the Internet single doorway to Western Australian information and services. The cost of developing the features and content of OnlineWA has been capitalised as an intangible asset. This asset will be amortised on a straight line basis over its estimated useful life (10 years).

(m) Computer software

Significant costs associated with the acquisition or development of computer software are capitalised and depreciated on a straight line basis over the periods of the expected benefit which varies from four to thirteen years.

(n) Payables

Payables, including accruals not yet billed, are recognised when the department becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

(o) Employee benefits

Annual leave

This benefit is recognised at the reporting date in respect to employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provisions for employee benefits and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provisions for employee benefits and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or the Gold State Superannuation Scheme, a defined benefit and lump sum benefit scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund. The department contributes to this accumulation fund in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The superannuation expense comprises the following elements:

- (1) change in the unfunded employer's liability in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme; and
- (2) employer contributions paid to the Gold State Superannuation Scheme and West State Superannuation Scheme.

The superannuation expense does not include payment of pensions to retirees as this does not constitute part of the cost of services provided by the department in the current year.

A revenue, "Liabilities assumed by the Treasurer" equivalent to 1) is recognised under Revenues from Government in the Statement of Financial Performance as the unfunded liability is assumed by the Treasurer. The GESB makes the benefit payments and is recouped by the Treasurer.

Notes to the Financial Statements

for the year ended 30 June 2005 (continued)

The department is funded for employer contributions in respect of the Gold State Superannuation Scheme and the West State Superannuation Scheme. These contributions were paid to the GESB during the year. The GESB subsequently paid the employer contributions in respect to the Gold State Superannuation Scheme to the Consolidated Fund

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by payment of employer contributions to the GESB.

Employee benefit on-costs

Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses. (See notes 4 and 19).

(p) Resources Received Free of Charge or For Nominal Value

Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

(q) Comparative Figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

(r) Rounding

Amounts in the financial statements have been rounded to the nearest thousand dollars or, in certain cases, to the nearest dollar.

3 Services of the Department of Treasury and Finance

Information about the department's services and the expenses and revenues that are reliably attributable to those services is set out in the Services Schedule of Expenses and Revenues. Information about expenses, revenues, assets and liabilities administered by the department are given in the schedule of Administered Expenses and Revenues and the schedule of Administered Assets and Liabilities. (Notes 35 and 36).

The key services of the department for 2004/05 are:

- **Resourcing of Services and Budget Development**
To advise and manage the allocation of taxpayers resources to achieve government outcomes.
- **Asset Management and Financing**
Management and investment of government's cash resources. Management of the financing and leasing of the government's light vehicle fleet. Provision of advice and analysis on alternative assets financing arrangements for existing or proposed public sector infrastructure and services.
- **Fiscal Management and Reporting**
Development of policy advice on, and monitoring of fiscal strategy and financial targets for the Western Australian Government. Provision and publication of whole of government financial statements. Research and analysis of trends and issues in public sector finances.
- **Financial Management Framework Development and Advice**
Research and development of policies for government relating to the financial management and resourcing framework for the Western Australian public sector. Advice and assistance to stakeholders, particularly public sector agencies, promoting a better appreciation and understanding of the financial management initiatives and assisting with the implementation of endorsed policies. Advice in regard to interpretation of Accounting Standards and legislative framework within which the Western Australian public sector discharges its financial management responsibilities.

- **Structural Policy Development and Advice**

Development of policy advice on microeconomic issues including regulation, energy reforms and competition. Oversight of government business enterprises to support shareholder ministers and the budget process.

- **Economic, Revenue and Intergovernmental Policy Development and Advice**

Preparation of policy advice, reports and estimates in relation to the State's economy and finances – including economic conditions and issues, State taxation, mining royalties and Commonwealth-State relations.

- **Revenue Assessment and Collection**

This involves the assessment and collection of a range of statutory based revenues including those that the Commissioner has direct responsibility for, including stamp duty, land tax, and pay-roll tax, and those that are collected on behalf of other agencies (e.g. Perth Parking Licence fees on behalf of the Department for Planning and Infrastructure) or other jurisdictions (e.g. collection of a range of taxes for the Commonwealth in the Indian Ocean Territories).

- **Grants and Subsidies Administration**

This involves the assessment of and payment of a range of grants and subsidies under both statutory and administrative schemes. The major payments relate to the First Home Owner Grant Scheme and concessions on water and local authority rates for pensioners and seniors.

- **Development and implementation of public sector procurement arrangements and systems**

Leads a whole-of-government approach to procurement that efficiently meets agency needs, manages risk and delivers saving to government.

4 Employee expenses

	2004-05 (\$'000)	2003-04 (\$'000)
Wages and salaries	40,308	32,041
Superannuation	5,211	3,691
Annual Leave	1,654	2,952
Long Service Leave	1,863	1,748
Other related expenses ⁽ⁱ⁾	1,231	1,145
	<u>50,267</u>	<u>41,577</u>

⁽ⁱ⁾ These employee expenses include workers compensation premiums and other employment on-costs associated with the recognition of annual and long service leave liability. The related on-costs liability is included in employee benefits liabilities at Note 19.

5 Supplies and services

Communications	1,869	1,708
Consultants and contractors	17,625	18,764
Consumables	311	448
Repairs and maintenance	189	491
Travel	483	439
Legal costs	1,114	738
Other	3,258	3,252
	<u>24,849</u>	<u>25,840</u>

Supplies and services include amounts supplied free of charge as set out in Note 11.

Notes to the Financial Statements

for the year ended 30 June 2005 (continued)

	2004-05 (\$'000)	2003-04 (\$'000)
6 Depreciation and amortisation expense		
Depreciation		
Furniture and equipment	133	124
Computer equipment	1,842	1,762
	<u>1,975</u>	<u>1,886</u>
Amortisation		
Computing software	1,945	2,157
Office fit out	240	240
Intangibles – computer systems development	37	36
	<u>2,222</u>	<u>2,433</u>
	<u>4,197</u>	<u>4,319</u>
7 Accommodation expenses		
Lease rentals	4,949	4,763
Repairs and maintenance buildings	336	133
Cleaning and security	89	109
	<u>5,374</u>	<u>5,005</u>
8 Capital user charge		
Capital user charge	<u>2,368</u>	<u>2,106</u>
A capital user charge rate of 8% has been set by the Government and represents the opportunity cost of capital invested in the net assets of the department used in the provision of services. The charge is calculated on the net assets adjusted to take account of exempt assets. Payment is made to the Consolidated Fund on a quarterly basis.		
9 User charges and fees		
Land Tax Enquiry Fees	2,798	2,878
Management Fees - State Fleet	620	510
Management Fees – Other	772	612
Government Procurement Services	8,763	8,899
Other	3,316	1,802
	<u>16,269</u>	<u>14,701</u>

	2004-05 (\$'000)	2003-04 (\$'000)
10 Net gain/(loss) on disposal of non-current assets		
Loss on disposal of non-current assets		
Computer equipment	(11)	(37)
Furniture and equipment	(17)	(3)
	(28)	(40)
11 Revenues from State Government		
(a) Appropriation revenue received during the year		
Service appropriations	53,791	55,595
	53,791	55,595
Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.		
(b) The following liabilities have been assumed by the Treasurer		
Superannuation	1,036	279
	1,036	279
The assumption of the superannuation liability by the Treasurer is a notional revenue to offset the notional superannuation expense reported in respect of current employees who are members of the pension scheme and current employees who have a transfer benefit under the Gold State Superannuation scheme.		
(c) Resources received free of charge		
Determined on the basis of the following information provided by agencies:		
Department of Employment and Training	19	—
Crown Solicitor's Office	842	556
Department of Land Administration	8,146	6,920
Department of the Premier and Cabinet	180	168
	9,187	7,644
Resources received free of charge or for a nominal value, which can be reliably measured, are recognised as revenues and as assets or expenses as appropriate at fair value.		
Total	64,014	63,518

Notes to the Financial Statements

for the year ended 30 June 2005 (continued)

	2004-05 (\$'000)	2003-04 (\$'000)
12 Restricted cash assets		
Current		
Accrued salaries suspense account	–	1,260
	–	1,260
Funds held in the accrued salary suspense account is be used for the purpose of funding the 27th pay in a financial year that occurs every 11 years.		
Non-current		
Accrued salaries suspense account	–	–
	–	–
13 Receivables		
Current		
Accounts receivable for services supplied	2,814	2,993
Provision for doubtful debt	(81)	(81)
GST receivable	26	–
Land Tax Enquiry Fees Receivable	–	187
	2,759	3,099
14 Amounts receivable for services		
Current	2,115	1,131
Non-current	12,896	11,033
Total amounts receivable for services	15,011	12,164
15 Plant, equipment and leasehold improvements		
Furniture and equipment		
At cost	1,345	1,191
Accumulated depreciation	(946)	(887)
	399	304
Computer equipment		
At cost	9,488	8,929
Accumulated depreciation	(7,266)	(6,024)
	2,222	2,905

	2004-05 (\$'000)	2003-04 (\$'000)
Computer software		
At cost	23,773	23,653
Accumulated amortisation	(11,325)	(9,381)
	<u>12,448</u>	<u>14,272</u>
Office fitout		
At cost	2,413	2,413
Accumulated amortisation	(1,915)	(1,674)
	<u>498</u>	<u>739</u>
Work in progress	674	65
Total		
At cost and fair value	37,693	36,251
Accumulated depreciation	(21,452)	(17,966)
	<u>16,241</u>	<u>18,285</u>

Reconciliations of the carrying amounts of plant, equipment and leasehold improvements at the beginning and end of the current and previous financial year are set out below.

Furniture and equipment

At cost		
Carrying amount at the start of the year	304	392
Additions	245	37
Disposals	(17)	(1)
Depreciation expense	(133)	(124)
Carrying amount at the end of the year	<u>399</u>	<u>304</u>

Computer equipment

At cost		
Carrying amount at the start of the year	2,883	2,651
Additions	1,192	2,106
Disposals	(11)	(90)
Depreciation expense	(1,842)	(1,784)
Carrying amount at the end of the year	<u>2,222</u>	<u>2,883</u>

Notes to the Financial Statements

for the year ended 30 June 2005 (continued)

	2004-05 (\$'000)	2003-04 (\$'000)
Computer software		
At cost		
Carrying amount at the start of the year	14,272	15,978
Additions	120	451
Disposals	—	—
Depreciation expense	(1,945)	(2,157)
Carrying amount at the end of the year	12,447	14,272
Office fit-out		
At cost		
Carrying amount at the start of the year	739	979
Additions	—	—
Depreciation expense	(241)	(240)
Carrying amount at the end of the year	498	739
Work in progress - Computer software		
At cost		
Carrying amount at the start of the year	65	310
Additions	609	206
Transfers to assets	—	(451)
Carrying amount at the end of the year	674	65
Works in progress includes computer software, hardware and office fitout costs.		
Total carrying amount at the start of the year	18,263	20,310
Additions	2,166	2,800
Disposals	(28)	(91)
Transfer to assets	—	(451)
Depreciation expense	(4,160)	(4,305)
Carrying amount at the end of the year	16,241	18,263

	2004-05 (\$'000)	2003-04 (\$'000)
16 Intangibles		
Computer systems development		
At cost	365	365
Accumulated amortisation	(140)	(103)
	<u>225</u>	<u>262</u>
17 Payables		
Trade	848	2,706
GST payable	–	245
	<u>848</u>	<u>2,951</u>
18 Other liabilities		
Accrued salaries		
Amounts owing for the working days between the end of the financial year and 30 June (0 working days 2004-05, 9 working days 2003-04)	–	1,668
	<u>–</u>	<u>1,668</u>
19 Provisions		
Employee Benefits		
Current:		
Annual leave	5,110	3,745
Long service leave ⁽ⁱⁱ⁾	4,876	4,192
	<u>9,986</u>	<u>7,937</u>
Provisions		
Non-Current:		
Annual leave	–	118
Long service leave ⁽ⁱⁱ⁾	5,294	4,115
	<u>5,294</u>	<u>4,233</u>

⁽ⁱⁱ⁾ The settlement of annual and long service gives rise to the payment of employment on-costs including superannuation and workers compensation premiums. The liability for such on-costs is included here. The associated expense is included under Other related expenses (under Employee expenses) at Note 4.

The carrying amount of employee benefits is approximate to the net fair value.

Notes to the Financial Statements

for the year ended 30 June 2005 (continued)

	2004-05 (\$'000)	2003-04 (\$'000)
Employee Benefits Liability:		
The aggregate employee benefits liability recognised and included in the financial statements is as follows:		
Provision for employee benefits:		
Current	9,986	7,937
Non-current	5,294	4,233
	15,280	12,170
20 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.		
Contributed equity		
Opening balance	20,915	20,515
Capital contributions ⁽ⁱⁱⁱ⁾	400	400
Contribution by owner	—	—
Closing balance	21,315	20,915
⁽ⁱⁱⁱ⁾ Capital appropriations have been designated as contributions by owners and are credited directly in the Statement of Financial Position.		
Accumulated surplus		
Opening balance	11,162	11,830
Change in net assets	(6,800)	(668)
Closing balance	4,362	11,162
21 Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash assets	6,611	13,466
Restricted cash assets	—	1,260
	6,611	14,726
22 Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services	(70,814)	(64,186)
Non-cash items		
Depreciation and amortisation expense	4,197	4,319

	2004-05 (\$'000)	2003-04 (\$'000)
Superannuation liability assumed by the Treasurer	1,036	942
Resources received free of charge	9,187	7,644
(Profit)/loss on disposal of non-current assets	28	40
(Increase)/decrease in assets:		
Current		
Accounts receivable	(1,886)	2
Other current assets	(628)	69
Non-current		
Non-current receivables	1,863	95
Increase/(decrease) in liabilities:		
Current		
Employee benefits	2,049	1,196
Accounts payable	(4,278)	(3,063)
Accrued salaries	(1,668)	850
Non-current		
Employee benefits	1,061	731
Change in GST in receipts/(payments)	1,435	304
Net GST receipts/(payments)	1,102	313
Net cash (used in)/ from operating activities	(57,316)	(50,744)

23 Resources provided free of charge

The following resources were provided to other agencies free of charge:

Department of Education and Training	1,534	—
Western Australian Police Force	516	—
Department of Conservation and Land Management	84	—
Department of Industry and Tourism	102	—
Department of Fisheries	67	—
Department of Environment	139	—
Department of Agriculture and Forestry	151	—
Department of Justice	376	—
Department for Community Development	229	—
Disability Services Commission	229	—
Department of Culture and the Arts	82	—
Department for Planning and Infrastructure	238	—
Department of Land Information	279	—

Notes to the Financial Statements

for the year ended 30 June 2005 (continued)

	2004-05 (\$'000)	2003-04 (\$'000)
Department of the Premier and Cabinet	67	–
Department of Consumer and Employment Protection	84	–
Department of Industry and Resources	317	–
Department of Housing and Works	3	–
	<u>4,497</u>	<u>–</u>
24 Commitments for expenditure		
(a) Lease Commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities are payable:		
Within one year	4,724	4,750
Later than one year and not later than five years	8,396	12,071
Payable later than five years	240	2,162
	<u>13,360</u>	<u>18,983</u>
Representing:		
Cancellable operating leases	201	271
Non-cancellable operating leases	13,159	18,712
	<u>13,360</u>	<u>18,983</u>
(b) Non-cancellable operating lease commitments		
Commitments for minimum lease payments are payable as follows:		
Within one year	4,592	4,592
Later than one year and not later than five years	8,327	11,958
Payable later than five years	240	2,162
	<u>13,159</u>	<u>18,712</u>
25 Contingent liabilities		
The department has no contingent liabilities as at 30 June 2005.		
26 Affiliated bodies		
The department has no affiliated bodies.		
27 Events occurring after reporting date		
The department is unaware of any event occurring after reporting date that would materially affect the financial statements.		

	2004-05 (\$'000)	2003-04 (\$'000)
28. Remuneration of Auditor		
The remuneration of the auditors includes fees paid for auditing the accounts, financial statements and performance indicators as set out below.		
Department of Treasury and Finance	273	255
Treasurer's Annual Statements	53	52
Consolidated Financial Statements	134	125
	<u>460</u>	<u>432</u>

29 Remuneration of senior officers

The number of senior officers whose total of fees, salaries and other benefits received, or due and receivable for the financial year, who fall within the following bands is:

	No of Senior Officers	
	2004-05	2003-04
90,001 – 100,000	1	–
100,001 – 110,000	1	–
120,001 – 130,000	–	1
150,001 – 160,000	1	1
180,001 – 190,000	1	3
210,001 – 220,000	1	–
220,001 – 230,000	1	–
250,001 – 260,000	1	–
270,001 – 280,000	1	–
320,001 – 330,000	–	1
Total remuneration of senior officers	<u>1,504</u>	<u>1,163</u>

The superannuation included here represents the superannuation expense incurred by the department in respect of senior officers. No senior officers are members of the Pension Scheme.

During 2004-05, two senior officers ceased employment and one new senior officer commenced employment with the department. The figures contained in the table above include termination payments to those senior officers who ceased employment.

Notes to the Financial Statements

for the year ended 30 June 2005 (continued)

30 Financial instruments

(a) Interest rate risk exposure

The following table details the department's exposure to interest rate risk as at the reporting date:

	Weighted average interest rate	Non interest bearing \$000	Total \$000
2005			
Financial Assets			
Cash resources	N/A	6,611	6,611
Restricted cash resources	N/A	—	—
Accounts receivable	N/A	18,930	18,930
		<u>25,541</u>	<u>25,541</u>
Financial Liabilities			
Accounts payable		<u>2,008</u>	<u>2,008</u>
		<u>2,008</u>	<u>2,008</u>
2004			
Financial assets	N/A	29,989	29,989
Financial liabilities	N/A	<u>2,951</u>	<u>2,951</u>
		<u>27,038</u>	<u>27,038</u>

(b) Credit risk

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the department's maximum exposure to credit risk without taking account of any collateral or other security obtained.

(c) Net fair value of financial instruments

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from the net fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

31 Explanatory Statements

The summary of Consolidated Fund Appropriations and Revenue Estimates discloses appropriations and other statutes expenditure estimates, the actual expenditures made and revenue estimates and payments into the Consolidated Fund and operating account, all on an accrual basis. The following are explanations of significant variations. A significant variation is one that is in excess of 10% of the principal amount. In respect of any item for which there is not a significant variation, no explanation is given.

(a) **Significant variances between estimates and actual – total appropriation to deliver services**

	Estimate \$000	Actual \$000	Variance \$000
<i>Total appropriation provided to deliver services</i>			
Appropriation provided	54,626	53,791	(835)
The following appropriations were not provided during the year.			
Electricity reform monitoring – transferred to the Office of Energy	\$153,000		
Department's share of savings as part of the whole-of-government procurement initiatives	\$682,000		
Revenues from ordinary activities	13,172	16,269	3,097
Other revenues have increased significantly resulting from revenue inflow from the Department of the Premier and Cabinet as a cost recovery of procurement reform initiatives undertaken			
Variances are:			
<i>Asset Management and Financing</i>	2,340	1,466	(874)
Delays experienced in restructuring the Facility Management program resulted in significant savings during the year			
<i>Development and implementation of public sector procurement arrangements and systems</i>	21,057	31,248	10,191
Increased activity arising from the commencement of two additional projects requiring the transfer of staff from other areas and agencies during the year has given rise to increased expenditure for 2004-05 above the activity levels initially planned at the time of formulating the budget estimates. Approvals have been given for both these projects prior to commencement			

(b) **Significant variances between actual and prior year actual – total appropriation to deliver services**

	2004-05 Actual \$000	2003-04 Actual \$000	Variance \$000
<i>Total appropriation provided to deliver services</i>	53,791	55,595	(1,804)
Appropriations			
The decrease in funding was primarily due to the reduction arising from the department's share of the whole-of-government procurement initiatives			
<i>Revenues from ordinary activities</i>	16,269	14,701	1,568
Other revenues have increased significantly resulting from revenue inflow from the Department of the Premier and Cabinet as a cost recovery of procurement reform initiatives undertaken			
<i>Economic, Revenue and Intergovernmental Policy Development</i>	3,628	2,902	726
Expenditure has increased from previous years as a result of restructuring and increased resources in the provision of timely advice to government			

Notes to the Financial Statements

for the year ended 30 June 2005 (continued)

Revenue Assessment and Collection	33,043	30,159	2,884
--	--------	--------	-------

The increase in costs is attributable to additional funding provided to address tax assessing workloads associated with strong property market activity, and resultant recovery workloads. In addition, resources required in relation to valuation services and legal services also increased

Development and implementation of public sector procurement arrangements and systems	31,248	25,122	6,126
---	--------	--------	-------

Expenditure has increased significantly compared to previous years reflecting the increased activity generated from new projects initiated during the year

2004-05
(\$'000)

2003-04
(\$'000)

32 Supplementary Financial Information

Write-offs

Public property, revenue and debts due to the State were written off in accordance with section 45 of the *Financial Administration and Audit Act 1985*

Accountable Officer	233	115
Minister	1,198	–
Executive Council	6,738	–
	8,169	115

33 Trust accounts

2004-05	Opening Balance \$	Receipts \$	Payments \$	Closing Balance \$
Name of Trust				
Aboriginal Advance Capital Account	619,136	–	619,136	–
Accrued Salaries	105,123,770	–	105,123,770	–
BankWest Pension Trust	14,568,000	2,231,105	3,091,105	13,708,000
Dairy Adjustment Program Account	162,177	–	162,177	–
Departmental Receipts in Suspense	–	649,097,342	649,094,782	2,560
Independent Schools - General Building Grants	–	10,594,884	10,594,884	–
Independent Schools - Recurrent Grants Schools Assistance Acts	–	476,139,909	476,139,909	–
Jervoise Bay Infrastructure Development Trust Account	13,698,400	601,748	6,239,370	8,060,778
Local Authorities Tax Sharing Entitlements Account	38	177,336,747	177,336,748	37
Local Authorities - Shire Council Loans Sinking Fund	405,219	25,981	–	431,200
Mortgage Moneys Under Transfer of Land Act	14,991	24,022	–	39,013

2004-05	Opening			Closing
	Balance	Receipts	Payments	Balance
	\$	\$	\$	\$
Name of Trust				
Non-Government Schools - Other Recurrent Grants	–	16,512,118	16,512,118	–
Petroleum Subsidy Scheme Account	50,000	17,287	18,558	48,729
Public Bank Account Interest Earned Account	3,309,806	79,305,320	79,328,446	3,286,680
Statutory Authorities Investment Account	91,664,470	11,527,535	5,886,741	97,305,264
Sundry Creditors	–	–	–	–
Departmental Receipts in Suspense - Office of State Revenue	107,021	2,540,862	1,992,071	655,812
Indian Ocean Territories	253,156	1,357,540	1,484,986	125,710
2003-04				
Name of Trust				
Aboriginal Advance Capital Account	619,136	–	–	619,136
Accrued Salaries	89,026,763	16,097,007	–	105,123,770
BankWest Pension Trust	15,382,000	2,177,955	2,991,955	14,568,000
Dairy Adjustment Program Account	162,177	–	–	162,177
Departmental Receipts in Suspense	49,740,115	19,065,615	68,805,730	–
Independent Schools - General Building Grants	–	10,345,595	10,345,595	–
Independent Schools - Recurrent Grants Schools Assistance Acts	–	418,139,472	418,139,472	–
Jervoise Bay Infrastructure Development Trust Account	13,026,114	672,286	–	13,698,400
Local Authorities Tax Sharing Entitlements Account	38	174,168,129	174,168,129	38
Local Authorities - Shire Council Loans Sinking Fund	381,630	23,589	–	405,219
Mortgage Moneys Under Transfer of Land Act	14,991	–	–	14,991
Non-Government Schools - Other Recurrent Grants	–	13,968,563	13,968,563	–
Petroleum Subsidy Scheme Account	42,932	17,524	10,456	50,000
Public Bank Account Interest Earned Account	2,920,890	68,487,721	68,098,805	3,309,806
Remittances Clearing Account - Commissioner of Taxation	(111,196)	256,510	145,315	–
Statutory Authorities Investment Account	101,154,791	13,837,255	23,327,576	91,664,470
Sundry Creditors	1,091,286	–	1,091,286	–
Departmental Receipts in Suspense - Office of State Revenue	115,493	20,487,735	20,496,207	107,021
Indian Ocean Territories	905,746	4,110,869	4,763,459	253,156
Unclaimed Monies - Prepaid	347,946	–	347,947	–

Notes to the Financial Statements

for the year ended 30 June 2005 (continued)

Statements of Purpose

The statements of purpose for the above trust accounts are:

Aboriginal Advance Capital Account

To hold funds received from the Commonwealth for assistance to Aboriginals for health, education, social support, community management and training projects, pending transfer to departments and authorities participating in the program.

Accrued Salaries

To hold funds in accordance with section 27(2) of the *Financial Administration and Audit Act*.

BankWest Pension Trust

To hold funds received from BankWest in satisfaction of its liabilities under the Superannuation and Family Benefits Act and other receipts.

Dairy Adjustment Program Account

To hold funds received by the State, pursuant to the Commonwealth - State Dairy Adjustment Program Agreement of 1 September 1976.

Departmental Receipts in Suspense – Treasury

To hold funds pending identification of the purpose for which these monies were received pursuant to section 9(2)(c)(iv) of the *Financial Administration and Audit Act*.

Independent Schools – General Building Grants

To hold funds received from the Commonwealth Department of Employment, Education, Training and Youth Affairs for recurrent capital grants to independent schools in accordance with the provisions of the State Grants (Schools assistance) Act pending payment to independent schools.

Independent Schools – Recurrent Grants Schools Assistance Acts

To hold funds received from the Commonwealth Department of Employment, Education, Training and Youth Affairs for recurrent capital grants to independent schools in accordance with the provisions of the State Grants (Schools assistance) Act pending payment to independent schools.

Jervoise Bay Infrastructure Development Trust Account

To hold funds received from the Commonwealth being a grant for the development of facilities at Jervoise Bay.

Local Authorities Tax Sharing Entitlements Account

To hold funds received from the Commonwealth pursuant to the *Local Government (Financial Assistance) Grants Act* pending payment to Local Authorities.

Local Authorities – Shire Council Loans Sinking Fund

To hold sinking fund contributions by shire councils, required to be paid to the Treasurer in accordance with section 615 of the *Local Government Act*, for the purpose of redeeming loans borrowed by shire councils for which a sinking fund is required to be established.

Mortgage Monies Under Transfer of Land Act

To hold funds paid to the Treasurer in accordance with section 126 of the *Transfer of Land Act*.

Non-Government Schools – Other Recurrent Grants

To hold funds received from the Commonwealth Department of Employment, Education, Training and Youth Affairs for recurrent grants to non-government schools in accordance with the *State Grants (Schools Assistance) Act* pending payment to non-government schools.

Petroleum Subsidy Scheme Account

To hold funds received from the Commonwealth pursuant to the *Petroleum Products Subsidy Act*, for subsidising shipping costs of approved fuel distributors, pending payment to approved grantees.

Public Bank Account Interest Earned Account

To hold funds in accordance with section 9(2)(d) of the *Financial Administration and Audit Act*.

Remittances Clearing Account – Commissioner of Taxation

To hold funds received from departments and statutory authorities for the payment of monies to the Australian Taxation Office in accordance with the *Income Tax Assessment Act 1986* and the *Fringe Benefits Tax Assessment Act 1986*.

Statutory Authorities Investment Account

To hold funds received from statutory authorities for investment purposes as provided by section 40(4) of the *Financial Administration and Audit Act*.

Sundry Creditors

To hold, on behalf of departments and statutory authorities, returned, uncollected and stale cheques and cash orders, unclaimed salaries and wages and other unclaimed money.

Departmental Receipts in Suspense – Office of State Revenue

To hold funds, pursuant to section 9(2)(c)(iv) of the *Financial Administration and Audit Act*, pending identification of the purpose for which those monies were received or identification of where those monies are to be credited or paid.

Indian Ocean Territories

To hold taxation collections pending transfer to the Commonwealth of Australia.

Unclaimed Monies – Prepaid

To hold monies paid into Treasury by holders of unclaimed money prior to the date prescribed in the *Unclaimed Money Act 1990* or the Unclaimed Money Regulations.

34 Service Delivery Arrangement (Indian Ocean Territories)	2004-05	2003-04
	\$	\$
Revenue		
Amount brought forward	46,774	11,542
Commonwealth payments	41,700	71,780
Total Funds Available	88,474	83,322

Notes to the Financial Statements

for the year ended 30 June 2005 (continued)

	2004-05 \$	2003-04 \$
Expenditure		
Administration	(10,460)	(11,251)
Payroll and Business Franchise	(18,261)	(18,128)
Stamp Duties and Land and Financial Taxes	(4,645)	(7,169)
	<u>(33,366)</u>	<u>(36,548)</u>
Closing Balance (Amount to carry forward)	55,108	46,774
35 Administered Expenses and Revenues		
Expenses		
Superannuation	607,804	506,444
Borrowing costs	76,267	90,488
Appropriations	10,441,901	9,545,026
Capital contributions	831,855	661,989
Grants, subsidies and transfers	1,001,146	886,804
Other expenses	16,657	2,141
Collections transferred to other agencies	35,280	33,608
Total administered expenses	13,010,910	11,726,500
Revenues		
Taxation	3,721,357	3,551,647
Commonwealth grants	4,444,690	3,860,071
Government enterprises		
Dividends	470,334	442,456
Tax equivalent receipts	294,916	309,873
Capital user charge	772,345	705,730
Interest	91,087	83,448
Pension recoups	13,649	32,585
Loan guarantee fees	13,707	14,697
Consolidated Fund (Superannuation Reimbursement)	130,415	121,298
Other Revenue	16,381	22,900
Collections raised on behalf of other agencies	35,280	34,025
Community funding	97,640	95,317
Total administered revenues	10,101,801	9,274,047

	2004-05 \$	2003-04 \$
--	---------------	---------------

The item 'Consolidated Fund Revenue received from Agencies' (2004-05 \$2,545m, 2003-04 \$2,453m) identified in the Budget Papers as Treasury Administered has not been included in this schedule as the collection of those revenues is administered by other agencies and disclosed as administered revenues in the financial statements of the relevant agencies.

36 Administered Assets and Liabilities

Current Assets

Cash resources	1,469,956	1,475,489
Investments	80,931	21,283
Treasurer's advances	8,706	12,220
Taxation receivable	121,927	152,575
Government enterprises		
Dividends	132,522	97,210
Taxation equivalents receivable	110,394	122,094
Recoverable advances	14,710	16,303
Other receivables	42,162	45,625
Total administered current assets	1,981,308	1,942,799

Non-current assets

Investments	298,933	295,225
Recoverable advances	117,376	132,681
Total administered non-current assets	416,309	427,906

Total administered assets

2,397,617	2,370,705
------------------	------------------

Current liabilities

Borrowings	244,000	477,139
Superannuation	426,538	515,347
Interest payable	6,897	13,670
Appropriations payable	163,526	179,198
Trust account liabilities	1,282,635	1,323,148
Other payables	29,413	22,744
Total administered current liabilities	2,153,009	2,531,246

Notes to the Financial Statements

for the year ended 30 June 2005 (continued)

	2004-05 \$	2003-04 \$
Non-current liabilities		
Borrowings	49,318	293,318
Superannuation	5,199,412	4,954,990
Appropriations payable	1,524,974	1,029,096
Other payables	45,218	41,617
Total administered non-current liabilities	6,818,922	6,319,021
Total administered liabilities	8,971,931	8,850,267

37 Supplementary funding approved and expended during 2004-05 was as follows

Item Number	Description	Amount Approved \$000	Amount Expended \$000
13	Water Corporation of Western Australia	14,641	14,640
14	Western Australian Land Authority	3,033	–
15	Aerial Shark Surveillance Program	55	21
17	Armadale Redevelopment Authority	150	150
18	First Home Owners' Assistance	12,000	11,257
19	GST Administration Costs	1,000	980
20	HIH Insurance Rescue Package	100	–
21	Office of Health Review	8	8
22	On-Road Diesel Subsidies	2,000	1,894
23	Pensioner Concessions – Emergency Services Levy	2,000	1,394
24	Pensioner Concessions – Local Government and Water Rates	3,000	840
26	Refunds of Past Years Revenue Collections – Public Corporations	339	238
27	Refunds of Past Years Revenue Collections – All Other	11,889	7,652
29	State Housing Commission – General Housing Funding	7,000	7,000
33	Western Australian Building Management Authority Interest	64	64
34	All Other Grants, Subsidies and Transfer Payments	500	–
117	Armadale Redevelopment Authority	1,000	1,000
118	Department of Health	34,400	21,525
121	Fremantle Port Authority	4,098	4,097
123	Western Australian Building Management Authority	100	100
n/a	Water Corporation – State Water Strategy Rebate Scheme	9,800	8,372

The reasons for supplementary funding were:

Water Corporation of Western Australia

The increase in the Corporation's subsidy includes \$8.6 million for the payment of the final community service obligation accrual outstanding at 30 June 2004, \$5.0 million for the impact of deferring Corporation land sales at Eaton, and \$1.0 million for safety upgrades for Waroona Dam.

Western Australian Land Authority

Additional funding was approved in support of Government decisions relating to: a feasibility study into the proposed future development of the Bunbury Outer Harbour (\$0.8 million); the replacement of the TMW sewerage evaporation ponds at Mungari (Boulder) (\$2.9 million), of the purchase of properties to facilitate expansion of the core area in the Kemerton Industrial Park (\$1.6 million), and to meet the Authority's hurdle rate of return as a result of a revaluation of the Australian Marine Complex (\$0.2 million). In the event, delays in these projects made supplementary funding unnecessary during 2004-05.

Aerial Shark Surveillance Program

Additional funding was provided for the shark surveillance program during Summer 2004, for shark research emergency outpost alarms on unpatrolled beaches, and development and promotion of Internet shark information.

Armadale Redevelopment Authority

Funding for the cost of master planning associated with the Kelmscott District Centre Works project. Capital works spending on this project were supported by an equity injection (see below).

First Home Owner Scheme

Continued strong housing market activity led to an increase of around 20% in the number of first home owner grant applications approved in 2004-05, relative to the same period in 2003-04.

GST Administration Costs

Under the Intergovernmental Agreement that governs GST funding arrangements, the cost of collecting the GST incurred by the Australian Taxation Office (ATO) is split among the States according to population shares. The cost to the Commonwealth for collecting the GST in 2003-04 exceeded the estimate paid by the States in that year, with supplementation reflecting the final determination of Western Australia's share of the costs accrued by the ATO in 2003-04.

HIH Insurance Rescue Package

Assistance is provided to cover home owners who were insured with HIH Insurance, where their builder becomes insolvent, deceased or disappears. Home owners who lodged a valid insurance claim with HIH Insurance, where their builder became insolvent, deceased or disappeared, but where that claim had not been met because of HIH's insolvency, can claim a maximum of \$100,000 to have their home completed or repaired. Supplementation to align with Insurance Commission of Western Australia expectations was not matched by any eligible claims by 30 June 2005.

Office of Health Review

Additional funding was provided to support the final determination of the impact of an increase in salary and superannuation costs following the success of the 2003-04 Civil Service Association wage claim impacting all public servants employed under the General Agreement.

On-Road Diesel Subsidies

A number of new applicants made substantial eligible back claims during 2004-05.

Pensioner Concession Assistance – Emergency Services Levy

Pensioner concession arrangements for the Emergency Services Levy (ESL) commenced during 2003-04 as part of the broader ESL reforms. The higher than expected demand for 2004-05 reflected uncertainty about the magnitude of the first full year of operations of the ESL scheme, and a number of deferred claims from 2003-04.

Notes to the Financial Statements

for the year ended 30 June 2005 (continued)

Pensioner Concession Assistance – Local Government and Water Rates

Provision was made for an increase in the size and number of monthly claims compensating local governments for rebates or deferred general, water, drainage and/or sewerage rates for eligible pensioners or seniors during the first ten months of 2004-05. Eligible claims made in the remaining months of the year were lower, with only \$0.8 million of the supplementation required.

Refund of Past Years' Revenue Collections – Public Corporations

Under National Tax Equivalent Regime (NTER) agreements, agencies are entitled to receive reimbursements for overpayments of NTER instalments. The Forest Products Commission under-claimed research and development concessions for 2002-03 and thus had an eligible claim assessed at \$0.3 million. This was offset by lower aggregate claims from other eligible agencies.

Refund of Past Years' Revenue Collections – All Other

Additional funding was provided after the assessment of eligible claims, mainly for pay-roll and land tax. The increase in the magnitude of refunds relative to previous years is broadly matched by increases in the size of revenue collections over the same period. Eligible claims in May and June were lower than earlier months, requiring less supplementation than was anticipated.

State Housing Commission – General Housing Funding

Supplementation of \$5.0 million was provided for the installation of safety switches in all Homeswest houses offered for sale and rent. A further \$2.0 million was provided in support of the Brownlie Towers revitalisation, refurbishment and redevelopment project.

Western Australian Building Management Authority

Movements in interest payments in relation to the Western Australian Building Management Authority loans were supplemented during the year.

All Other Grants, Subsidies and Transfer Payments

This item covers a range of very small individual grants, subsidies and transfer items funded from the Consolidated Fund, including acts of grace, interest payments on certain trust funds held at Treasury and Finance (DTF), swimming pool operating subsidies for local governments etc. Supplementation was provided for expected transfers to agencies for interest on eligible cash deposits held at DTF, and for payments in relation to stamp duty concessions on farming properties. These increases were offset by lower payments by 30 June 2005 across the range of grants making up this item.

Government Equity Contributions – Armadale Redevelopment Authority

Funding was provided in support of capital spending on the Kelmscott District Centre Works project. The cost of master planning associated with this project was supported by a recurrent grant (see above).

Government Equity Contributions – Department of Health

Supplementation was approved for the purchase of Kaleeya Private Hospital (\$16.4 million) with the remainder (\$18.0 million) largely for the bringing forward of monies to fund the purchase of medical equipment and for planning costs for health infrastructure projects. Not all expected equipment purchases were committed to by 30 June 2005.

Government Equity Contributions – Fremantle Port Authority

The State's contribution of \$4.1 million followed Commonwealth monies received towards the cost of the North Quay Rail Loop and Terminal project.

Government Equity Contributions – Western Australian Building Management Authority

Increases in principal payments for Western Australian Building Management Authority loans were supplemented during 2004-05.

Water Corporation – State Water Strategy Rebate Scheme

Funding was provided under the Government's State Water Strategy Rebates Scheme (commonly referred to as the Waterwise Rebate Scheme) which provides rebates for a variety of water saving products. The scheme was extended by government during 2004-05, necessitating the creation of a new item. It should be noted that the recoup of \$8.4 million made to Water Corporation on 30 June 2005 reflects an interim position for the scheme's 2004-05 operations, with payments for the final accrued costs for 2004-05 as well as the ongoing cost of the scheme's operations from 1 July 2005 to be made during 2005-06.

38 Explanatory Statements for Administered Items

The Summary of Consolidated Fund Appropriations and Revenue Estimates discloses appropriations and other statutes expenditure, the actual expenditures made and the revenue estimates and revenues earned. The following table compares budget estimates and actual results for 2004-05 of items having significant variations, and explanations for the variations are given below. A significant variation is one that is excess of 10% of the principal figure or \$5 million whichever is the greater.

	2004-05 Estimates \$000	2004-05 Actual \$000	Variation \$000	2004-05 Actual \$000	2003-04 Actual \$000	Variation \$000
Administered Expenditure						
Community Service Obligation Payments						
Item 11 Electricity Corporation	47,930	46,178	(1,752)	46,178	39,204	6,974
Item 14 Western Australian Land Authority	27,538	22,444	(5,094)	22,444	33,552	(11,108)
Grants Subsidies and Transfer Payments						
Item 18 First Home Owners' Assistance	113,500	124,757	11,257	124,757	95,500	29,257
Item 27 Refunds of Past Years Revenue Collections – All Other	5,111	12,763	7,652	12,763	8,300	4,463
Item 29 State Housing Commission – General Housing Funding	1,000	8,000	7,000	8,000	2,000	6,000
Water Corporation of Western Australia	–	–	–	–	9,170	(9,170)
Water Corporation - State Water Strategy Rebate Scheme	–	8,372	8,372	8,372	–	8,372
Amounts Authorised by Other Statutes						
Parliamentary Superannuation Act 1970	17,500	9,205	(8,295)	9,205	3,784	5,421
State Superannuation Act 2000	422,065	436,624	14,559	436,624	394,116	42,508
Western Australian Treasury Corporation Act 1986 - Interest	55,803	27,773	(28,030)	27,773	31,616	(3,843)
ADMINISTERED CAPITAL						
Government Equity Contributions						
Item 118 Department of Health	61,152	82,677	21,525	82,677	–	82,677
Item 119 Electricity Corporation	10,450	6,000	(4,450)	6,000	–	6,000
Financial Agreement Act 1995 - Sinking Fund	–	–	–	–	8,025	(8,025)
Loan (Financial Agreement) Act 1991 - Capital Repayments	12,208	308,478	296,270	308,478	11,940	296,538
WATC Act 1986 - Capital Repayments	10,513	168,661	158,148	168,661	148	168,513

Notes to the Financial Statements

for the year ended 30 June 2005 (continued)

	2004-05 Estimates \$000	2004-05 Actual \$000	Variation \$000	2004-05 Actual \$000	2003-04 Actual \$000	Variation \$000
ADMINISTERED REVENUE						
Taxation						
Stamp duty – insurance	254,000	279,928	25,928	279,928	278,693	1,235
Stamp duty – mortgages	95,500	139,595	44,095	139,595	114,880	24,715
Stamp duty - motor vehicles	248,500	302,525	54,025	302,525	273,042	29,483
Stamp duty - conveyancing and transfers	844,000	1,218,330	374,330	1,218,330	1,207,271	11,059
Stamp duty - share and marketable securities	–	4,975	4,975	4,975	12,005	(7,030)
Stamp duty – other	3,000	2,003	(997)	2,003	10,507	(8,504)
Land tax	300,000	314,823	14,823	314,823	279,036	35,787
Commonwealth grants						
Goods and services	3,496,200	3,646,228	150,028	3,646,228	3,157,926	488,302
Competition Reform Payment	34,335	53,568	19,233	53,568	33,587	19,981
Non-government Schools	462,706	503,247	40,541	503,247	442,454	60,793
Other	1,292	12,344	11,052	12,344	1,713	10,631
Dividends and Taxes						
Government Enterprises – Dividends	420,906	470,334	49,428	470,334	442,456	27,878
Income Tax - Tax Equivalent Regime	228,166	288,531	60,365	288,531	303,906	(15,375)
Other Revenue						
Consolidated Fund Revenue Received from agencies	2,545,009	2,890,140	345,131	2,890,140	2,493,213	396,927
Interest	71,919	91,087	19,168	91,087	83,448	7,639
Pension Recoups	32,229	13,649	(18,580)	13,649	32,585	(18,936)
Other	3,300	16,381	13,081	16,381	22,900	(6,519)

ADMINISTERED EXPENDITURE

Community Service Obligation (CSO) Payments

Item 11 Electricity Corporation

Relative to the 2003-04 outturn, the CSO for 2004-05 increased by \$7.0 million, due mainly to: an increase in the subsidy covering the cost of movement to the L2 tariff for government owned entities (this is a reduced industry tariff available to the private sector businesses); growth in pensioner, senior and Community Service Concessions; and the cost of installing interval meters for electricity customers consuming between 50MWh and 160MWh per annum through the Interval Electricity Subsidy Scheme.

Item 14 Western Australian Land Authority

The 2004-05 outturn was lower than both the 2004-05 Budget estimate and 2003-04 outturn. Relative to the estimate, a number of issues affected a range of projects attracting CSO support, including increases in subsidies supporting: the replacement of the Mungari evaporation ponds; preliminary studies for the Bunbury Outer Harbour; rate of return costs for the Australian Marine Complex; offset by deferral of the Kalgoorlie North West Sector; and lower subsidy requirements for the Townsite Development Program. CSO subsidies for a range of projects supported in 2003-04 were no longer required in 2004-05.

Other Administered Appropriations

Item 18 First Home Owners' Assistance

This scheme was introduced as part of the national tax reforms in 2000-01 and provides eligible persons \$7,000 in purchasing or building a first home. Continued strong housing market activity led to an increase of around 20% in the number of first home owner grant applications approved in 2004-05, relative to the same period in 2003-04. Grants paid under this item are funded from GST grants received from the Commonwealth.

Item 27 Refund of Previous Years' Revenue Collections – All Other

A number of large eligible claims for refunds of payroll tax, land tax and stamp duty on conveyancing were processed in 2004-05. The increase relative to the 2004-05 Budget estimate (which was based on a long run average of previous years' refunds), follows significant higher tax revenue in recent years, with eligible refunds growing in a broadly proportionate manner.

Item 29 State Housing Commission – General Housing Fund

During 2004-05, additional support of \$5.0 million was provided to the Commission in supporting the installation of Residual Current Devices (safety switches) in existing Homeswest residences, constructed before 1993, that are offered for sale or rent. A further \$2.0 million was provided in support of the ongoing revitalisation of the Brownlie Towers apartment complex, and for redevelopment and refurbishment of the surrounding area in Bentley.

Water Corporation of Western Australia and Water Corporation of Western Australia – State Water Strategy Rebate Scheme

After both the 2003-04 and 2004-05 Budgets, the Government approved annual extensions of the State Water Strategy Rebates Scheme (Waterwise). Provided under different new appropriations items in each year, the scheme provides rebates to consumers for a variety of water-saving products, including AAAA-rated washing machines, showerheads, tap timers soil wetting agents and garden bores. The recent extension of the scheme included operations in both 2005-06 and for 2006-07 as well as extension to the end of 2004-05. The extension to the Waterwise rebate scheme over the next two years will include a wider range of water saving products such as pool covers, subsurface irrigation systems, waterwise garden assessments and rain sensors, as well as existing water-efficient 5A washing machines, showerheads, garden bores, soil wetting agents, rain water tanks, flow regulators and grey water systems, as products eligible for a rebate after purchase.

Amounts Authorised By Other Statutes

Parliamentary Superannuation Act 1970

This item reimburses the Government Employees Superannuation Board for the emerging costs of member benefits under the Parliamentary Superannuation Act 1970. The 2004-05 Budget estimate provided for retirements that generally occur following State elections, with an estimate based on the outturn recorded the 2000-01 election year outturn. The impact of retirements following the February 2005 election was less pronounced than expected.

Notes to the Financial Statements

for the year ended 30 June 2005 (continued)

State Superannuation Act 2000

This item reimburses the Government Employees Superannuation Board for the emerging cost of liabilities under the State Superannuation Act 2000, and for the West State Super scheme amortisation arrangement, introduced from 1 July 2001. The variance between the 2004-05 outturn, relative to the 2004-05 Budget and 2003-04 outturn largely reflects the flow-on impact of wage and salaries growth on concurrent costs in 2004-05, and differences in actual retirement rates and valuations of emerging costs for retirees during the year.

Western Australian Treasury Corporation Act 1986 – Interest

Surplus Consolidated Fund cash monies were applied to unscheduled debt repayments in August 2004. Accordingly, interest costs were lower than those in both the 2004-05 Budget estimates and 2003-04 outturn.

Administered Capital

Item 118 Government Equity Injections – Department of Health

Since the 2004-05 Budget, Health reform capital expenditure has been centrally provisioned. Access to these funds is subject to Government approval of submissions of business cases, including planning details, by the Department of Health. Over the full period for which this provision is expected to exist, capital works projects funded from this source will include projects such as the Central Tertiary Hospital, the Southern Tertiary Hospital (Fiona Stanley Hospital) and the Information Technology and Communication Infrastructure Project. The \$21.5 million variance between 2004-05 Budget estimate and outturn is primarily due to the purchase of Kaleeya Private Hospital (\$16.4 million), the bring forward of monies to fund the purchase of medical equipment and for planning costs for health infrastructure projects.

Item 119 Government Equity Injections – Electricity Corporation

In the 2004-05 Budget, equity contributions were expected to be provided to the Corporation to: take over responsibility for power supply to large permanent Aboriginal communities, with 50% of the funding to be provided by the Commonwealth (\$4.5 million total cost); and address electricity supply reliability problems in country areas through the Rural Power Improvement Program (\$6.0 million per annum over four years, with an equivalent amount to be provided from Western Power's capital works program). Works for the Aboriginal communities project are yet to reach a stage requiring the budgeted equity injection.

Amounts Authorised By Other Statutes

Financial Agreement Act 1995 – Sinking Fund

This item is for contributions to the State's account maintained in the Commonwealth Debt Retirement Reserve Trust Account, for the repayment of borrowings previously raised by the Commonwealth on behalf of the State under the Financial Agreement Act 1995. All outstanding debt matured in 2003-04.

Loan (Financial Agreement) Act 1991 – Capital Repayments

This item provides for capital repayments on borrowings from the Western Australian Treasury Corporation to refinance maturing Commonwealth loans raised on behalf of the State under the Financial Agreement Act 1991. All outstanding debt covered by this arrangement was extinguished in August 2004, using surplus Consolidated Fund cash resources from 2002-03 and 2003-04 operations, resulting in a significant variance from the scheduled repayments in the 2004-05 Budget estimate and 2003-04 outturn (\$296.3 million and \$296.5 million respectively).

Western Australian Treasury Corporation Act 1986 – Capital Repayments

An expected repayment of \$10.5 million in the 2004-05 Budget estimates reflected a planned transfer of rail freight debt to the Consolidated Fund during 2004-05. In the event, that transfer did not take place with appropriations to the Public Transport Authority increasing to accommodate the continuing debt servicing costs for these borrowings (this debt is to be fully repaid from capital contributions to the Authority during 2005-06, funded from the Consolidated Fund cash surplus recorded in 2004-05). Surplus Consolidated Fund cash resources from 2002-03 and 2003-04 operations were applied to unscheduled debt repayments in August 2004, explaining the remaining variances between both the 2004-05 Budget estimate and 2003-04 outturn.

ADMINISTERED REVENUE

Taxation

Stamp duty – insurance

Stamp duty on insurance was \$25.9 million higher than forecast in the 2004-05 Budget, mainly due to stronger than anticipated growth in insurance premiums and the number of policies.

Stamp duty – mortgages

Stamp duty on mortgages was \$44.1 million higher than forecast at the time of the 2004-05 Budget, and \$24.7 million higher than was recorded in 2003-04. This mainly reflects stronger than forecast property market activity and duty raised on the sale of the Dampier to Bunbury Natural Gas Pipeline (DBNGP) (of around \$8 million). Following strong growth in 2002-03 and 2003-04, a moderate fall in property market activity had been expected in 2004-05 at the time of the budget.

Stamp duty – motor vehicles

Stamp duty on motor vehicles in 2004-05 was \$29.5 million higher than recorded in 2003-04, and \$54.0 million above the 2004-05 Budget estimate, due mainly to stronger than expected growth in motor vehicle sales.

Stamp duty – conveyancing and transfers

Stamp duty on conveyancing and transfers raised around \$374.3 million more in 2004-05 than forecast in the 2004-05 Budget. This was due to stronger than forecast property market activity (partly offset by tax relief measures announced in October 2004) and duty on the sale of the DBNGP (of around \$80 million). Following strong growth in 2002-03 and 2003-04, a moderate decline in property market activity had been expected in 2004-05.

Stamp duty – shares and marketable securities

The higher outturn for 2004-05, relative to both the 2004-05 Budget estimate and the 2003-04 actual, mainly reflects the issuing of a large, one-off share transaction duty assessment in August 2004, prior to the abolition of stamp duty on unlisted marketable securities on 1 January 2004.

Stamp duty – other

The lower outturn for 2004-05 relative to 2003-04 was mainly due to the abolition of stamp duty on leases and cheques from 1 January 2004.

Land tax

Land tax in 2004-05 was \$35.8 million higher than in 2003-04, mainly due to growth in unimproved land values assessed by the Valuer General and an increase in the number of taxable properties, primarily reflecting new investor activity in the property market.

Notes to the Financial Statements

for the year ended 30 June 2005 (continued)

Commonwealth grants

GST Grants

GST grants to Western Australia were \$488.3 million higher than recorded in 2003-04, reflecting the Commonwealth Grants Commission's 2004 Review recommendation to the Commonwealth to increase the State's share of the national pool of GST collections, and growth in national collections in 2004-05, due to continued strong growth in the Australian economy.

Competition Reform Payments

Relative to both the 2004-05 Budget estimate and the 2003-04 outturn, the increase in grants received under National Competition Policy arrangements in 2004-05 reflects the back-payment of a number of suspensions imposed on the State by the Commonwealth Treasurer during 2003-04, due to reform in areas such as water pricing and egg marketing.

Non-Government Schools

The increase in the level of Commonwealth support on-passed through the State to the non-government schools sector in 2004-05 relative to 2003-04, reflects the policy priorities of the Federal Government.

Other – Commonwealth grants

One-off Commonwealth contributions for the North Quay Rail Loop project at Fremantle Port (\$9.5 million) and the Aboriginal Remote Communities Power Supply project (\$2.2 million) are responsible for the higher outcomes relative to the 2004-05 Budget and 2003-04 actuals, up \$11.1 million and \$10.6 million respectively. Together with State contributions to these projects, these moneys are on-passed through increased capital contributions to the Fremantle Port Authority, Public Transport Authority, Main Roads (in the case of the rail loop) and Western Power Corporation (remote power supplies).

Dividends and Taxes

Compared to the 2004-05 Budget estimates, revenue from income tax equivalence and dividend arrangements was up \$60.4 million and \$49.4 million respectively in the 2004-05 outturn, due to higher than expected profitability for the Water Corporation (primarily resulting from higher developers' contributions), and Western Power (higher revenue from operations).

Other Revenue

Consolidated Fund Revenue Received From Agencies

Higher than expected revenue was received by a number of agencies during 2004-05, resulting in an increase in agencies' receipts paid to the Consolidated Fund relative to the 2003-04 outturn and 2004-05 Budget of \$396.9 million and \$345.1 million respectively. Principal among these were higher receipts from:

- the Department of Industry and Resources for mining royalties (up \$245.3 million and \$202.2 million relative to the 2003-04 outturn and 2004-05 Budget estimate respectively), reflecting higher oil prices, higher nickel prices, and higher volumes and prices for iron ore;
- the Department for Planning and Infrastructure (up \$73.9 million and \$112.7 million relative to the 2003-04 outturn and 2004-05 Budget estimate respectively), largely as a result of motor vehicle licence fees (due to higher vehicle sales activity in the year) and proceeds from Crown land sales (following the purchase of Churchlands campus land by Edith Cowan University); and

- the Department of Health (up \$65.3 million and \$25.6 million relative to the 2003-04 outturn and 2004-05 Budget estimate respectively), due mainly to additional Commonwealth monies contributing towards the Pathways Home Program and compensating for population and inflation impacts on the Australian Health Care Agreement grants.

Interest

Reflecting stronger than expected performance during 2004-05, additional investment income was earned on higher Public Bank Account cash resources. As a result, interest earnings were higher than both the revenue recorded in 2003-04 and relative to the 2004-05 Budget estimate.

Pension Recoups

From 1 July 2004, unfunded pensions and past-service liabilities were transferred from budget funded statutory authorities to the Treasurer. Under previous arrangements, where periodic payments for these liabilities were made from the Consolidated Fund, they were recovered from the liable agency. The transfer of these liabilities brings budget funded statutory authorities into line with arrangements in appropriation funded departments. The variance between the outturn for 2004-05 and the 2003-04 outturn and 2004-05 Budget estimate reflects the post-budget decision to implement the change in arrangements.

Other

A range of one-off revenue items are recorded against this aggregate each year and performance can be significantly volatile as a result. Relative to the 2004-05 Budget estimate, a number of asset sales credited directly to the Consolidated Fund occurred during the year. Principal amongst these receipts were proceeds from the sale of Scarborough Senior High School land (\$5.0 million). A range of one-off revenue items recorded in 2003-04, detailed in last year's annual report, did not recur in 2004-05, resulting in a lower result in annual terms.

39 Adoption of International Accounting Standards

The department is adopting international accounting standards in compliance with AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (IFRS).

	2004-05 \$000	2003-04 \$000
Reconciliation of Equity		
Total Equity under previous AGAAP	25,677	32,077
Adjustments to accumulated surplus		
Reclassification of property, plant and equipment from software to intangibles ^(iv)		
Remove classification from computer software		
Software at cost	(23,773)	(23,654)
Less accumulated depreciation	11,325	9,381
Intangibles at cost	(365)	(365)
Less accumulated depreciation	140	103
Reclassify as Intangibles		
Intangibles at cost	24,138	24,019
Less accumulated depreciation	(11,465)	(9,484)

Notes to the Financial Statements

for the year ended 30 June 2005 (continued)

	2004-05 \$000	2003-04 \$000
Reclassification of Leave Provision as per requirements of AASB119 ^(iv)		
Add back leave provisions per AASB1028		
Current Provision		
Annual Leave	5,110	3,745
Long Service Leave	4,876	4,192
Non Current Provision		
Annual Leave	—	118
Long Service Leave	5,294	4,115
Less Leave provisions as per AASB119		
Current Provision		
Annual Leave	3,868	3,863
Annual Leave Loading	607	—
Long Service Leave	6,025	5,423
Superannuation on costs	869	488
Non Current Provision		
Annual Leave	3,391	2,129
Superannuation on costs	237	192
Other Provisions		
Current		
Workers Compensation on cost	108	54
Non-current		
Workers Compensation on cost	34	21
Total Equity under AIFRS	25,818	32,077

^(iv) Computer software is required to be reclassified as an intangible under AIFRS.

^(v) The provision for annual leave has been recognised in accordance with AASB119.

Reconciliation of surplus/(deficit) for the period

Surplus under AGAAP	(6,800)
Discounting of annual leave ^(vi)	141
	<u>(6,659)</u>

^(vi) Annual leave has been discounted in accordance with AASB119.

Appendices

Appendix A: Legislation Administered

The following is a list of the Acts of Parliament administered by the Department of Treasury and Finance during 2004-05, which are the responsibility of the Treasurer.

Advance Bank (Merger with St George Bank) Act 1998

To facilitate the merger of Advance Bank with St George Bank.

Advance Bank (Merger with St George Bank) (Taxing) Act 1998

To make provision for the payment of an amount to the Treasurer (following the merger of Advance Bank with St George Bank).

Anzac Day Act 1960

Recognises Anzac Day as a public holiday and establishes the Anzac Day Trust Fund.

Australia and New Zealand Banking Corp Limited (Town & Country) Act 1995

To facilitate the merger of the Australia and New Zealand Banking Group and Town & Country Bank. The Act provides for the transfer to the Australia and New Zealand Banking Group of the banking business of Town & Country Bank.

Appropriation (Consolidated Fund) Acts (No's 1 and 2)

Annual Acts authorising the Government to disburse funds from the Consolidated Fund and appropriate payments made under the authority of the Treasurer's Advance Authorisation Act.

Bank Mergers Act 1997

To allow provisions to be made for, or with respect to, mergers of banks by regulation and/or an order.

Bank Mergers (Taxing) Act 1997

To make provision for the payment of an amount instead of State taxes and charges, in relation to a merger provided for under the Bank Mergers Act 1997.

Debits Tax Act 2002

To impose a tax for certain debits made to accounts kept with financial institutions.

Debits Tax Assessment Act 2002

To provide for the collection and administration of debits tax imposed on financial institutions.

Economic Regulation Authority Act 2003

To provide for the establishment of the Economic Regulation Authority and its functions and powers.

Financial Administration and Audit Act 1985

To provide for the administration and audit of the public finances of the State and certain State agencies, provide for annual reporting by departments and statutory authorities, authorise and regulate the investment of certain public moneys, and provide for the office and functions of the Auditor General.

Financial Agreement Act 1928

To approve an Agreement between the Commonwealth and the States relating to financial relations between the parties.

Financial Agreement Act 1995

To approve an Agreement between the Commonwealth and the States relating to financial relations between the parties.

Financial Relations Agreement (Consequential Provisions) Act 1999

Includes a substantial part of the Western Australian legislation required to give effect to the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations (incorporating the Goods and Services Tax related national tax reforms).

First Home Owner Grant Act 2000

To encourage and assist home ownership by providing grants to first homeowners.

Government Financial Responsibility Act 2000

To establish a framework for government financial planning and reporting designed to enhance transparency and accountability in State financial policy, performance and reporting.

Judges' Salaries and Pensions Act 1950

To authorise the payment of specified salaries and pensions to judges of the Supreme Court and to make payment to their families.

Land Tax Act 2002

To impose a land tax in respect of certain land.

Land Tax Assessment Act 2002

To provide for the collection and administration of land tax.

Loan Act

An Act passed periodically, as required, to authorise the borrowing of a specified sum for public purposes.

Northern Mining Corporation (Acquisition) Act 1983

To enable the State of Western Australia to deal with the share capital of Northern Mining Corporation N.L. and to make advances to, and guarantee any financial obligations of, the company.

Appendix A: Legislation Administered (contd)

Pay-roll Tax Act 2002

To impose a tax in respect of certain wages paid by employers.

Pay-roll Tax Assessment Act 2002

To provide for the collection and administration of pay-roll tax.

Railways (Access) Act 1998

To promote competition in the operation of rail services through the establishment of a rail access regime, promoting the efficient use of, and investment in, railway facilities.

Rates and Charges (Rebates and Deferments) Act 1992

To provide relief to pensioners and seniors for local government and water charges by enabling authorities to allow rebates and deferment of payment for such charges.

State Bank of South Australia (Transfer of Undertaking) Act

To provide for the transfer of the undertaking of the State Bank of South Australia to the Bank of South Australia Limited.

Stamp Act 1921

To impose stamp duties in respect of certain instruments and transactions and to provide for the collection and administration of stamp duties.

State Enterprises (Commonwealth Tax Equivalents) Act 1996

To require State enterprises to pay to the Consolidated Fund amounts equivalent to Income and Sales Tax from which they are exempt under Commonwealth law.

State Entities (Payments) Act 1999

Ensures that State entities can operate as if they were subject to the Commonwealth's Goods and Services Tax legislation, as required by the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations.

State Trading Concerns Act 1916

To regulate the establishment, carrying on and management of trading concerns by the State Government, and to authorise departments to engage in certain revenue generating activities.

Taxation Administration Act 2003

To enhance the administration and enforcement of legislation dealing with State taxation by providing a single set of consistent rules applicable to all taxes collected by the State.

Treasurer's Advance Authorisation Act

An annual Act to authorise the Treasurer to make certain payments and advances, and to specify a limit for the payments and advances that may be authorised from the account.

Unclaimed Money Act 1990

To provide for the advertisement of unclaimed money and for the payment of that money into and out of the Consolidated Fund.

Unclaimed Money (Superannuation and RSA Providers) Act 2003

To enable unclaimed money held by certain superannuation and retirement savings account providers to be paid to the Treasurer, to provide for a register of such unclaimed money, and for related purposes.

WADC and WA Exim Corporation Repeal Act 1998

To provide for the cessation of business of Western Australian Development Corporation and Western Australian Exim Corporation.

WAGH Financial Obligations Act 1990

To appropriate an amount from the General Loan and Capital Works Fund in relation to Western Australian Government Holdings Limited.

Appendix B: Amendments to Legislation Administered

The following is a summary of legislative changes assented to in 2004-05 in respect of the legislation we administer within the Treasurer's portfolio.

Treasurer's Advance Authorisation Act 2004

Section 4(1) of the *Treasurer's Advance Authorisation Act 2004* was amended to provide for an increase in the approved limit for the Treasurer's Advance from \$300 million to \$750 million.

First Home Owner Grant Amendment Act 2004

The *First Home Owner Grant Amendment Act 2004* amends the *First Home Owner Grant Act 2000* to:

- specify a minimum age of eligibility for a first home owner grant;
- specify the requirement for an applicant of the first home owner grant to occupy the home as his or her principal place of residence for a period of 6 months;
- clarify an applicant's eligibility for a subsequent grant where a previous grant has been repaid;
- strengthen the offence provision relating to the provision of false or misleading information to the Commissioner of State Revenue; and
- clarify the confidentiality provisions within the Act.

Revenue Laws Amendment (Tax Relief) Act 2004 and Revenue Laws Amendment (Tax Relief) Act (No. 2) 2004

These Acts implement pay-roll tax, stamp duty and land tax revenue measures. Specifically the Acts amend the:

- land tax regime by:
 - waiving a land tax liability of less than \$20 if a person does not have to pay metropolitan regional improvement tax; and
 - changing the operation of the exemption threshold in the *Land Tax Act 2002* so that land tax is levied only on the portion of the aggregate taxable value of land above the exemption threshold of \$100,000, thereby reducing a taxpayer's land tax liability.
- pay-roll tax regime by:
 - reducing the rate of pay-roll tax payable from 6% to 5.5% from 1 January 2005;
 - allowing smaller businesses to elect to lodge pay-roll tax on an annual basis;
 - allowing medium-sized businesses to elect to lodge pay-roll tax returns on a quarterly basis if lodging and paying via Revenue Online, with effect from 1 July 2006; and
 - requiring large businesses to lodge and pay via Revenue Online with effect from 1 July 2006.

- Stamp duty regime by:
 - reducing conveyance duty by 10% across the board; and
 - abolishing stamp duty for first home buyers on property conveyances for homes valued up to \$250,000 with a partial exemption up to \$350,000 and land valued up to \$150,000 with a partial exemption up to \$200,000, where the instrument was executed on or after 29 October 2005.

Judges' Salaries and Pensions Act 1950

Administrative amendments were made to the Act during the year to give clarification to certain clauses in terms of definitions and scope.

Financial Administration Legislation Amendment Act 2005

This Act was assented to on 27 June 2005 and introduced a number of amendments to:

- the Financial Administration and Audit Act 1985;
- the Government Financial Responsibility Act 2000; and
- through consequential amendments, various other Acts.

The legislative changes primarily involved streamlining and improving the timeliness of financial reporting at both the whole-of-government and agency levels.

Appendix C: Other Legislation

The Department of Treasury and Finance collected taxes, duties and fees, and paid subsidies and rebates on behalf of other departments during 2004-05, in accordance with the legislation listed below.

Agriculture and Related Resources Protection Act 1976

To provide for the management, control and prevention of certain plants, animals and diseases, and to protect primary and related industries.

Cattle Industry Compensation Act 1965

To enable the payment of compensation to owners of cattle and carcasses of cattle in certain circumstances.

Emergency Services Levy Act 2002

To impose the emergency services levy determined under the Fire and Emergency Services Authority of Western Australia Act 1998.

Indian Ocean Territories (Administration of Laws) Act 1992

To enable State authorities (including the courts) to provide services and operate in respect of, and exercise jurisdiction in relation to, Christmas Island and the Cocos (Keeling) Islands.

Metropolitan Region Improvement Tax Act 1959

To impose a tax in respect of certain land located within the metropolitan region.

Metropolitan Region Town Planning Scheme Act 1959

To provide for the planning and development of land within the metropolitan region, and the collection and administration of a Metropolitan Region Improvement Tax.

Perth Parking Management Act 1999

To provide for the management of parking in certain parts of the Perth metropolitan area and the collection and administration of licence fees levied on such parking.

Perth Parking Management (Taxing) Act 1999

To impose licence fees in respect of certain parking bays within the Perth metropolitan area.

Pig Industry Compensation Act 1942

To enable the payment of compensation to owners of pigs and carcasses of pigs in certain circumstances.

Racing and Wagering Western Australia Act 2003

To provide for the operation of betting services on totalisators through Racing and Wagering Western Australia.

Racing and Wagering Western Australia Tax Act 2003

To impose a tax on money paid in respect of bets made through or with Racing and Wagering Western Australia.

The Department was also responsible for the collection of taxes, duties and fees and the payment of rebates in accordance with the following legislation:

- Commonwealth Places (Mirror Taxes Administration) Act 1999;
- Commonwealth Places (Mirror Taxes Administration) Regulations 2002;
- Commonwealth Places (Mirror Taxes) Act 1998; and
- Commonwealth Places (Mirror Taxes) (Modification of Applied Laws (WA)) Notice 2002.

Appendix D: Publications

The Department of Treasury and Finance produced a number of publications in 2004-05, a list of which is provided below.

Corporate

Annual Report

Treasury and Finance News (four editions)

Treasury

Amendments to the Railways (Access) Code 2000 – Public Consultation Paper

Budget 2005-06

Budget Speech – Budget Paper No. 1

Budget Statements – Budget Paper No. 2, Volumes 1, 2 and 3

Economic and Fiscal Outlook – Budget Paper No. 3

Budget electronic version

Budget Overview

Investing in Infrastructure

Reader's Guide

Financial Relief for Families and Business Fact Sheet

Government Financial Results Report 2003-04

Government Mid-Year Financial Projections Statement 2004-05

Government of Western Australia Consolidated Financial Statements
for the Year Ended 30 June 2004

GST Estimates State Budget versus Commonwealth Budget Fact Sheet

Monthly Reports of General Government Finances (multiple publications)

Pre-Election Financial Projections Statement 2005

Progress Report: Implementing National Competition Policy in Western Australia –
Report to the National Competition Council

Outcome Based Management – Guidelines for use in the Western Australian Public Sector;

Overview of State Taxes

Quarterly Economic Brief

Quarterly Economic Summary (and regular summaries of major economic statistics)

Quarterly Financial Results Reports (multiple publications)

Register of Unclaimed Moneys

Submission to the Review of the Trade Practices Act 1974

Tax Competitiveness Fact Sheet

Treasurer's Annual and Quarterly Statements

Treasurer's Instructions

Western Australian Government's Submission to the Productivity Commission's Inquiry into First Home Ownership

Government Procurement

Best Practice Guide to Goods and Services Tendering with Western Australian Government Agencies

Buying Smarter Brochures for Common Use Contracting Arrangements

Common Use Arrangement Guide

Guide to Tendering with the Department of Treasury and Finance

Procurement Matters for Buyers;

Procurement Reform Progress Report 2004

Savings on Common Use Contracts

Office of State Revenue

Customer Service Charter

First Home Owner Grant

Land Tax 2004-05

Life Support Equipment Energy Subsidy Brochure

New Concessions for Older Western Australians

Pay-roll Tax Calculation of Tax Payable Brochure

Pay-roll Tax Fringe Benefits Brochure

Pay-roll Tax General Information Brochure

Pay-roll Tax Grouping Provisions Brochure

Pay-roll Tax Superannuation Brochure

Pay-roll Tax Wages Definition Brochure

Revenue Online – Online Pay-roll Tax Brochure

Revenue Online – Online Stamping Brochure

Stamp Duty Fact Sheets

Stamp Duty on Hire of Goods

Tax Changes for Property Buyers, Land Owners and Employers

Customer Contact Details

Office Hours: Monday to Friday 8:00 am to 5:00 pm

Internet: www.dtf.wa.gov.au

Treasury

Location: 197 St George's Terrace, Perth WA 6000

Switchboard: (08) 9222 9222

Customer Contact Line: (08) 9222 8866

Facsimile: (08) 9222 9117

E-mail: customer.service@dtf.wa.gov.au

Government Procurement

Location: Dumas House, 2 Havelock Street, West Perth WA 6005

Switchboard: (08) 9222 5555

Facsimile: (08) 9222 5444

GEM Service Centre: (08) 9222 5468

Office of State Revenue

Location: 200 St George's Terrace, Perth WA 6000

General correspondence and Stamp Duty payments:

GPO Box T1600 PERTH WA 6845

Telephone: (08) 9262 1400

: 1300 368 364 (Country callers only)

E-mail: osr@dtf.wa.gov.au

Lodgement and enquiries: 8:00 am to 5:00 pm

Payment and Document Stamping: 8:00 am to 4:30 pm

Stamp Duty

Telephone: (08) 9262 1100

Facsimile: (08) 9226 0834

E-mail: stampduty@dtf.wa.gov.au

Pay-roll Tax

Telephone: (08) 9262 1300

Facsimile: (08) 9262 1348

E-mail: payroll@dtf.wa.gov.au

Land Tax

Telephone: (08) 9262 1200

Facsimile: (08) 9226 0837

E-mail: landtax@dtf.wa.gov.au

Compliance

Telephone: (08) 9262 1350

Facsimile: (08) 9262 1399

Anonymous information: (08) 9262 1380

First Home Owner Grant

Telephone: (08) 9262 1299 Country callers only: 1300 363 211

Facsimile: (08) 9262 1597

E-mail: firsthomegrant@dtf.wa.gov.au

Other Grants

Telephone: (08) 9262 1371