

TREASURY DEPARTMENT

1998-99
(\$'000)

1997-98
(\$'000)

ANNUAL REPORT 1998-99

age in annual and long service leave entitlements

CIATION

ddings
niture and equipment
mputer equipment
omputing software
ffice fitout

MINISTRATION EXPENSES

xpenses directly incurred by the Department
esources received free of charge (see note 13)

COMMODATION EXPENSES

Expenses directly incurred by the De
Resources received free of charge (s

ET LOSS ON DISPOSAL OF NON

Furniture and equipment
Computer equipment

Gross proceeds on disposal of non-current assets

USER CHARGES AND FEES

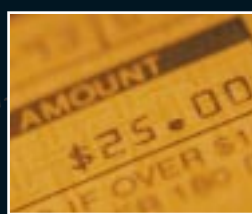
Contributions by senior officers to the Executive Motor Vehicle Scheme
Rentals from Government owned multi-tenanted buildings
Revenue from State Fleet operations
Other

ABNORMAL ITEM

Goodwill purchased and compensation paid on acquisition of leasehold premises

APPROPRIATIONS

Consolidated Fund
Recurrent



	11,076	10,297
	151	329
	11,227	10,626
	1,235	418
	42	39
	433	447
	41	24
	241	19
	1,992	1,34
	20,214	4,7
	1,202	7
	21,416	5,9
	1,778	1
	-	1
	1,778	
	2	
	8	
	10	
	2	
	26	
	15,219	
	6,714	
	6	
	21,965	
	-	
	9,457	
	9,096	
	18,553	



GOVERNMENT OF
WESTERN AUSTRALIA

The Hon Richard Court, B Comm., MLA
Treasurer of Western Australia

1998–99 Annual Report

I have pleasure in presenting the Treasury Department's Annual Report for the year ended 30 June 1999 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.



J L Langoulant
UNDER TREASURER

Contents

Overview

1998–99 Highlights	1
Under Treasurer's Review.....	2
Operational Summary	4
Treasury at a Glance.....	6
Customer Focus	14

Report on Operations

Economic	16
Finance.....	20
Resourcing.....	22
Government Property Office.....	26

Performance Assessment

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

Financial Summary

Treasury Financial Results.....	41
Treasury Administered Items.....	43

Financial Statements

Opinion of the Auditor General.....	44
Certification.....	45
Financial Statements	46
Notes to the Financial Statements	54
Trust Funds – Statements of Receipts and Payments.....	66

Appendices

A Legislation	84
B New Trust Fund Statements	86
C Project Evaluations	87
D Publications	88
E Ministerial Circulars	89
F Freedom of Information	90
G Year 2000	91
H Government Purchasing Charter	92
I Disclosures	93

Office Directory.....	94
-----------------------	----

1998 – 99 HIGHLIGHTS

- ◆ **Negotiated an Intergovernmental Agreement with the Commonwealth on tax reform.** The Agreement will enable the States to receive revenue from the Goods and Services Tax when it is introduced on 1 July 2000. In addition to its impact on the State's economy and finances, tax reform will bring most agencies into the indirect tax system for the first time. To assist agencies we hosted a number of information seminars aimed at raising their awareness of the key issues and we responded to numerous queries from agencies on specific aspects of the tax.
- ◆ **Regained a AAA credit rating from Standard and Poor's Rating Agency.** The upgrading reflected the improvement in the State's financial position over recent years. It was also based on our analysis of the impact on the Western Australian economy of developments in the international economy. This analysis demonstrated the increased diversification that has occurred in the State's economy in recent times and the associated stabilising effects evident during the recent period of severe economic downturn in the State's major trading partners.
- ◆ **Secured the full \$63 million in competition payments from the Commonwealth for 1999–2000.** Sustained work through the year, the results of which were summarised in our March 1999 report to the National Competition Council, contributed significantly to this outcome.
- ◆ **Provided enhanced budget information.** Working with government agencies and the Public Accounts and Expenditure Review Committee we made major improvements in the presentation of budget information. These included better interyear financial comparisons, more useful and complete output performance information, and the availability of budget information for the first time on CD ROM. The response to the changes has been very positive.
- ◆ **Implemented Resource Agreements.** For the first time, chief executive officers, board representatives and ministers have signed Resource Agreements which specify the financial relationship between government and agencies. The 79 Agreements cover expectations on provision of output quantities and characteristics, funding and the four year financial plan of agencies.
- ◆ **Published the State's first Mid-year Review of Public Sector Finances.** This review revised the forward estimates of government finance statistics, net debt and economic assumptions presented in the 1998–99 Budget, taking account of variations due to policy and other changes.
- ◆ **Provided extensive material to increase Commonwealth funding.** This involved extensive analysis and coordination of State submissions to the Commonwealth Grants Commission aimed at maximising this State's share of Commonwealth Financial Assistance Grants.
- ◆ **Published, in the budget papers, a State Government Social Concessions Expenditure Statement.** The Statement sets out, for the first time, the value of concessions on key services provided to individuals and families who meet various needs criteria. We believe Western Australia is the only State to publish this type of information, which fills gaps in the budgetary process.

UNDER TREASURER'S REVIEW



John Langoulant
Under Treasurer

The past year will be remembered for the developments that occurred in the State's economic and financial position.

Most significant amongst these was the signing by all Australian governments of the Intergovernmental Agreement on the Reform of Commonwealth/State Financial Relations. This Agreement provides for major changes in the financial relationship between the Commonwealth and the States. It gives the States access to a broad based growth revenue which will assist the States meet their essential service delivery responsibilities.

Other highlights in Treasury's operations were the further improvements made to financial management across the Western Australian public sector, the start of the sale processes of AlintaGas and Westrail Freight, re-gaining the State's AAA credit rating from Standard and Poor's and the economy's robust performance in the face of the Asian economic downturn. In addition, enhancements were made to our operating structure, consistent with the evolution of the Department to a stronger policy advising role for government.

Taxation Reform

The Intergovernmental Agreement on the Reform of Commonwealth/State Financial Relations flowed from the Commonwealth Government's decision to broaden the base of Australia's taxation system and, as part of that process, to reform Commonwealth/State financial relations.

The Agreement delivers to the States access to the revenues raised from the Goods and Services Tax to be introduced from 1 July 2000. In return, the Commonwealth's Financial Assistance Grants to the

States will be abolished and the States have agreed to cease a range of their more narrowly based and inefficient taxes. This process will commence on 1 July 2001 with the abolition of the Financial Institutions Duty and stamp duty on most share transactions. A range of other taxes are proposed to be abolished following reviews by Commonwealth, State and Territory Treasurers in 2005.

The benefits to the States from accessing a broad based tax will grow over time. In the initial years, the Commonwealth has guaranteed that the States' budgets will be no worse off from the taxation reforms compared with if there had been no change to the arrangements. Over the first 10 years of operation of the Goods and Services Tax it is estimated that the Western Australian Government's finances could benefit by at least \$700 million and up to \$1.5 billion, depending on the timing of the abolition of State taxes.

Financial Reform

The process of financial reform in Western Australia has been ongoing over the last four years. Those reforms have sought to modernise financial management practices throughout the State public sector. A principal feature of the reform process has been the movement of accounting practices away from cash accounting to modern business accounting methods based on accrual principles and a focus on balance sheets. In addition, the financial reforms have introduced an output focus on budget management, taking emphasis away from managing resource allocation by inputs and placing it on the goods and services provided to the community.

A significant development during 1998-99 was the decision to move the State's banking arrangements to the Commonwealth Bank. This move followed 30 years of banking with the Reserve Bank of Australia. The Commonwealth Bank is committed to expanding the State's banking practices to electronic methods, which will provide substantial efficiency benefits.

Sale of Assets

The sales of BankWest and the Dampier to Bunbury natural gas pipeline provided the capacity for substantial reductions in net debt over the past five years.

The continuation of that process, with the commencement of the sale processes for AlintaGas and Westrail Freight, will help to ensure that the State's debt levels remain low and, most importantly, that the interest burden on State finances also remains low. Over the past five years the State's interest cost has fallen by 50 per cent, enabling scarce financial resources to be allocated to service provision rather than being used to meet the dead weight cost of interest.

The process for selling assets is complex and normally lengthy. The sale of both Westrail Freight and AlintaGas are, consequently, not expected to be completed until the first half of 2000. Legislation is currently before the Parliament to effect the two sales, with debate on both sale bills to occur during the 1999 spring session.

AAA Credit Rating

Standard and Poor's re-instated the State's credit rating to AAA in December 1998. This followed Moody's restoring the State's AAA credit rating in 1996. It was only the second occasion that an Australian jurisdiction has regained a AAA credit rating, the other jurisdiction to have done so being Victoria.

Standard and Poor's action reflected its recognition of this State's sustained economic and financial performance. Our economic performance over the past 10 years has exceeded that of all other Australian States and has been one of the strongest growing economies in the world. The State's enhanced financial position reflected the benefits of sound financial management practices, including successful asset sales and the use of those proceeds to retire debt.

The AAA credit rating provides benefits to the State in terms of giving access to credit markets at the lowest possible cost. It also provides investors with the comfort that the State Government's focus on economic and financial management is of the highest standard.

Economic Performance

The State's economic performance during 1998–99 remained strong. Activity levels throughout the year were high. Consumer confidence and demand

underpinned historically high levels of consumer spending. Levels of production and exports also remained historically high, reflecting the benefits of increased production capacity following record new business investment over the preceding five years.

The completion of a number of very large mining projects, notably the BHP Hot Briquetted Iron project and several nickel processing projects in the goldfields region, meant that new business investment declined during the year. This followed a record pace of investment growth in 1997–98. Similarly lower world commodity prices, most notably for gold, tended to reduce the value of exports from the State from their very high levels recorded in 1997–98. These factors combined meant that, although the levels of economic activity remained high, overall economic growth slowed. However, the fact that the State continued to enjoy near record levels of activity and, in turn, the lowest rate of unemployment of any jurisdiction in Australia demonstrated the underlying resilience of the economy.

The outlook for Western Australia remains positive with most economists recognising the State's potential by forecasting economic growth rates in the medium term at around the State's long-term average of five per cent per annum.

Treasury Structure

A major priority has been improving our policy advisory role over recent years. A further step was taken in this direction during the year with changes to the responsibilities of the budget area. In addition, the economic group was consolidated and greater emphasis was given to the accounting policy and financial advisory activity. This latter activity is aimed at enhancing agencies' implementation of modern financial management practices.

The main features of Treasury activities provided in this snapshot of developments through the year captures only part of Treasury's work program. The demands on our officers are considerable and I remain most grateful to all staff members for their dedicated contribution to the Department's responsibilities.

OPERATIONAL SUMMARY

	Economic	Finance
Activities	<ul style="list-style-type: none"> ◆ Provides advice and analysis on State revenues, the economy, competition policy, intergovernmental financial relations and government trading enterprises. 	<ul style="list-style-type: none"> ◆ Advises on accounting policy and frameworks for government operations. Participates in selling major assets. Provides corporate and information systems, including strategic and internal audit services.
Key Achievements	<ul style="list-style-type: none"> ◆ Signed an intergovernmental agreement providing all revenues from the Goods and Services Tax to the States. ◆ Regained a AAA credit rating from Standard and Poor's rating agency. ◆ Coordinated State submissions to the Commonwealth Grants Commission's review, aimed at maximising this State's share of federal grants. ◆ Made a submission to the 'Ralph' Review of Business Taxation. ◆ Implemented a Competitive Neutrality Complaints process. ◆ Secured the full competition policy payment for the State for 1999–2000. ◆ Contributed to the completion of 45 legislation reviews under national competition policy requirements. 	<ul style="list-style-type: none"> ◆ Transferred the State's banking business to the Commonwealth Bank to achieve savings and extend banking operations. ◆ Helped prepare AlintaGas and Westrail Freight business for potential sale and assisted in the actual sale process for SupplyWest. ◆ Took over responsibility for the management of the State vehicle fleet funding facility and introduced the Fleet Retail Rental System. ◆ Established a risk management program for Treasury. ◆ Implemented effective systems to collect a range of budget and financial data. ◆ Facilitated an additional \$98 million being invested in the Public Bank Account Investment Fund. ◆ Introduced Fringe Benefits Tax software to government agencies and arranged Fringe Benefits Tax training, including a hotline technical service.
Future Directions	<ul style="list-style-type: none"> ◆ Coordinate the implementation of national tax reform in the State. ◆ Push for greater flexibility in Commonwealth specific purpose payments. ◆ Examine the responsiveness of the economy to changes in conditions within its key export markets. ◆ Assist agencies undertaking competitive neutrality reviews to ensure the quality and timeliness of the reviews. ◆ Examine the effectiveness of commercialisation reforms and identify possible changes. ◆ Work with agencies to manage risks in meeting the State's obligations under National Competition Policy. ◆ Help agencies understand and manage their risks of exposure to Competition Laws in the Trade Practices Act. 	<ul style="list-style-type: none"> ◆ Further progress preparations for the potential sale of Westrail Freight and AlintaGas. ◆ Continue the effective management of the State vehicle fleet funding facility. ◆ Finalise development of a Disaster Recovery Plan for Treasury. ◆ Provide guidance and assistance to public sector agencies on the implementation of systems for the Goods and Services Tax. ◆ Continue to provide guidance to agencies on their management accounting regimes. ◆ Facilitate the broader use of electronic commerce by the public sector.

Resourcing

- ◆ Advises on and manages the allocation of taxpayers' resources to achieve government outcomes. Provides fiscal policy advice and financial reporting services. Provides government property related policy, advice and information.

- ◆ Progressed the modernisation of the State's financial management systems. As part of that, issued discussion papers on accrual appropriations and a capital user charge for the State's public sector.
- ◆ Achieved improvements in performance reporting by public sector agencies by linking budget expectations, budget monitoring through the year (output acquittals) and reporting (Treasurer's Instruction 904).
- ◆ Provided an expanded range of information in the budget papers relating to the quantity and characteristics of goods and services provided to the community.
- ◆ Introduced the State's first Mid-year Review of Public Sector Finances.
- ◆ Began preparing monthly financial statements at whole-of-government level.
- ◆ Participated in evaluation and decision making processes for major capital projects.
- ◆ Made substantial progress on a review of the Financial Administration and Audit Act.

- ◆ Implement the accrual appropriation regime and a capital user charge which will complete the financial reform program.
- ◆ Base budget decisions on output quantities and costs.
- ◆ Commence quarterly acquittal of outputs delivered by agencies.
- ◆ Publish and implement investment and evaluation guidelines and policies for agencies.
- ◆ Enhance the level and quality of Treasury accounting for public sector finances by achieving quality and timeliness milestones for monthly reports.

Government Property Office

- ◆ Manages the planning and development of significant capital projects on behalf of government.

- ◆ Continued planning for the Fremantle Waterfront redevelopment project.
- ◆ Developed a vision and redevelopment strategy for the Midland workshops.
- ◆ Commenced refurbishing the heritage buildings at Heathcote Hospital.
- ◆ Finalised a concept plan and implementation strategy for the redevelopment of the Sunset Hospital site.
- ◆ Coordinated a change in purpose of the 'A' Class Reserve on which the Old Treasury Buildings are situated.
- ◆ Developed a number of commercial sites alongside the Mandurah Boardwalk.
- ◆ Investigated alternative uses of the Old Swanbourne Hospital buildings.

- ◆ Commence construction of a Maritime Museum at Fremantle.
- ◆ Start the first stage of the redevelopment of the Midland Railway Workshops.
- ◆ Complete the redevelopment of Heathcote Hospital.
- ◆ Progress redevelopment proposals for Sunset Hospital.
- ◆ Progress the redevelopment of the Old Treasury Building and adjacent land.
- ◆ Sign leases with private sector operators for the remaining commercial sites alongside the Mandurah Boardwalk.

TREASURY AT A GLANCE

Our Mission

Treasury's mission is to provide leadership in advancing the State's economic and financial management.

The outcomes we seek to achieve are:

- ◆ an effective framework for resourcing public services; and
- ◆ a strong, competitive Western Australian economy.

The strategies we employ to achieve these outcomes are outlined below.

Financial Management Framework

- ◆ Develop, implement and monitor sustainable financial plans and targets for government.
- ◆ Manage the government's assets and liabilities.
- ◆ Maximise the amount and flexibility of the State's returns from the Commonwealth.
- ◆ Manage the investment of the government's cash resources.

Management of Public Assets

- ◆ Improve the effectiveness of financial target setting for business activities.
- ◆ Promote the adoption and maintenance of commercialisation and corporatisation principles by government trading enterprises.
- ◆ Promote the optimum use of public assets.

Accountability of Public Finances

- ◆ Publish appropriate reports of public sector finances.
- ◆ Review and modernise the Financial Administration and Audit Act.

The Western Australian Economy

- ◆ Implement policies to achieve a more competitive economy, where this is in the public interest.

- ◆ Improve the efficiency, equity and simplicity of the State's revenue base.
- ◆ Promote pricing for government services which is based on efficient cost levels and appropriate cost structures.
- ◆ Advise government on economic matters, trends and the medium term outlook.

Capability Development and Policy Promotion

- ◆ Articulate and promote the public benefits resulting from economic and financial policy initiatives.
- ◆ Develop the capabilities we need to deliver our services.

Corporate Governance

There are a number of Acts that govern our operations:

- ◆ we function under 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; and
- ◆ the Financial Administration and Audit Act, and associated Treasurer's Instructions, provide the powers for our officers to operate in government finance, control and accountability matters.

A list of the Acts we administer is shown in Appendix A.

Responsible Minister

The Hon. Richard Court, B.Comm., MLA, Premier; Treasurer; Minister for Public Sector Management; and Federal Affairs.



Our Corporate Executive.

Our Corporate Executive

At 30 June 1999 our Corporate Executive comprised:

- ◆ Under Treasurer, John Langoulant;
- ◆ Assistant Under Treasurer (Economic), Anne Nolan;
- ◆ Assistant Under Treasurer (Finance), Geoff Hay;
- ◆ Acting Assistant Under Treasurer (Resourcing), David Imber, and
- ◆ Chief Executive Officer, Government Property Office, Ian Johnston.

Our Structure

Treasury's structure comprised the following four areas at 30 June 1999:

Economic

Key services provided by this area are to:

- ◆ analyse and advise government on State revenues and the economy;
- ◆ forecast economic trends and evaluate major economic policy initiatives;
- ◆ analyse and advise on the implications of national tax reform for the State's finances and key industry sectors;
- ◆ advise on and coordinate intergovernmental financial issues, particularly relating to Commonwealth grants to the State;
- ◆ analyse and advise on the performance of, and strategic issues affecting, government trading enterprises (like Western Power and the Water Corporation);
- ◆ develop policies and guidelines for agencies to improve their competitiveness; and
- ◆ coordinate and drive the implementation of the National Competition Policy Agreements.

Finance

Key services provided by this area are to:

- ◆ facilitate and advise on privatisation, rationalising major assets and arranging alternative asset financing for public sector services and activities;
- ◆ manage, or monitor the management of, various asset financing arrangements;
- ◆ manage the State vehicle fleet funding facility;
- ◆ develop policy on the financial and accounting framework for government operations;
- ◆ advise agencies on legislative and accountability frameworks;
- ◆ maintain the Treasurer's Accounts;
- ◆ coordinate the strategic development of Treasury

and a wide range of activities that, in combination, ensure we effectively deliver services to our customers; and

- ◆ provide information systems and internal audit and risk management functions.

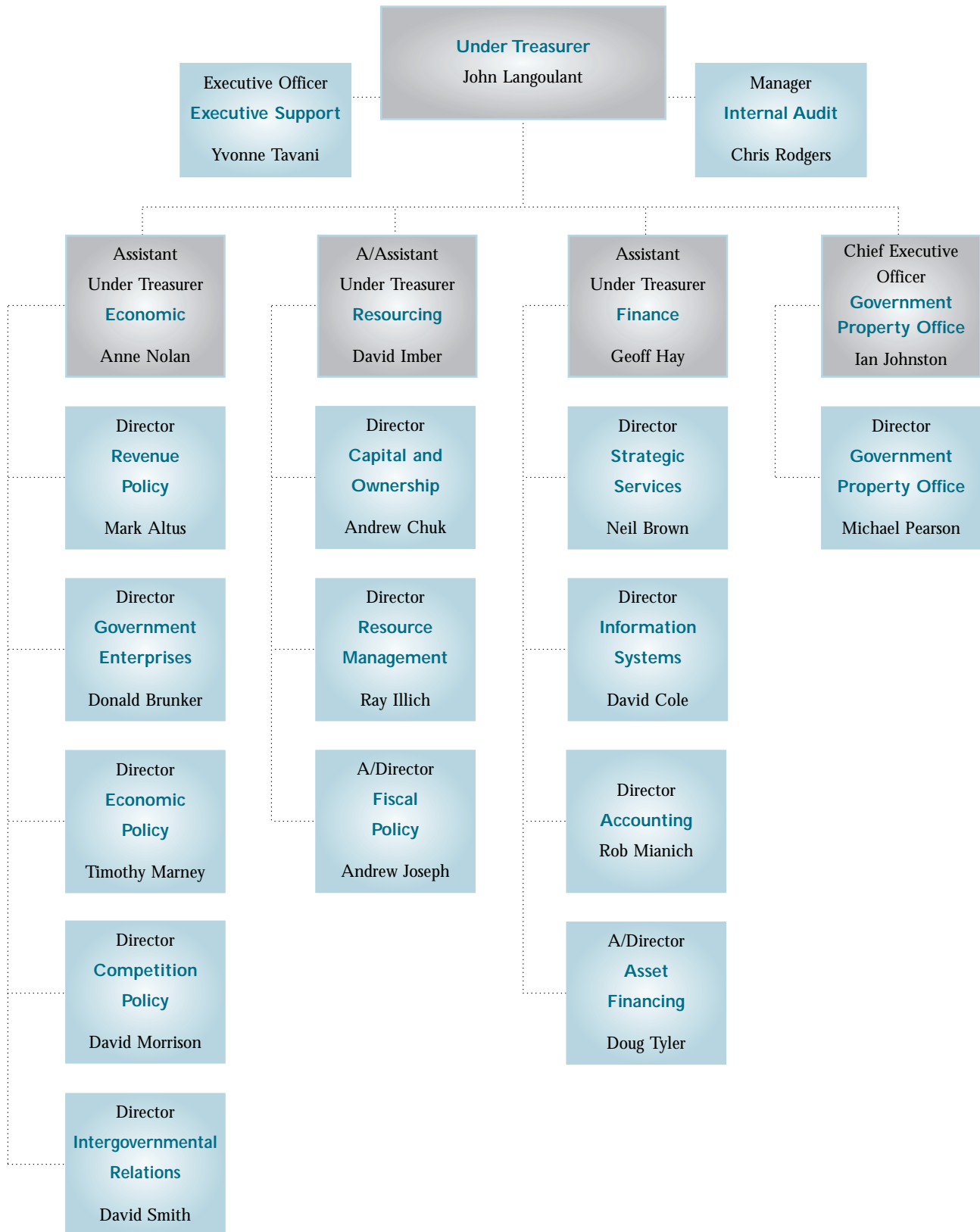
Resourcing

Key services provided by this area are to:

- ◆ advise government on the best way to allocate funds to achieve its desired outcomes;
- ◆ help agencies develop and manage their annual budgets on an accrual output basis;
- ◆ administer the parliamentary appropriation process and related budgeting functions;
- ◆ prepare whole-of-government budgets and financial reports;
- ◆ coordinate and monitor the State's forecasts of financial aggregates including revenue, expenditure, assets and liabilities;
- ◆ research, develop, promote and implement improved financial management practices;
- ◆ evaluate and coordinate new expenditure proposals;
- ◆ manage the State's real property efficiently and effectively;
- ◆ develop policies related to the ownership interests and capital expenditure activities of government;
- ◆ provide systems and coordination for agencies to manage and dispose of property assets;
- ◆ provide central management for government owned, multi-tenanted office buildings;
- ◆ provide office accommodation services, including management of lease negotiation and administration; and
- ◆ provide advice to government on the financial implications of wages policy decisions.

Government Property Office

The Office manages the planning and development of significant capital projects on behalf of government.



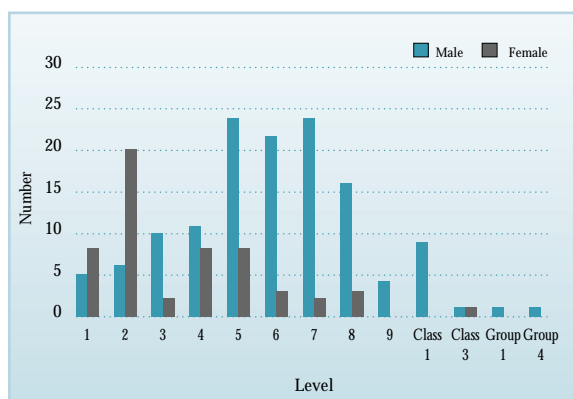
Our People

We employed 185 full time equivalent staff at 30 June 1999, compared with 188 a year earlier.

Women in Treasury

Women made up 29 per cent of Treasury’s workforce at 30 June 1999, marginally below the percentage of a year earlier. The following chart provides a comparative break-up of males to females on a classification basis.

Classification Profile



Building on the previous year when two women were appointed to Assistant Director level, several women were appointed to high levels in the Department. Nevertheless, it remains of concern to us that our classification profile shows an under-representation of women at more senior levels. This issue is being examined as part of a strategic human resource policy we are currently developing.

Training

Training continued to be a focus in the Department during 1998–99, with 477 training days being recorded.

Continuing the trend of the previous year, our training was focussed on building effective teams and process improvement. We also strived to ensure training was relevant to the needs of our staff and represented good value for money.

Type of Training

Type of Training	Number of Officers	Number of Days
Professional development	133	64
Information technology	114	160
Career development	76	253

Graduate Development Scheme

We have an active Graduate Development Scheme and we constantly seek to identify initiatives to help us recruit the best graduates.

Public Sector Standards

We have policies and procedures in place that are consistent with the guidelines for public sector standards that have been issued by the Office of the Public Sector Standards Commissioner.

Our policies and standards cover:

- ◆ recruitment, selection and appointment;
- ◆ discipline;
- ◆ transfer;
- ◆ secondment;
- ◆ redeployment;
- ◆ termination;
- ◆ grievance resolution;
- ◆ temporary deployment (acting); and
- ◆ performance management.

The standards were first developed using a participative approach and so our staff have a good understanding of them.



Graduate Development Scheme – Class of '99.

The standards are available for viewing by all staff through our Intranet facility. They are also included in Treasury's Policy Compendium and marketed from time to time in our internal newsletter, *Inside Treasury*.

During 1998–99 we commenced a review of our standards and procedures, aimed at making them more user friendly. Staff will again be consulted as part of the review process.

There were no formal applications claiming a breach of the standards during 1998–99.

Code of Conduct

Treasury has a Code of Conduct that draws from 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 their day to day work.

Our Code of Conduct applies to all our officers, including those contracted or seconded to the Department. It was developed using a highly participative and consultative approach and so there is a good level of awareness about it amongst staff. All officers have a copy of the Code of Conduct and it is also available for viewing on our Intranet facility.

A review of the Code of Conduct was initiated late in 1998–99 and will again involve significant staff input.

Equal Opportunity

We are an equal opportunity employer and encourage and support diversity in the workplace.

We have a set of equal opportunity, harassment and grievance policies and procedures that were developed by our staff, based on the general public sector standards.

These policies apply to everyone in the Department and can be accessed through our Intranet facility.

Trained grievance officers are available to staff for counselling and for resolving disputes.

Safety, Health and Welfare

The Department's performance in relation to the safety and health of employees is monitored in part through workers' compensation and rehabilitation statistics. These show that there were no workers' compensation claims during 1998-99.

Workers' Compensation Indicators

	1997-98	1998-99
Frequency rate ^(a)	nil	nil
Estimated cost of claims ^(b)	nil	nil
Premium rate per cent ^(c)	0.68	0.63
Rehabilitation success rate ^(d)	na	na

(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.

(d) We have no cases involving formal rehabilitation programs.

n.a. Denotes not applicable.

Communications

As part of an initiative to improve communications, the Under Treasurer established a monthly morning tea process with staff in January 1999.

Each month staff with a birthday falling in that month are invited to share concerns and aspirations, discuss recent events and engage in some frank and open discussion with the Under Treasurer.

These get togethers have improved communications between divisions and provided an avenue for direct contact with the Under Treasurer.

Inside Treasury, a monthly staff newsletter, continued to be a pivotal communications tool.

Awards

During 1998-99 Treasury received:

- ◆ silver and bronze awards for excellence in annual reporting for our 1997-98 Annual Report; and
- ◆ from the Australian Society of Certified Practising Accountants an award for outstanding achievement by a public sector organisation.

Employee Relations

Our approach to industrial relations remains one of equity and choice.

The vast majority of our staff are signatories to our Workplace Agreement, which is available in 38 and 40 hour options.

During 1998-99 our Joint Consultative Committee started drafting a new Workplace Agreement for staff. The new Agreement seeks to achieve terms and conditions of employment that are both fair to our staff and consistent with the achievement of our objectives. In drafting the new Agreement we have also aimed to make it more reader friendly and easier to understand.



Neil Brown receives the Silver WS Lonnie Award from Elizabeth Eaton, Chairperson of the Lonnie panel.

Disability Services

We have little direct contact with the general public. Nevertheless, we seek to ensure that:

- ◆ our functions and services meet the needs of people with disabilities;
- ◆ access to buildings and facilities are improved;
- ◆ 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 1998–99, there were no approaches made from the public for services to be modified to meet the needs of persons with disabilities.

As part of our desire to support the less abled in the community, during 1998–99 we assisted the operations of the Technical Aid for the Disabled group.

This group provides a long-term loan service of computers to disabled people to assist them to communicate with others, gain new skills and in many cases gain employment.



A volunteer at the Technical Aid for the Disabled group servicing Treasury computers for distribution to people with disabilities and special needs.

Technical Aid for the Disabled is reliant on donations of computing equipment to underpin this important service. Acting upon a suggestion from a staff member we began providing our outdated computing equipment to the group.

During 1998–99, we donated approximately 100 machines and 20 printers. Reports from the Technical Aid for the Disabled group indicate that the waiting list for computers has now been cleared.

CUSTOMER FOCUS

Our Customers

Our major customers are:

- ◆ the Treasurer and the Minister for Finance;
- ◆ Cabinet and its Committees;
- ◆ Parliament; and
- ◆ the State's public sector agencies.

Our Customer Commitment

Our customers can expect from us a commitment to quality and responsive services. We do this by:

- ◆ ensuring that our advice is clear, well founded, timely and relevant;
- ◆ establishing clear points of contact for a coordinated and effective service;
- ◆ understanding our customers' needs and helping them understand our views;
- ◆ streamlining our requests for information from customers;
- ◆ consulting with our customers when reviewing our practices;
- ◆ seeking customer feedback and acting on it;
- ◆ responding to requests for advice and information within agreed time frames; and
- ◆ keeping our customers informed of the latest developments in economic and financial management policies and procedures.

Achieving Customer Focus

To gauge our customer effectiveness we conduct a Client/Stakeholder Survey each year. The survey results provide valuable feedback about areas where we can make improvements. The results of the survey for 1998–99 are outlined in this report's Performance Assessment section.

Communicating and Consulting

We continued to give a high priority to improving our communications with our customers during 1998–99. For example we:

- ◆ provided financial reform briefings at training courses, workshops, conferences, and to visitors

from the UK Treasury, China, and the University of Leuven (Belgium);

- ◆ produced discussion papers on accrual appropriations, capital user charging and the public sector's balance sheet;
- ◆ consulted widely with agencies (through the auspices of the Financial Reform Consultative Committee) on the development of financial reform initiatives;
- ◆ liaised closely with the Public Accounts and Expenditure Review Committee, agencies and Parliament on the budget presentation;
- ◆ briefed government, opposition and minor party members on the 1999–2000 budget revenue measures;
- ◆ held the initial annual 'Treasury briefing' for chief executive officers from the State public sector on progress with financial management reforms and the implementation of competition policy;
- ◆ held a seminar for State agencies on the outcome of the Commonwealth Grants Commission's 1999 report on its methods;
- ◆ conducted information seminars for agencies on the implications of the Commonwealth's tax reform package;
- ◆ used our Treasury News publication to inform customers about developments in financial management, tax reform and the Commonwealth Grants Commission process;
- ◆ hosted a workshop for the State's port authorities to assist them in preparing strategic development plans and statements of corporate intent, which they are now required to produce under the new Port Authorities Act;
- ◆ supported agencies conducting National Competition Policy reviews by providing a contact person for each agency;
- ◆ ensured interested parties had the opportunity to provide input on important and controversial issues relating to National Competition Policy;



Ron Stockton-Metcalf, President WA Division Australian Society of Certified Practising Accountants (left) presents an award for outstanding achievement by a public sector organisation to Alex Rimkus and Geoff Hay of Treasury.

- ◆ produced a brochure detailing the new process for dealing with Competitive Neutrality Complaints;
- ◆ published guidelines for use by agencies on Costing and Pricing Government Outputs;
- ◆ developed a more formal consultative process with major capital works agencies so that we are in a better position to understand their business needs and adopt a more flexible approach in assessing funding requirements; and
- ◆ established an Economic Consultative Group to gauge the views of industry on trends within the State economy and the factors impacting on industry growth. This group complements a similar group of senior business representatives that meet with the Treasurer periodically.

Reducing Red Tape

To improve the efficiency of government we coordinated, and helped to drive, National Competition Policy legislation reviews, many of which recommended removing unnecessary regulation, such as redundant licensing requirements for bakeries, restrictions on when bread can be delivered and rules governing the marking of vehicles for delivering bread.

Responsiveness

To improve our customer responsiveness we:

- ◆ helped State Government agencies and Local Government to conduct National Competition Policy reviews by providing advice and representatives for review committees, making presentations, and developing and distributing guidelines and other information;
- ◆ introduced the Fleet Retail Rental System to deal directly with almost 400 client groups across 100 agencies on the rental of their 9,500 leased vehicles. The system embraces electronic commerce by electronic invoicing and payment; and
- ◆ produced the 1999–2000 budget information on CD-ROM and made many of our publications (and the State budget) available on the Internet, allowing our customers to access these documents within hours of them being published.

Your Say

We are constantly striving to improve our service and welcome your suggestions on how this can be achieved.

If you have any comments, or would like to discuss any of our services, please call us. Contact details are provided at the back of this report.

ECONOMIC



Anne Nolan
Assistant Under Treasurer,
Economic



Mark Altus
Director, Revenue
Policy



Donald Brunker
Director, Government
Enterprises



Timothy Marney
Director, Economic
Policy



David Morrison
Director, Competition
Policy



David Smith
Director,
Intergovernmental
Relations

Activities

Provides advice and analysis on State revenues, the economy, intergovernmental financial relations, government trading enterprises and competition policy.

Key Achievements

During 1998–99 the Economic area:

- ◆ advised the Government during negotiations with the Commonwealth on the **Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations**. A final Agreement was signed by all jurisdictions in June 1999. Under the Agreement, the Commonwealth will provide all the revenue from its Goods and Services Tax to the States in exchange for abolition of most Commonwealth general revenue grants and some State taxes;
- ◆ helped regain a AAA credit rating from Standard and Poor's Rating Agency. The upgrading reflected the improvement in the State's financial position over recent years. The upgrading was also based on our analysis of the impact on the Western Australian economy of developments in the international economy. This analysis demonstrated the increased diversification that had occurred in the State's economy in recent times, and the stabilising effects that had been demonstrated, particularly in periods of economic downturn, in the State's major trading partners;

- ◆ **prepared a detailed submission to the ‘Ralph’ Review of Business Taxation.** The submission highlighted the importance of certain features of the existing business tax system (eg. accelerated depreciation) to the State’s key industry sectors;
- ◆ **assisted State government agencies to understand the implications of the Commonwealth’s tax reform package.** For example, we held an information seminar for most agencies in December 1998, with follow up seminars for selected agencies in the first half of 1999. The aim of these seminars was to raise agency awareness of how tax reform, and the Goods and Services Tax in particular, will affect them;
- ◆ **compiled a database of State and local government taxes, fees and charges** as part of an exercise for determining the Goods and Services Tax treatment of specific charges;
- ◆ **published a State Government Social Concessions Expenditure Statement** in the 1999–2000 budget papers. The Statement sets out, for the first time, the value of concessions on key services provided to individuals and families who meet various needs criteria. We believe Western Australia is the only State to publish this type of information, which fills gaps in the budgetary process;
- ◆ **published an updated analysis of net fiscal subsidies** within the Australian Federation. This analysis showed that Western Australia’s contribution to the Federation is continuing to increase;
- ◆ **on behalf of all States and Territories, we sought improved reporting information from the Commonwealth on specific purpose payments.** The Commonwealth has agreed to some improvements and discussions are continuing;
- ◆ **coordinated the development of a joint States’ and Territories’ paper on reforming Commonwealth specific purpose payments** to improve their flexibility, effectiveness and efficiency;
- ◆ **provided advice to agencies on negotiating with the Commonwealth for a number of specific purpose payments;**
- ◆ **coordinated submissions to the Commonwealth Grants Commission** for the review of its methods for distributing financial assistance grants between the States. There was no adverse impact on Western Australia’s grants from the new methods, although the State’s grants continue to decline as a result of annual data changes, reflecting the State’s strong economic growth;
- ◆ **advised the government on State/Local Government financial issues, and participated in the establishment of a Joint Committee on Local Government Financial Issues,** aimed at improving the State’s financial relationship with Local Government;
- ◆ **took a major role in developing guidelines for allocating to Local Government a share of the competition payments received by the State from the Commonwealth;**
- ◆ **advised the Treasurer on government trading enterprises’ business plans and performance reports;**
- ◆ **advised the Cabinet Government Management Standing Committee on the establishment of a Competitive Neutrality Complaints mechanism** to deal with allegations of non-compliance by public sector agencies in Western Australia. The complaints process establishes a secretariat within Treasury to assist the Committee to assess claims of non-compliance with competitive neutrality, and to determine whether it is in the public interest for competitive advantages enjoyed by government businesses to be removed;

- ◆ **made a submission to the inquiry by the Committee on Uniform Legislation and Intergovernmental Agreements into the implementation of National Competition Policy and its impact and consequences on public utilities.** The central theme of the submission was that National Competition Policy, and other complementary microeconomic reforms, have the potential to deliver significant benefits to the State and the community;
- ◆ **provided a comprehensive report to the National Competition Council about Western Australia's progress in implementing National Competition Policy.** The Council assesses the extent to which States and Territories have met their National Competition Policy obligations and recommends whether they should be paid. Our March 1999 report contributed to Western Australia receiving its full payment for 1999–2000;
- ◆ **advised on a range of competition policy matters, including:**
 - ◆ access to essential infrastructure for rail, the electricity grid and gas pipelines to facilitate competition. Improved access will significantly benefit existing and future markets. However, it requires careful balancing between the need to encourage competition, through better access, while also providing sufficient incentive to invest in these infrastructure facilities;
 - ◆ advising the Cabinet Government Management Standing Committee on legislation reviews, competitive neutrality reviews and other matters relating to competition;
 - ◆ monitoring and reporting on emerging risks in meeting National Competition Policy obligations. This is important, as failure to meet our obligations will put at risk the State's payment for National Competition Policy requirements;
 - ◆ provided advice on the conduct of legislation, competitive neutrality and structural reform reviews, contributing to the completion of 45 legislation reviews in 1998–99; and
 - ◆ provided advice on regulatory and industry structure issues in relation to the proposed sale of AlintaGas and Westrail Freight.

Future Directions

Our key goals for 1999–2000 are to:

- ◆ further develop our capability to analyse major economic policy initiatives through our economic modelling and forecasting systems. We also seek to promote the application of these systems to policy issues of other government agencies;
- ◆ improve the timeliness and quality of our advice to the Treasurer on trends within, and factors impacting on, the Western Australian economy;
- ◆ increase the availability of analysis on the Western Australian economy through more effective use of electronic dissemination;
- ◆ effectively implement components of the national tax reform package, and further advise on the impact of the package on State finances;
- ◆ continue to examine new revenue measures, and review past policy initiatives, with a view to removing distortions from, and making better use of, revenue bases over which the State has autonomy;
- ◆ continue efforts to reform Commonwealth specific purpose payments to maximise their flexibility, effectiveness and efficiency;
- ◆ contribute to the Commonwealth Grants Commission's research program on possible future changes to methods for allocating Commonwealth Financial Assistance Grants between the States;



Our Economic Policy team.

- ◆ coordinate the State's input to the Commonwealth Grants Commission's review of funding needs for Aboriginal communities;
- ◆ provide ongoing policy advice on issues relating to government trading enterprises, including examining the effectiveness of commercialisation reforms and identifying opportunities for further improvements (eg further progressing formal dividend and community service obligation policies).

The aim of such policy advice is to ensure that government trading enterprises operate as efficiently and as effectively as possible to bring benefits to Western Australia's households and businesses through falling prices for essential services (such as electricity, gas and water) as well as better quality services;

- ◆ work with agencies responsible for legislation, competitive neutrality and structural reform reviews to achieve improvements in the quality and timeliness of those reviews;
- ◆ ensure that National Competition Policy reviews, which are of greatest potential impact on the

economy and/or are controversial, are conducted with a high degree of analytical rigour and an appropriate degree of independence and consultation;

- ◆ help government agencies understand and manage their risks of exposure to the Competition Laws in Part IV of the Trade Practices Act;
- ◆ implement omnibus legislation to efficiently meet the legislation reform requirements arising from legislation reviews;
- ◆ provide advice to assist with the implementation of proposed access arrangements to balance the competing interests of infrastructure investment and competitive access pricing to achieve outcomes best serving the community interest; and
- ◆ work with agencies to manage risks in meeting the State's obligations under National Competition Policy and related reforms, particularly in areas of concern to the National Competition Council.

FINANCE



Geoff Hay
Assistant Under Treasurer,
Finance



Neil Brown
Director,
Strategic Services



David Cole
Director,
Information Systems



Robert Mianich
Director, Accounting



Doug Tyler
Acting Director,
Asset Financing



Chris Rodgers
Manager,
Internal Audit

Activities

Advises on accounting policy and frameworks for government operations. Participates in selling major assets. Provides corporate and information systems, including strategic and internal audit services.

Key Achievements

During 1998–99 the Finance area:

- ◆ **announced the transfer of the State's banking business to the Commonwealth Bank.** The transfer provides State agencies with a wider range of banking services than was possible under the previous arrangements with the Reserve Bank. It will also provide significant savings on banking charges;
- ◆ **achieved a return on short term investments (5.33 per cent) in excess of the Cash Management Trust benchmark (4.74 per cent),** continuing the trend of the 1990s. However, earnings on long term investments (3.785 per cent) were marginally lower than the SBC Warburg Australia benchmark (3.804 per cent);
- ◆ **improved cash management practices** by visiting the 14 largest agencies to ensure that payments to creditors were made according to our guidelines. This resulted in better cash flow projections and more funds for investment on a daily basis;
- ◆ **conducted an extensive marketing campaign** resulting in statutory authorities investing an additional \$98 million with the Public Bank Account Investment Fund;

- ◆ **completed a review of the management accounting practices of all major agencies;**
- ◆ **introduced Fringe Benefits Tax software to government agencies and arranged Fringe Benefits Tax training, including a hotline technical service.** Advised and supplied agencies with information on amendments to the Tax;
- ◆ **reviewed all Treasurer's Instructions and issued a revised series of instructions relating to reporting;**
- ◆ **participated in the preparation of Westrail Freight business and AlintaGas for potential sale** in the first half of 2000, subject to the passage of the necessary legislation;
- ◆ **participated in the sale process of SupplyWest;**
- ◆ **assumed responsibility for the management of the State vehicle fleet funding facility** from the Department of Contract and Management Services;
- ◆ **introduced the Fleet Retail Rental System** in May 1999 to deal directly with almost 400 client groups across 100 agencies on the rental of their 9,500 leased vehicles. The system embraces electronic commerce by electronic invoicing and payment. It has greatly enhanced the efficiency of vehicle leasing;
- ◆ **established a registration facility for the distribution of the Western Australian Financial Administration Bookcase through the internet;**
- ◆ **implemented effective systems to collect:**
 - ◆ mid-year performance review output measures via the internet;
 - ◆ a warehouse of budget and financial data at the agency level;
 - ◆ financial data and forward estimates for the whole-of-government and Government Finance Statistics reporting on a monthly basis;
- ◆ **made budget publications available electronically** and immediately on the conclusion of the Treasurer's speech;
- ◆ **made greater use of the internet** as a medium for the collection of data and the distribution of information, improving the efficiency of our communications;
- ◆ **established a risk management program for the Department.** We examined 27 of our major processes, documenting them, identifying the key risk areas, and developing strategies to address these risks. We also compiled a manual to facilitate the continued review of our processes to ensure that risks are kept to a minimum;
- ◆ commissioned Arthur Anderson Consulting to appraise the quality of our Internal Audit services. They concluded that our Internal Audit function was of a high quality and added value to the Treasury control environment.

Future Directions

Our key goals for 1999–2000 are to:

- ◆ complete the preparation of AlintaGas and Westrail Freight business for potential sale;
- ◆ identify, and where appropriate progress, further opportunities for privatisation, major asset rationalisation and asset financing;
- ◆ further enhance the effective management of the State vehicle fleet funding facility;
- ◆ complete the development of a disaster recovery plan for Treasury;
- ◆ facilitate the wider application of electronic commerce in the public sector;
- ◆ manage a Goods and Services Tax implementation program for public sector agencies;
- ◆ issue a revised set of Treasurer's Instructions; and
- ◆ implement an Unclaimed Monies database system. This database will enable matching with other databases (eg the electoral roll), thereby improving the quality and functionality of our Unclaimed Monies records. The time taken to process queries and make payments will be reduced.



David Imber
Acting Assistant Under
Treasurer



Andrew Chuk
Director,
Capital and Ownership



Ray Illich
Director,
Resource Management



Andrew Joseph
Acting Director,
Fiscal Policy

Activities

Advises on and manages the allocation of taxpayers' resources to achieve government outcomes. Provides fiscal policy advice and financial reporting services. Provides government property related policy, advice and information.

Key Achievements

During 1998–99 the Resourcing area:

- ◆ prepared for the introduction of a new **appropriation regime including a capital user charge**. Considerable research and design work was undertaken to develop Treasury's approach to these important financial management developments. This work is evidenced by the following two papers, prepared with assistance from agencies:
 - ◆ *A New Appropriation Regime for the Western Australian Public Sector*. This discussion paper proposes that annual appropriations in the State budget cover the full accrual cost of services, much as business covers its costs by charging prices, replacing the existing cash only funding arrangements. This initiative represents the final foundation in a structure that encompasses the existing initiatives of output based management and accrual accounting; and



Our Financial Reform team.

- ◆ a *Capital User Charge Regime for the Western Australian Public Sector*. A working party, convened by Treasury, presented a report recommending the adoption of a capital charge for agencies receiving appropriations to compliment the proposed new accrual appropriation regime.

Benefits of the capital user charge include an incentive for agencies to either dispose of surplus assets or seek more cost effective replacements. The charge will also improve the accuracy of output costs, enabling better comparisons, and place equity versus debt on leasing decisions on a more equal footing;

- ◆ **implemented Resource Agreements.** For the first time chief executive officers, board representatives and ministers have signed Resource Agreements which specify the financial relationship between government and agencies. The 79 Agreements cover expectations on the provision of output quantities and characteristics, funding and the four year financial plan of agencies;
- ◆ **introduced initiatives to improve performance reporting.** We enhanced performance reporting by public sector agencies through a program of face-to-face assistance, and a number of initiatives including the release of guidelines on output measures and amendments to Treasurer's Instruction 904 relating to performance indicators. Agency outputs are now the subject of a full cycle of management involving budgeting, delivery and reporting;

- ◆ **improved the budget presentation.** Working with government agencies and the Public Accounts and Expenditure Review Committee, and other consultative processes, we improved the presentation of budget information. These improvements included better interyear financial comparisons, more informative performance information, the introduction of Resource Agreements, and the availability of budget information on CD-ROM for the first time. The response to the changes has been very positive;
- ◆ **published the State's first Mid-Year Review of Public Sector Finances.** This Review revised the forward estimates of government finance statistics, net debt, Loan Council allocations and economic assumptions presented in the 1998–99 Budget, taking account of variations due to policy and other changes in the period to 31 December 1998. The publication provided more information than was required under the uniform reporting requirements agreed to by all jurisdictions in March 1997. It also provided an opportunity for expanding debate on the financial direction of the Western Australian Government;
- ◆ **implemented monthly financial reporting by agencies to Treasury for the whole-of-government consolidation.** To date good quarterly reports have been prepared. However, we will be working with agencies to improve the timeliness and coverage of the reports;
- ◆ **completed the drafting of Project Evaluation Guidelines.** These will provide agencies with guidance on the methods to be adopted when evaluating proposals for the procurement of assets. The guidelines take into account the identification of business needs, financial analysis techniques and the impact of risk factors;
- ◆ **commenced drafting new policy guidelines for agencies** covering a range of areas where the government's ownership interests are affected including private investment in public projects, debt management, leasing, financial justification for wage increases in the public sector and the procurement of office accommodation by agencies;
- ◆ **completed scoping studies for private sector involvement in the provision of public infrastructure and economic development initiatives.** The conclusions drawn from these studies provide us with a firm indication of the types of projects best suited to private sector involvement;
- ◆ **participated in the evaluation and negotiation of major works proposals** such as the new, purpose built Justice Centre at Fremantle and the proposed Perth Convention and Exhibition Centre. We played a pivotal role in ensuring the government achieved the best value for money outcomes; and
- ◆ **developed advanced financial models for the evaluation of projects.** These were successfully applied to proposals for the Armadale Health Service and Wooroloo Prison, demonstrating that the expanded in-house modelling expertise is capable of providing effective evaluation advice in a timely manner.

Future Directions

Our key goals for 1999–2000 are to:

- ◆ implement a new, accrual based, appropriation regime reflecting the payment by government of the full purchase price for specified goods and services (outputs);
- ◆ base the budget decision making process on variations to output quantities and costs;
- ◆ commence quarterly acquittal of outputs delivered by agencies. Under this arrangement agencies will be required to demonstrate that their budgeted outputs have been delivered (in accordance with their Resource Agreements);
- ◆ introduce a capital user charge on the net assets of public sector agencies receiving appropriations;

- ◆ prepare new financial management legislation, reflecting modern financial management practices and the government's reform agenda;
- ◆ implement consolidated financial outturn reporting for the whole-of-government in a single publication;
- ◆ implement public disclosure of quarterly period-to-date financial statements for the whole-of-government consistent with Australian Accounting Standards and Australian Bureau of Statistics' concepts;
- ◆ publish, distribute and promote guidelines covering project evaluation, the development of fully justified wages claims, private investment in public projects and the procurement of office accommodation;
- ◆ develop policies in relation to the borrowing capacities of agencies and government's preferred position with respect to the leasing and ownership of property;
- ◆ review strategies to rationalise and more efficiently use property assets held by agencies;



Anita Musulin with Steve Toutountzis of our Resource Management Team.

- ◆ implement a new compressed timetable for the development, submission and evaluation of agency capital investment plans; and
- ◆ participate in the resolution of issues associated with the implementation of the Goods and Services Tax.



Ian Johnston
Chief Executive,
Government Property
Office



Michael Pearson
Director, Government
Property Office

Activity

Manages the planning and development of significant capital projects on behalf of government.

As part of the mid-year restructure of Treasury, the property ownership, policy and lease management functions of the Government Property Office were transferred to the Resourcing area of Treasury and are reported under that section.

Key Achievements

During 1998–99 the Government Property Office:

- ◆ **prepared a draft masterplan for the Fremantle waterfront and Victoria Quay area and consulted with all stakeholders.** A major part of the redevelopment is a proposed \$35 million Maritime Museum. In June the Premier unveiled a model and plans for the new museum, inviting public comment;
- ◆ **undertook work on the restoration of the State's oldest building, the Roundhouse, and the Arthur Head reserve as part of the Fremantle waterfront redevelopment.** This project involves reopening the Whaler's Tunnel after conservation work to improve its safety, restabilising the cliff face and conserving and restoring the Roundhouse itself. The program will also improve access to the observation post, rehabilitate dune vegetation and the terraced lawns and conserve retaining walls;
- ◆ **prepared a vision and redevelopment strategy for the Midland Workshops,** a key aspect of which is to provide the strategic planning context for a new Operations Support Facility for



Heathcote Redevelopment

the Police Department. It will also be used to guide the proposed new Midland Redevelopment Authority;

- ◆ **finalised plans for the redevelopment of Heathcote Hospital.** Work commenced on refurbishing the heritage buildings and landscaping the site. The process to rezone the site, including an area for future residential development, was also started;
- ◆ **gained Cabinet endorsement of a concept plan and implementation strategy for the redevelopment of the Sunset Hospital site;**
- ◆ **coordinated a change in purpose of the 'A' Class Reserve on which the Old Treasury Buildings are situated** from 'government offices' to 'heritage precinct, government buildings, public and commercial uses including hotel and ancillary and beneficial purposes'. Expressions of interest were invited from the private sector for a long-term lease of the properties;
- ◆ **managed the development of a number of commercial sites alongside the Mandurah Boardwalk, as part of the development of the Mandurah Cultural Centre.** During the year, four sites were leased on commercial terms to private sector operators, which has significantly enhanced the attraction and amenity of the area as well as generating lease income to government. A further four sites were identified for leasing; and

- ◆ **investigated possible alternative uses of the Old Swanbourne Hospital buildings** and held discussions with the Nedlands City Council.

Future Directions

Our key goals for 1999–2000 are to:

- ◆ commence construction of a new Maritime Museum. This will be the first stage in the redevelopment of the Fremantle waterfront;
- ◆ commence the first stage of the redevelopment of the Midland Railway Workshops, to include establishment of the Police Operations Support facility;
- ◆ complete the redevelopment of Heathcote Hospital, including vesting of community buildings with Melville City Council, rezoning of the site and the sale of surplus residential development land;
- ◆ progress redevelopment proposals for Sunset Hospital, including starting the rezoning process;
- ◆ sign an Agreement to Lease, committing a commercial consortium to the redevelopment of the Old Treasury Building and adjacent land; and
- ◆ sign leases with private sector operators for the remaining commercial sites alongside the Mandurah Boardwalk.

OPINION OF THE
AUDITOR GENERAL

Auditor General

To the Parliament of Western Australia

**TREASURY DEPARTMENT
PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 1999**

Scope

I have audited the key effectiveness and efficiency performance indicators of the Treasury Department for the year ended June 30, 1999 under the provisions of the Financial Administration and Audit Act 1985.

The Under Treasurer is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act. No opinion is expressed on the output measures of quantity, quality, timeliness and cost.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators, and assessing the relevance and appropriateness of the performance indicators in assisting users to assess the Department's performance. These procedures have been undertaken to form an opinion as to whether, in all material respects, the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Treasury Department are relevant and appropriate for assisting users to assess the Department's performance and fairly represent the indicated performance for the year ended June 30, 1999.

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

D D R PEARSON
AUDITOR GENERAL
October 15, 1999

PERFORMANCE ASSESSMENT

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 and fairly represent the performance of the Treasury Department for the year ended 30 June 1999.



J L Langoulant
UNDER TREASURER

16 August 1999

PERFORMANCE ASSESSMENT

Our Outcomes

The outcomes we are seeking to achieve are:

1. an effective framework for resourcing public services; and
2. a strong, competitive Western Australian economy.

Our Outputs

We aim to achieve these outcomes through:

- ◆ the policy advice we provide to government;
- ◆ the systems we provide to assist with economic and financial management and the government's accountability; and
- ◆ the implementation of arrangements and strategies to help government to allocate and manage resources.

Measuring Our Performance

As Treasury's role in achieving our outcomes is primarily that of an economic and financial management adviser to the government and its agencies, we have measured our performance (ie effectiveness, quality, and timeliness) primarily through a survey of our key clients and stakeholders.

Detailed questions were asked of each client group to elicit meaningful responses and to obtain a good understanding of how stakeholders view our performance. Responses to the detailed questions were grouped to obtain the performance indicators for both outputs (quality and timeliness) and effectiveness. This enabled results from the surveys over the past three years to be broadly comparable.

However, as the questions asked in each survey were not exactly the same, and the aggregation approaches differed between surveys, care needs to be taken in comparing results between the three years.

A non-survey based effectiveness indicator has been included to help measure our effectiveness with implementation of the National Competition Policy.

The efficiency indicators have been measured through our output measurement system.

The Client Survey

The client survey was undertaken on our behalf by Market Equity. It was undertaken in April 1999 by telephone. 278 stakeholders were approached, with interviews held with 165, a response rate of 60 per cent. The survey questions were aimed at particular segments of our client market:

- ◆ ministers;
- ◆ agencies; and
- ◆ parliamentarians and economic and financial commentators.

Interview questions were aimed specifically at each market segment. The numbers sampled and response rates were as follows:

	Total Population	Responses	Response Rate
Ministers	17	4	24%
Agencies	165	115	70%
Members of Parliament	91	43	47%
Economic/financial commentators	5	3	60%
Totals	278	165	60%

The standard error of the survey was 4.7 per cent (ie the number of respondents who rated Treasury as effective/very effective can be considered accurate within 4.7 per cent at the 95 per cent confidence limit).

Presentation and Auditing

In accordance with Treasurer's Instruction 904, effectiveness/efficiency indicators and output measures have been presented.

Only the effectiveness/efficiency indicators have been audited by the Office of the Auditor General.

Key Effectiveness Indicators (Audited)

Outcome 1: An Effective Framework for Resourcing Public Services

For effective decisions to be made about resourcing public services the government requires advice and information to formulate and monitor the budget, agencies need to be able to manage their finances to provide their outputs effectively, and Parliament and the community need to be able to properly monitor the government's financial and service delivery performance.

Consequently, we see an effective framework for resourcing public services as one which:

- ◆ provides the information, advice, interactions (eg between Treasury and agencies, ministers, and the Cabinet Budget Standing Committee) and forward planning to enable appropriate decisions to be made about formulating and monitoring the budget. For example, to be able to make appropriate decisions on the budget, the government needs information and advice on the funds available (the revenue constraint), strategies, targets, and resources required by agencies to deliver their outputs effectively;
- ◆ enables agencies to manage their finances so as to provide their outputs as effectively as possible. This requires agencies to have the appropriate financial management structures and skills to be able to judge their financial situation, their performance, and the cost of providing their outputs; and
- ◆ provides Parliament and the community with as clear a picture as possible of the State's finances, the financial position of individual agencies and the cost of government services and outputs.

Our role in providing an effective framework is to:

- (a) provide advice (including the collection and collation of the information) to enable the government to formulate the budget and monitor performance during the year. This includes advice on budget strategies, the forward plan, government financial targets, revenue constraints and the performance of agencies.

We do this by providing:

- ◆ revenue, expenditure and economic forecasts for budget planning and the determination of revenue constraints;
- ◆ advice on strategies and targets;
- ◆ information on agencies' outputs and performance to enable assessment of the funds required to provide their outputs; and
- ◆ advice to facilitate prioritising of proposals;

- (b) provide the support and systems to enable the necessary interaction between Treasury and agencies to occur during the budget process.

We do this by:

- ◆ ensuring that our information collection systems provide useful information to enable an assessment to be made of agencies performance and financial requirements (eg. information on agencies' financial situation, costs of outputs, and performance in delivering outputs); and
- ◆ liaising closely with agencies to better understand the data (including forward estimates) and to assist with their budget processes, objectives and forecasts;

- (c) promote ongoing reform of the financial framework to increase its effectiveness. We do this by keeping up-to-date on financial reforms elsewhere, assessing what would help us and advising government of possible improvements (including helping agencies to introduce the reforms). During 1998–99 we focussed on helping agencies to implement the accrual reporting and output based management reforms that had been introduced in the previous two years before taking the next step of accrual appropriations; and
- (d) provide the appropriate systems, formats and support to agencies to enable effective whole-of-government reporting to Parliament and the community. We do this by developing effective

reporting methods (eg. accrual reporting, output based reporting, etc.) to provide information to Parliament and the community in a way which enables them to judge the government's performance. We also provide the systems (eg. Treasurer's Accounts Banking System, Treasury Financial Management Initiative, Capital Evaluation and Planning Information System) to collect and collate the data for budget, management and reporting purposes.

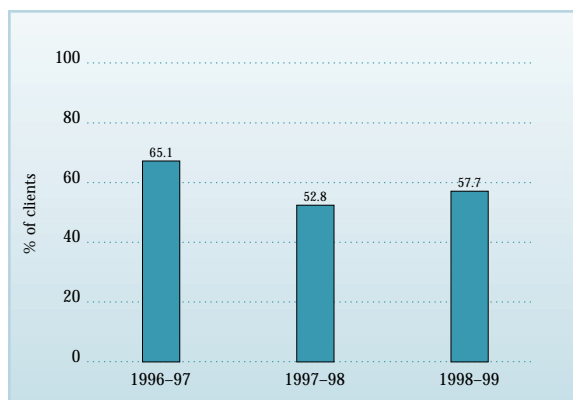
We measure client assessment of the effectiveness of:

- ◆ our advice to government through the 1999–2000 Budget process and in promoting better financial management and reporting (effectiveness indicator 1);
- ◆ the support and systems we provided to agencies during the 1999–2000 Budget process (effectiveness indicator 2);
- ◆ the support, advice and guidance we provided to agencies in implementing financial reforms (effectiveness indicator 3); and
- ◆ how well the budget/reporting approach we developed has helped them to better judge the government's financial performance (effectiveness indicator 4).

All questions were aimed at measuring our effectiveness for resourcing public services through the annual budget, management and reporting cycle.

Effectiveness Indicator 1

The proportion of clients who consider we provide policy advice that has been effective/very effective in helping them to prepare for the budget.



This indicator relates to role (a) above and is designed to measure the effectiveness of our advice in helping the government prepare the 1999–2000 Budget in terms of:

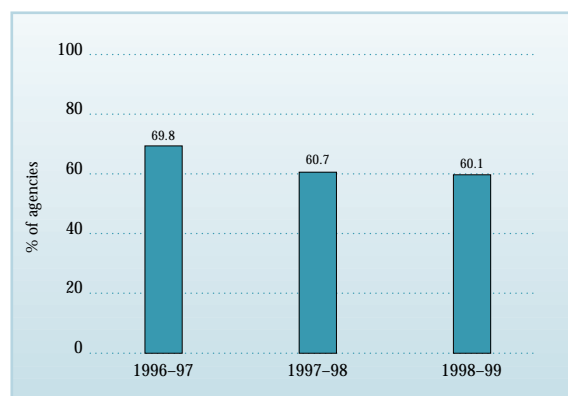
- ◆ budget strategies;
- ◆ prioritising agencies' spending proposals;
- ◆ developing and monitoring targets used to determine financial policy; and
- ◆ developing revenue and expenditure forecasts for budget planning.

This indicator is based on responses from agencies and ministers.

It shows that agencies and ministers consider us to have slightly improved the effectiveness of our policy advice during 1998–99 for the preparation of the 1999–2000 Budget.

Effectiveness Indicator 2

Proportion of agencies that consider the systems and support we offered were effective/very effective in helping them to prepare for the budget.



This indicator relates to role (b) above and aims to measure how effective our systems and support to agencies have been during the budget process in helping them to prepare for the budget, including:

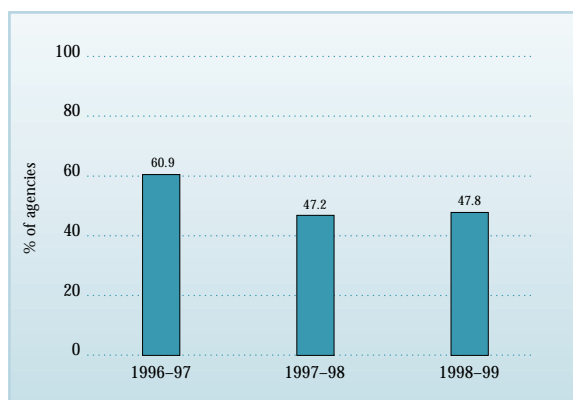
- ◆ enabling exchange of budget information;
- ◆ assisting in developing agency forward estimates; and
- ◆ providing advice on their budget processes, objectives and forecasts.

It is based on responses from agencies.

The indicator shows that the proportion of agencies that consider we provided effective systems and support in helping them to prepare for the 1999–2000 Budget was much the same as the previous year – at around the 60 per cent mark.

Effectiveness Indicator 3

Proportion of agencies that believe we have been effective/very effective at helping them to implement the government’s financial reforms.



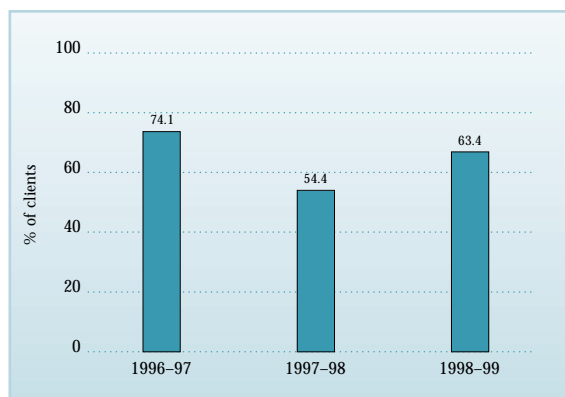
This indicator relates to role (c) above. As our aim during 1998–99 has been to help agencies to implement the reforms introduced in the previous two years, we have measured our performance on the basis of how effective we have been at helping agencies to:

- ◆ move to accrual budgeting;
- ◆ prepare accounts and budgets in accrual formats;
- ◆ develop an output structure;
- ◆ manage by outputs; and
- ◆ plan their capital assets.

It is based on responses from agencies and shows that the proportion of agencies which believe we have been effective at helping them to implement the government’s financial reforms is still quite low at around 48 per cent.

Effectiveness Indicator 4

The proportion of clients who believe that the budget/reporting approach developed by Treasury has been effective/very effective at helping them to better judge the government’s financial performance.



This indicator relates to role (d) above and is designed to measure how effective the budget/reporting approach we developed has been in supporting financial management and accountability and helping our clients to:

- ◆ judge whether outputs are being delivered;
- ◆ assess the cost of government;
- ◆ assess the impact of the government on the Western Australian economy;
- ◆ assess the performance and financial management of individual agencies; and
- ◆ understand the economic basis of the budget.

It was based on responses from parliamentarians, economic/financial commentators, ministers and agencies. It shows that stakeholders’ assessment of the effectiveness of the budget/reporting approach in helping to judge the government’s performance improved significantly during 1998–99, after falling in 1997–98.

Outcome 2: A Strong Competitive Western Australian Economy

A strong, competitive Western Australian economy is important for maintaining the State’s high standard of living. It is particularly important for the Western Australian economy to remain competitive given its export orientation and the pressures of globalisation.

The Federal Government controls macroeconomic policy (ie national fiscal, monetary and tariff policy, etc), which is the main vehicle for managing economic growth. The State Government’s role in

maintaining a strong, competitive economy is primarily to develop efficient revenue systems, economic and social infrastructure and supporting services at as low a cost as possible, and to ensure support for, and implementation of, national economic policies (eg. National Competition Policy).

Our role in facilitating the State Government's contribution is to:

- (a) keep government informed of economic matters and trends. We do this by providing ministers and agencies with:
 - ◆ regular reports on the implications of major economic events (eg the Asian crisis) and major economic statistics released by the Australian Bureau of Statistics for the Western Australian economy;
 - ◆ a detailed quarterly summary of the State's economic situation; and
 - ◆ a thorough analysis of the Western Australian economy as part of the budget papers.

This keeps the government informed of economic developments in case budget adjustments are required and to ensure that policies remain focused on keeping the Western Australian economy strong and competitive;
- (b) promote a more efficient revenue system. In view of the narrow range of taxes currently available to the States, we have focused on achieving this particular economic matter by facilitating the implementation of the broad-based Goods and Service Tax for the States (with the eventual replacement of some of our less efficient taxes, such as the Financial Institutions Duty). Our efforts have included providing advice on the impact of the tax reform package on Western Australia's finances and on State Government agencies as well as the development of an associated Intergovernmental Agreement between the Commonwealth and the States;
- (c) coordinate and facilitate implementation of the National Competition Policy in this State. The National Competition Policy will help encourage

a more competitive Western Australian economy by removing legislative impediments to competition in this State (except where they are retained in the public interest) and ensuring that our government trading enterprises compete on an equal footing with the private sector (thereby encouraging these agencies to provide quality services at a reasonable cost). These measures aim to keep the costs of regulation, and services provided by government at levels which enable Western Australian firms to maintain or improve their competitiveness; and

- (d) promote a more commercial approach by the government's trading enterprises (eg Western Power, AlintaGas, Water Corporation and the port authorities) to encourage the provision of quality infrastructure and services to industry at reasonable prices. This entails establishing the trading enterprises on a similar basis to corporations in the private sector, and developing a commercial financial relationship between the agencies and the government (including clear recognition of Community Service Obligations, and commercial dividend and pricing policies).

It also involves the sale of some of these enterprises (either partially or fully) where their services are better provided by the private sector. This contributes to the development of a strong, competitive economy by promoting the provision of important infrastructure services for the State's industry (eg power, gas, water, roads, railways, ports) that are of appropriate quality and at commercial prices. The sale of some of these assets also enables the government to focus more on its core activities without increasing its taxes.

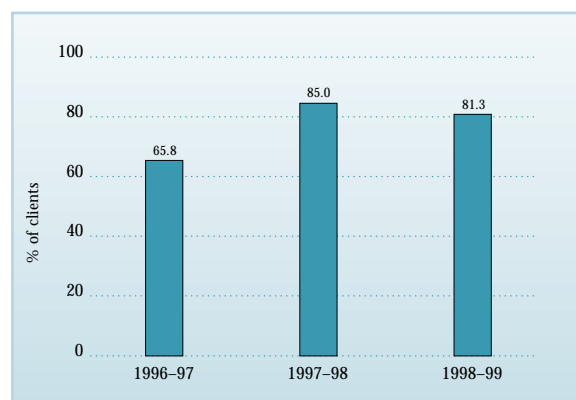
Our effectiveness in achieving this outcome has been measured by:

- ◆ client assessment of our effectiveness in:
 - ◆ keeping government informed of economic trends and matters (effectiveness indicator 5);

- ◆ coordinating and facilitating implementation of National Competition Policy in this State (effectiveness indicator 6);
- ◆ promoting the more commercial operation of government business enterprises and assessing their performance (effectiveness indicator 6);
- ◆ assisting in the privatisation of government assets (effectiveness indicator 6); and
- ◆ our progress in implementing National Competition Policy reforms and success in obtaining the full scheduled National Competition Policy payment each year (effectiveness indicator 7).

Effectiveness Indicator 5

Proportion of clients who consider that Treasury has been effective/very effective at helping to understand developments in the Western Australian economy.



This indicator relates to roles (a) and (b) and aims to measure how effective we have been at helping our clients to better understand developments in, and issues affecting, the Western Australian economy through:

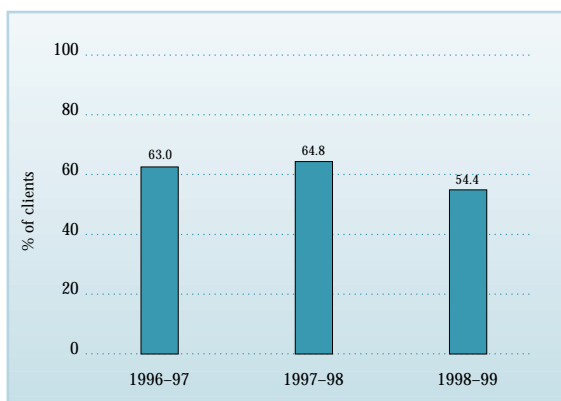
- ◆ our economic forecasts for budget planning;
- ◆ our publications on the Western Australian economy; and
- ◆ briefings on matters affecting the Western Australian economy.

The indicator is based on responses from ministers, agencies, parliamentarians, and economic/financial commentators. It shows that while the proportion of

clients which consider that we have been effective at helping them to understand the Western Australian economy has fallen slightly, it is still high at 81 per cent.

Effectiveness Indicator 6

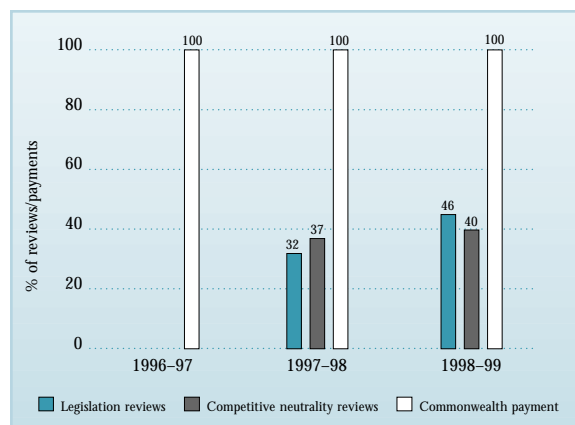
Proportion of clients who believe that Treasury has been effective/very effective at helping to promote a more competitive Western Australian economy.



This indicator relates to roles (c) and (d). It aims to measure how effective we have been at helping to promote a more competitive Western Australian economy by assisting government in:

- ◆ progressing the more commercial operation of government business enterprises (including the development of a more commercial financial relationship between government and government trading enterprises);
- ◆ assessing the performance of government trading enterprises;
- ◆ privatising government assets; and
- ◆ implementing National Competition Policy in this State (by coordinating and progressing the required legislation and competitive neutrality reviews).

It is based on responses from ministers and agencies and shows that the proportion which believe that we have been effective at helping to improve the competitiveness of the Western Australian economy has declined from 65 per cent in 1997-98 to 54 per cent in 1998-99.

Effectiveness Indicator 7**Progress in implementing National Competition Policy.**

This indicator relates to role (c) and aims to measure our performance in helping government to meet the State's National Competition Policy commitments through two measures:

- ◆ the proportion of National Competition Policy reviews due, which were completed by 30 June each year (for both legislation reviews and competitive neutrality reviews); and
- ◆ the proportion of scheduled National Competition Policy payments from the Commonwealth received or approved.

Under the National Competition Policy arrangements, each State is required to undertake reviews of legislation (to determine the impact on competition) and of agencies (to determine competitive neutrality with the private sector). These reviews are undertaken on the basis of schedules agreed between the State and the National Competition Council. The reviews are undertaken by agencies with guidance from Treasury and are considered by the (State) Government Management Committee of the Cabinet. A report on the reviews is provided to the National Competition Council each year, and the payment of additional Commonwealth grants to each State are contingent on the degree of progress against the agreed schedules.

The indicator shows that sufficient progress was made in implementing our National Competition Policy requirements in 1998-99 that we received the full scheduled Commonwealth payment.

Efficiency Indicators (Audited)

The efficiency indicators have been designed to measure the unit cost of our outputs – policy advice, systems and implementation.

- ◆ Unit cost measures including the allocation between policy advice, systems, and implementation, have been obtained from an output management system we operate.
- ◆ Non unit cost measures – as unit cost measures were not available for 1997-98, costs have also been measured as a proportion of Consolidated Fund expenditure to enable comparisons to be made with 1997-98.

For measurement purposes:

- ◆ *policy advice* is defined as recorded policy advice provided to a minister or to Cabinet (eg Cabinet submissions, comments on Cabinet submissions, minutes of meetings or ministerial correspondence). It is measured as the average cost of providing an item of policy advice;
- ◆ *systems* are defined as the provision of broad systems and systems advice to government and agencies (eg the budget management system, capital planning system, and the Government Finance Statistics system) as well as systems designed to provide better information and advice and to manage services better. It is measured as the average cost of providing a system; and
- ◆ *implementation* is defined as services provided to implement, and to enable implementation of, government policies (eg reports, presentations, consultancies, and project management). It is measured as the cost per report, presentation, or hours of consultation or project management.

As auditable cost per unit data was not available for 1997-98, both cost per unit and costs as a proportion of Consolidated Fund expenditure (as an appropriate base in terms of what the costs related to) have been included.

Efficiency Measures

	1997-98 \$	1998-99 \$
Policy Advice		
Cost per item of policy advice ^(a)	n.a.	4,845
Cost per \$'000 of Consolidated Fund expenditure	0.92	1.13
Systems		
Cost per system ^(b)	n.a.	490,876
Cost per \$'000 of Consolidated Fund expenditure	0.30	1.19
Implementation		
Cost per report	n.a.	7,170
Cost per presentation to external clients	n.a.	5,589
Cost per hour of coordination and consultation	n.a.	91
Cost of project management (per hour)	n.a.	817
Cost per \$'000 of Consolidated Fund expenditure	1.26	2.74

(a) We have identified three types of advice: strategic policy advice (advice on major policy issues); tactical policy advice (advice on complex matters); and routine policy advice (advice on day to day responsive issues). The average cost of providing that advice in 1998-99 was as follows: strategic – \$82,329; tactical – \$23,711; and routine – \$2,522.

(b) Treasury develops and maintains systems. The average cost of developing systems in 1998-99 was \$1,415,470 and \$135,264 to maintain systems.

Output Measures (Not Audited)

Treasury produces three outputs:

- ◆ the policy advice we provide to ministers and agencies on economic and financial management;
- ◆ the systems and support we offer to agencies for the budget process and to help meet the government's accountability requirements; and
- ◆ the support, advice and guidance we provide to agencies to help implement the government's economic and financial reforms.

Our performance with each of these outputs in terms of quantity produced, quality, timeliness and cost is outlined in this section.

Quality and timeliness were measured in the same stakeholder survey as our effectiveness performance measures – in April this year.

The quantity and cost of our outputs were obtained from Treasury's management and financial information systems.

As each output contributes to meeting both of our outcomes, we have not collected separate output performance measures for each outcome.

Output 1: Policy Advice

We provide policy advice to government to enable it to acquire, allocate, and manage resources for the sustainable provision of public services as well as to promote a more competitive Western Australian economy.

This advice is provided in three broad forms:

- ◆ *strategic policy advice* – which involves advice on major policy issues (which set new ground rules, require background policy development and research, envisage a long-term effect and generally require Cabinet level decisions);
- ◆ *tactical policy advice* – entails advice on complex matters (which does not set new ground rules, is often implementation advice within a broad strategy and is reactive to circumstances); and
- ◆ *routine policy advice* – advice on day to day responsive issues (eg draft ministerial correspondence, Cabinet comments, responses to Parliamentary questions).

The quite significant variations between target and actual quantities and costs reflect mainly the initial establishment of the targets in the absence of reliable data to assist the estimation process. It also reflects the decision during the year to defer the

implementation of accrual output appropriations for a year to enable agencies and others to become more familiar with output based management.

This resulted in less policy advice being provided to ministers than was envisaged at the time the targets

were set. Several substantial reports were produced for distribution to agencies and elsewhere.

Similarly, the targets for quality and timeliness were set at 100 per cent in the absence of any data to set more realistic targets. These targets will be revised as we gain data and experience.

Performance Measures for Policy Advice

	1997–98 ^(a)	1998–99	
		Target	Actual
Quantity			
Units of strategic policy advice	32	50	23
Units of tactical policy advice	219	230	104
Units of routine policy advice	2,030	2,270	1,612
Quality			
Proportion of clients who believe that our policy advice is clear, concise, relevant, and identifies options.	n.a.	100%	66%
Timeliness			
Proportion of clients who believe that our advice has been timely/very timely.	n.a.	100%	50%
Cost			
Cost per unit of strategic policy advice	\$50,625	\$70,435	\$83,234
Cost per unit of tactical policy advice	\$10,594	\$10,523	\$23,698
Cost per unit of routine policy advice	\$1,493	\$1,083	\$2,522

(a) approximate estimates only

n.a. not available

Output 2: Systems

We also develop and introduce systems that assist government in acquiring, allocating and managing resources for sustainable provision of public services as well as to encourage a more competitive Western Australian economy.

The only systems we have identified under this output are those used primarily to produce an external product (eg whole of government reporting systems, budget systems).

We have identified two types of systems:

- ◆ maintained systems – those which retain most of their features from one year to the next; and
- ◆ new systems – which contain a majority of new features.

The substantial variation in newly developed systems between target and actual for 1998–99 reflects inclusion of State fleet operations under this heading. This has increased expenditure on this output by \$6.7 million, and with only five outputs in total for the year has increased the average considerably. The average expenditure per newly developed system without this additional expenditure is \$59,600.

The variation in maintained systems between target and actual for 1998–99 reflects a reconsideration of what comprises a "system" output, so that only those that directly assist government objectives (eg systems for whole-of-government reporting, cash control, budget management) are included.

The targets for quality and timeliness were set at 100 per cent in the absence of any data to determine more realistic targets. These targets will be revised as we gain data and experience.

Performance Measures for Systems

	1997–98 ^(a)	1998–99	
		Target	Actual
Quantity			
Number of newly developed systems	23	20	5
Number of maintained systems	46	61	12
Quality			
Proportion of clients who believe that the budget/reporting approach we developed has been effective/very effective at helping them to better judge the government's financial performance	n.a.	100%	64%
Timeliness			
Proportion of clients who consider we have been timely/very timely at helping them to meet budget milestones and whole of government reporting requirements	n.a.	100%	53%
Cost			
Cost per newly developed system	\$56,652	\$92,079	\$1,415,470
Cost per maintained system	\$26,739	\$26,433	\$131,817

(a) approximate estimates only

n.a. not available

Output 3: Implementation

Our third output is the implementation of arrangements and strategies to help government to acquire, allocate and manage resources for the sustainable provision of public services as well as to promote a more competitive Western Australian economy.

We help to implement the government's policies through reports we prepare, presentations to clients, coordination and consultation, as well as through project management.

Apart from the number of reports, the actuals were closer to the targets for implementation than for other outputs.

For quality and timeliness, targets were originally set at 100 per cent in the absence of any data to determine more realistic targets. These targets will be revised as we gain data and experience.

Performance Measures for Implementation

	1997-98 ^(a)	1998-99	
		Target	Actual
Quantity			
Number of reports	478	530	442
Number of presentations to external clients	73	90	72
Hours of coordination and consultation	66,000	69,000	73,376
Hours of project management	14,000	13,000	12,476
Quality			
Proportion of clients who consider we provided good or very good quality publications/reports, presentations and consultation on economic and financial issues	n.a.	100%	86%
Timeliness			
Proportion of clients who believe that our timeframes for implementing economic and financial management policy decisions have been 'about right'	n.a.	100%	53%
Proportion of clients who consider we have provided economic information within reasonable timeliness to assist their decision making	n.a.	100%	85%
Cost			
Cost per report	\$3,703	\$5,803	\$7,170
Cost per presentation to external clients	\$2,877	\$8,119	\$5,589
Cost per hour of coordination and consultation	\$89	\$135	\$91
Cost per hour of project management	\$124	\$275	\$817

(a) Approximate estimates only

n.a. not available

TREASURY FINANCIAL RESULTS

Key Points

- ◆ Our 1998–99 financial results continued to be affected by the full year effects of the absorption of the Government Property Office into Treasury in late 1997–98 (with its portfolio of government-owned buildings). The full year of rentals from these properties resulted in a \$2.7 million reduction in the net cost of our services.
- ◆ Another major factor affecting our financial results was the take over of the management of the government's fleet financing contract, which substantially increased our operating revenues and expenditures.

Discussion and Analysis**Net Cost of Services**

The financial results for 1998–99 reflect a \$2.7 million reduction in the net cost of our services, due to increased revenues from properties of \$13.0 million and revenue from State fleet operations of \$6.7 million, offset by increased costs of \$17.0 million.

The increased revenue from properties is due to Treasury having a full year of property rentals in 1998–99 compared with only four months in the previous year. We have also recognised in 1998–99 revenues and expenses received and paid by the property manager (\$5.0 million), which represents a change in accounting policy from the previous year.

The substantial increases in operating revenue and expenditure also reflect our taking over the management of the government's fleet financing contract during 1998–99 from the State Supply Commission. Under this arrangement, while the Supply Commission is still the principal to the contract, we have taken over the management of the contract. Consequently, fleet revenues and expenditures now come through Treasury rather than the Commission.

The substantial fall in revenue from restructuring is mainly a consequence of the absorption of the Government Property Office into Treasury in 1997–98, with the resulting incorporation of the government-owned land and buildings controlled by the Office (with a combined book value of around \$75 million) into our asset base. The \$1.6 million figure for 1998–99 reflects an increase in the number of government owned properties.

Salaries (normally the most important component of operating expenses) rose by 5.7 per cent to \$11.2 million, reflecting wage increases under our Workplace Agreement and filling of vacant positions.

The sharp increase in administration expenses resulted from increased spending on capital projects and building maintenance of \$4.1 million, recognition of expenses paid by the property manager of \$5.0 million and expenses incurred in the State fleet operation of \$6.8 million.

Depreciation also increased significantly (by 48.5 per cent) reflecting more government owned buildings being controlled by Treasury and having the buildings as our assets for a full year during 1998–99.

Financial Position

Our total equity increased by \$12.6 million (or 13.7 per cent) to \$4.6 million primarily reflecting an \$8.4 million increase in net assets as a result of unspent capital funding and a \$6.2 million increase in the value of our land and buildings as a result of a revaluation at the end of the year.

Liabilities increased by \$5.5 million to \$9.1 million, mainly reflecting a Treasurer's Advance for the fleet management arrangements and increased accounts payable of \$1.8 million.

Treasury Financial Highlights

	1995-1996	1996-1997	1997-1998	1998-1999
	\$m	\$m	\$m	\$m
Net Cost of Services ^(a)	17.5	18.1	18.8	15.7
Operating Expenses	17.6	18.5	20.6	37.7
Operating Revenues	0.1	1.1	2.1	22.0
Revenues from Government	17.3	20.8	19.2	21.0
Net Revenue from Restructuring	n.a.	n.a.	75.8	1.6
Total Assets	2.5	5.7	95.6	113.7
Current Assets	0.3	3.5	2.8	14.8
Non-Current Assets	2.2	2.2	92.8	98.9
Total Liabilities	2.8	3.3	3.6	9.1
Current Liabilities	1.8	2.4	2.5	8.0
Non-Current Liabilities	1.0	1.0	1.1	1.1
Equity	(0.3)	2.3	92.0	104.6

(a) After abnormal items of \$0.415 million in 1997-98

n.a. not applicable

TREASURY ADMINISTERED ITEMS

Treasury also administers a range of transactions on behalf of government.

The expenditures include community service obligations and equity contributions paid to government trading enterprises, various subsidies and grants to both government and private sector agencies, refunds, payments relating to superannuation, and interest and capital payments on the government's debt.

The receipts include mainly Commonwealth grants to the States, payments to government for tax equivalents, dividends, surpluses and recoveries of loan expenses, superannuation charges by government trading enterprises and proceeds of asset sales.

Administered expenses fell by \$960 million in 1998–99 compared with 1997–98. This reflected a return to more normal levels after a substantial increase in 1997–98 as a result of the retirement of debt following the sale of the Dampier to Bunbury gas pipeline in that year.

Revenues also fell sharply – by \$669 million – after the sharp increase in 1997–98 as a result of the receipt of the proceeds from the sale of the pipeline.

Current assets rose by \$587 million during the year. This primarily reflected an improved cash position and inclusion of amounts receivable for tax equivalents in the accounts for the first time.

Treasury Administered Items

	1995–1996	1996–1997	1997–1998	1998–1999
	\$m	\$m	\$m	\$m
Expenses	1,309.0	1,539.4	2,436.3	1,490.4
Revenues	2,860.9	3,020.9	4,766.2	4,097.4
Total Assets	2,106.4	1,768.1	1,757.2	1,981.6
Current Assets	1,168.8	1,184.5	1,285.1	1,872.5
Non-Current Assets	937.6	583.6	472.1	109.1
Total Liabilities	2,261.7	2,123.7	2,305.5	2,445.6
Current Liabilities	271.2	396.1	1,196.0	1,541.5
Non-Current Liabilities	1,990.5	1,727.6	1,109.5	904.1

OPINION OF THE
AUDITOR GENERAL

Auditor General

To the Parliament of Western Australia

**TREASURY DEPARTMENT
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999**

Scope

I have audited the accounts and financial statements of the Treasury Department for the year ended June 30, 1999 under the provisions of the Financial Administration and Audit Act 1985.

The Under Treasurer is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Under Treasurer.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Department to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion,

- (i) the controls exercised by the Treasury Department provide reasonable assurance that the receipt, expenditure and investment of moneys and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the Operating Statement, Statement of Financial Position, Statement of Cash Flows, Activity/Output Schedule of Expenses and Revenues and Summary of Consolidated Fund Appropriations and Revenue Estimates and the Notes to and forming part of the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions, the transactions for the year ended June 30, 1999 and the financial position at that date.

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

**D D R PEARSON
AUDITOR GENERAL
October 15, 1999**

FINANCIAL SUMMARY
CERTIFICATION

CERTIFICATION

The accompanying financial statements of the Treasury Department 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 1999 and the financial position as at 30 June 1999.

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.



J L Langoulant

ACCOUNTABLE OFFICER



H Martin

PRINCIPAL ACCOUNTING OFFICER

16 August 1999

FINANCIAL STATEMENTS
OPERATING STATEMENT
 FOR THE YEAR ENDED 30 JUNE 1999

	Note	1998-99 (\$'000)	1997-98 (\$'000)
COST OF SERVICES			
Operating expenses			
Salaries	4	11,227	10,626
Superannuation		1,246	1,136
Depreciation	5	1,992	1,341
Administration expenses	6	21,416	5,502
Accommodation expenses	7	1,778	1,951
Net loss on disposal of non-current assets	8	10	3
TOTAL COST OF SERVICES		37,669	20,559
Operating revenues			
User charges and fees	9	21,965	2,138
NET COST OF SERVICES BEFORE ABNORMAL ITEM		15,704	18,421
ABNORMAL ITEM	10	-	415
NET COST OF SERVICES AFTER ABNORMAL ITEM		15,704	18,836
REVENUES FROM GOVERNMENT			
Appropriations	11	18,553	17,332
Receipts credited to Consolidated Fund	12	-	(52)
Resources received free of charge	13	1,202	796
Liabilities assumed by the Treasurer	14	1,246	1,136
TOTAL REVENUES FROM GOVERNMENT		21,001	19,212
ADJUSTMENT OF APPROPRIATION			
Transfer to Ministry of The Premier and Cabinet	15	524	-
Adjustment of appropriation for Building Better Cities Program		-	1,554
		524	1,554
CHANGE IN NET ASSETS BEFORE RESTRUCTURING		4,773	(1,178)
NET REVENUE FROM RESTRUCTURING	16	1,624	75,805
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS		6,397	74,627

FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 1999

	Note	1998-99 (\$'000)	1997-98 (\$'000)
CURRENT ASSETS			
Cash and amounts in suspense	17	12,277	1,594
Prepayments		23	124
Accounts receivable	18	2,303	1,083
Inventory	19	200	-
Total Current Assets		14,803	2,801
NON-CURRENT ASSETS			
Property, furniture, fittings, equipment and software	20	98,934	92,762
TOTAL ASSETS		113,737	95,563
CURRENT LIABILITIES			
Accounts payable	21	2,052	184
Accrued salaries	22	164	118
Employee entitlements	23	2,267	2,193
Amount due to the Treasurer	24	3,500	-
Total Current Liabilities		7,983	2,495
NON-CURRENT LIABILITIES			
Employee entitlements	23	1,132	1,056
Total Liabilities		9,115	3,551
EQUITY			
Accumulated surplus	25	83,373	76,976
Asset revaluation reserve		21,249	15,036
Total Equity		104,622	92,012
TOTAL LIABILITIES AND EQUITY		113,737	95,563

FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 1999

Note	1998-99 (\$'000) Inflows (Outflows)	1997-98 (\$'000) Inflows (Outflows)
CASH FLOWS FROM GOVERNMENT		
	9,457	13,968
	9,096	3,364
	-	(1,554)
	-	(52)
	(524)	-
	-	(51)
	<u>18,029</u>	<u>15,675</u>
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
	(11,032)	(10,258)
	(18,487)	(4,817)
	(1,778)	(2,070)
Receipts		
	20,970	2,048
	<u>(10,327)</u>	<u>(15,097)</u>
26		
CASH FLOWS FROM INVESTING ACTIVITIES		
	(200)	-
	(321)	(2,460)
	2	24
	<u>(519)</u>	<u>(2,436)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
	3,500	(20)
	<u>10,683</u>	<u>(1,878)</u>
	1,594	3,472
	<u>12,277</u>	<u>1,594</u>

FINANCIAL STATEMENTS
ACTIVITY/OUTPUT SCHEDULE OF
EXPENSES AND REVENUES

FOR THE YEAR ENDED 30 JUNE 1999

Outputs	Policy Advice			Systems			Implementation			General not Attributable			Total		
	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000
Operating expenses															
Salaries	3,192	3,021	812	769	5,101	4,828	2,122	2,008	11,227	10,626					
Superannuation	364	328	91	82	570	513	221	213	1,246	1,136					
Depreciation	719	445	138	85	973	636	162	175	1,992	1,341					
Administration expenses	1,813	745	7,189	2,393	10,149	1,533	2,265	831	21,416	5,502					
Accommodation expenses	574	594	146	151	901	933	157	273	1,778	1,951					
Net loss on disposal of non-current assets	-	-	-	-	-	-	10	3	-	-					
TOTAL OPERATING EXPENSES	6,662	5,133	8,376	3,480	17,694	8,443	4,937	3,503	37,669	20,559					
Operating revenues															
User charges and fees	2,656	523	7,377	355	9,964	903	1,968	357	21,965	2,138					
Abnormal item	-	-	-	-	-	415	-	-	-	415					
TOTAL	4,006	4,610	999	3,125	7,730	7,955	2,969	3,146	15,704	18,836					
Reallocated to outputs	1,060	1,103	277	281	1,632	1,762	(2,969)	(3,146)	-	-					
NET COST OF SERVICES	5,066	5,901	1,276	3,406	9,362	9,717	-	-	15,704	18,836					
Revenues from Government															
Appropriations	5,985	5,296	1,507	2,948	11,061	9,088	-	-	18,553	17,332					
Receipts credited to Consolidated Fund	-	(16)	-	(9)	-	(27)	-	-	-	(52)					
Resources received free of charge	387	243	98	135	717	418	-	-	1,202	796					
Liabilities assumed by the Treasurer	402	347	101	193	743	596	-	-	1,246	1,136					
TOTAL REVENUES FROM GOVERNMENT	6,774	5,870	1,706	3,267	12,521	10,075	-	-	21,001	19,212					

FINANCIAL STATEMENTS
ACTIVITY/OUTPUT SCHEDULE OF
EXPENSES AND REVENUES

FOR THE YEAR ENDED 30 JUNE 1999

Outputs	Policy Advice		Systems		Implementation		General not Attributable		Total	
	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000
ADJUSTMENT OF APPROPRIATION										
Transfer to Ministry of The Premier and Cabinet	-	-	-	-	524	-	-	-	524	-
Adjustment of appropriation for Building Better Cities Program	-	-	-	-	-	1,554	-	-	-	1,554
CHANGE IN NET ASSETS BEFORE RESTRUCTURING	1,708	114	430	63	2,635	(1,355)	-	-	4,773	(1,178)
NET REVENUE FROM RESTRUCTURING	-	-	-	-	1,624	75,805	-	-	1,624	75,805
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	1,708	114	430	63	4,259	74,450	-	-	6,397	74,627

FINANCIAL STATEMENTS

SUMMARY OF CONSOLIDATED FUND APPROPRIATIONS AND REVENUE ESTIMATES

FOR THE YEAR ENDED 30 JUNE 1999

	1998-99		1997-98		Variation \$'000
	Estimate \$'000	Actual \$'000	Estimate \$'000	Actual \$'000	
RECURRENT					
CONTROLLED					
Item 11					
Amount required to fund outputs for the year	19,091	25,190	16,541	16,541	-
Less retained revenue - section 23A Financial Administration and Audit Act	8,124	15,927	2,763	2,763	-
	10,967	9,263	13,778	13,778	-
Amount Authorised by Other Statutes	190	194	4	190	30
Salaries and Allowances Act 1975					
Total recurrent controlled	11,157	9,457	13,938	13,968	30
ADMINISTERED					
Item 12					
Electricity Corporation	33,700	32,788	30,300	31,424	1,124
Electricity Corporation Agreed Statement of Principles (ASOP) Payments	-	65,632	-	-	-
Item 13					
Water Corporation of Western Australia	191,068	192,124	180,297	180,317	20
Item 14					
Western Australian Government Railways Commission	39,110	22,162	71,401	27,468	(43,933)
Item 15					
Western Australian Land Authority	3,008	2,794	1,150	2,034	884
Item 16					
Payment to the Government Employees Superannuation Board for the West State Super Scheme	143,000	113,832	-	-	-
Item 17					
Administered Transactions	59,226	46,052	195,406	124,741	(70,665)
Amounts Authorised by Other Statutes					
Loan Acts					
Financial Agreement Act 1995 - Interest	39,344	39,344	-	50,008	-
Loan (Financial Agreement) Act 1991					
- Interest	59,356	9,903	64,429	64,141	(288)
- Loan Guarantee Fees	1,404	535	1,439	1,470	31
Western Australian Treasury Corporation Act 1986					
- Interest	8,306	69,653	61,347	79,274	(2,653)
- Loan Guarantee Fees	161	1,437	1,276	1,556	(39)
Other Statutes					
Fire Brigades Act					
- Contribution to Permanent Establishment	8,055	8,045	(10)	7,791	(10)
- Volunteer Fire Brigades	7,198	7,198	-	6,438	-
Gold Corporation Act	56	47	(9)	56	(1)

SUMMARY OF CONSOLIDATED FUND
APPROPRIATIONS AND REVENUE ESTIMATES

FOR THE YEAR ENDED 30 JUNE 1999

Item	Note	1998-99		1997-98		Variation \$'000
		Estimate \$'000	Actual \$'000	Estimate \$'000	Actual \$'000	
Item 17 (Continued)						
Government Employees Superannuation Act 1987		95,524	140,799	79,188	137,586	58,398
Parliamentary Superannuation Act 1970		5,276	3,762	5,805	2,790	(3,015)
Superannuation and Family Benefits Act 1988		201,396	170,280	208,019	187,224	(20,795)
Unclaimed Money Act 1990		300	459	250	147	(103)
Total Recurrent Administered		895,488	926,846	985,499	904,454	(81,045)
Total Recurrent Services		906,645	936,303	999,437	918,422	(81,015)
CAPITAL CONTROLLED						
Item 119 Amount provided for Capital Services for the year		14,225	9,096	3,487	3,364	(123)
FINANCING TRANSACTIONS ADMINISTERED						
Contribution to State Development Fund		-	-	-	244,000	244,000
Item 120 Government Equity Contributions		5,800	7,261	8,662	10,972	2,310
Amount Authorised by Other Statutes Loan Acts						
Financial Agreement Act 1995 - Sinking Fund		10,158	5,445	10,275	11,765	1,490
Loan (Financial Agreement) Act 1991 - Capital Repayments		51,791	3,257	27,281	706,048	678,767
Western Australian Treasury Corporation Act 1986 - Capital Repayments		12,751	33,881	32,244	73,590	41,346
Net premium on unscheduled retirement of debt		-	-	-	69,153	69,153
Total Financing Transactions		80,500	49,844	78,462	1,115,528	1,037,066
GRAND TOTAL		1,001,370	995,243	1,081,386	2,037,314	955,928

FINANCIAL STATEMENTS
**SUMMARY OF CONSOLIDATED FUND
 APPROPRIATIONS AND REVENUE ESTIMATES**
 FOR THE YEAR ENDED 30 JUNE 1999

	Note	1998-99		1997-98		Variation \$'000
		Estimate \$'000	Actual \$'000	Estimate \$'000	Actual \$'000	
Details of Expenditure						
Outputs						
Policy Advice		9,618	6,399	(3,219)	-	5,262
Systems		3,953	7,365	3,412	-	1,432
Implementation		19,889	18,623	(1,266)	-	13,044
Revenue		33,460	32,387	(1,073)	20,188	19,738
Net change in cash balance at beginning/end of financial year		(8,124)	(20,970)	(12,846)	(2,763)	(2,020)
Total controlled recurrent and capital appropriations		46	7,136	7,090	-	(386)
		25,382	18,553	(6,829)	17,425	17,332
						(93)
ADMINISTERED						
Administered payments made from Treasury's bank account	36					
Administered payments		469,112	484,375	15,263	479,004	600,105
Financing transactions		5,800	7,262	1,462	8,212	10,972
Net change in amount carried over at beginning/end of financial year		-	(8,992)	(8,992)	-	9,879
Appropriations for administered items		474,912	482,645	7,733	487,216	620,956
Total of appropriations drawn by Treasury		500,294	501,198	904	504,641	638,288
						133,740
ADMINISTERED payments not made from Treasury's bank account						
Authorised by other statutes:	36					
Loan Acts		108,571	120,872	12,301	199,398	196,449
Other statutes		317,805	330,590	12,785	307,547	342,021
Financing transactions		74,700	42,583	(32,117)	69,800	860,556
		501,076	494,045	(7,031)	576,745	1,399,026
						822,281
GRAND TOTAL OF APPROPRIATIONS		1,001,370	995,243	(6,127)	1,081,386	2,037,314
						955,928
Details of Revenue Estimates:						
Revenues disclosed as Operating Revenues		-	-	-	-	52
Administered revenues	36	3,296,220	3,583,906	287,686	2,622,892	4,087,102
						1,464,210
TOTAL REVENUE ESTIMATES		3,296,220	3,583,906	287,686	2,622,892	4,087,154
						1,464,262

No comparative figures have been disclosed for estimated expenditure on individual outputs as the Consolidated Fund Estimates were presented on the basis of programs for 1997/98.

NOTES TO THE FINANCIAL STATEMENTS

1. DEPARTMENTAL MISSION AND FUNDING

The Department's mission is to provide leadership in advancing the State's economic and financial management.

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 1998, which causes all revenue controlled by departments to be subject to net appropriation in the 1998–99 financial year. 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

(a) General statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Urgent Issues Group 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 and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards 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.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements.

(b) Basis of accounting

The financial statements have been prepared in accordance with Australian Accounting Standard AAS 29 as modified by Treasurer's Instruction 1101A. There are no modifications giving rise to material or significant financial effects.

The statements have been prepared on the accrual basis of accounting using the historical cost convention with the exception that land and buildings are stated at valuation.

All revenues, which are net appropriated, are recognised when the Department gains control of the assets resulting from those revenues.

Administered assets, liabilities, expenses, revenues and cash flows are those which are not integral to the Department in carrying out its functions and are disclosed in separate schedules as a note to the financial statements. They are items that 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 amounts reported for administered assets, liabilities, expenses and revenues are calculated in accordance with applicable Australian Accounting Standards. Other than explanations of variances from budget and previous year results, no further disclosures are made in respect of administered items.

(c) Appropriations

Appropriations in the nature of revenue, whether recurrent or capital, 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 operating account.

(d) Depreciation of non-current assets

All non-current assets having limited useful lives are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential.

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

Buildings	40 years
Furniture and equipment	5 to 10 years
Computer equipment	3 years
Computing software	4 years
Office fitout	10 years

(e) **Inventory**

Inventory, which consists of vehicles taken over where lessees have defaulted on the lease agreements, is valued at cost. Cost consists of the amount owing to the financier on each vehicle taken over.

(f) **Employee entitlements**

Annual and long service leave

These entitlements are calculated at current remuneration rates. A liability for long service leave is recognised after an officer has completed four years of service as such officers are likely to complete the qualifying period. An actuarial assessment of long service leave was carried out at 30 June 1999 and it was determined that the actuarial assessment of the liability was not materially different from the liability reported. This method of measurement of the liability is consistent with the requirements of Australian Accounting Standard AAS 30 "Accounting for Employee Entitlements".

Superannuation

Staff may contribute to the Superannuation and Family Benefits Act Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit and lump sum 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 complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

The superannuation expense is comprised of the following elements:

- change in the unfunded employer's liability in respect of current employees who are members of the Superannuation and Family Benefits Act Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme;
- notional employer contributions which would have been paid to the Gold State Superannuation Scheme and West State Superannuation Scheme if the Department had made concurrent employer contributions to those schemes.

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. The total unfunded liability for pensions and transfer benefits assumed by the Treasurer at 30 June 1999 in respect of current employees is \$6.042m (1998 \$6.666m).

(g) **Accrued salaries suspense account, accounts receivable, accounts payable, accrued salaries and amount due to the Treasurer**

Accrued salaries suspense account consists of amounts paid annually into a trust account 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.

Accounts receivable are recognised at the amounts receivable as they are due for settlement on a contractual schedule, no more than 30 days from the date of recognition. Collectability is reviewed on a frequent basis and it is anticipated that the total outstanding will be collected.

Accounts payable, 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. Accounts payable are generally settled within 30 days.

Accrued salaries represents 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.

The amount due to the Treasurer is in respect of a Treasurer's Advance, approval of which is renewed for each financial year. The amount is repayable within a maximum period of one year. No interest is charged on this advance.

(h) **Net fair Value of Financial Assets and Liabilities**

Net fair values of financial instruments are determined on the following bases: Monetary financial assets and liabilities not traded in an organised financial market – cost basis carrying amounts of debtors, accounts payable, and accruals (which approximate net market value).

(i) Leases

The Department has entered into an operating lease arrangement for 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 operating statement over the lease term as this is the representative of the pattern of benefits to be derived from the leased property.

(j) Rental collection operations

Treasury controls a number of government owned buildings, which are occupied almost exclusively by other government agencies. A commercial manager has been appointed to manage the buildings. In the 1998–99 financial year Treasury received, through the net appropriation process, rentals net of outgoings from these buildings. From 1 July 1999 the global net appropriation determination has been amended to exclude these rentals, so that Treasury will not in future receive the net rentals. Outgoings will continue to be paid by the commercial manager.

There are no formal leases for tenants that are government agencies. There are memoranda of understanding which set out obligations of each party to the tenancy. These memoranda do not constitute leases, as they are not legally binding documents.

During the year the Department took over responsibility for management of the Government's fleet funding facility. Treasury's role in this includes making relevant rental payments to the lessor and calculating and collecting rentals from agencies that use the vehicles, on a non-profit making basis. Rental payments and incidental expenses are included in the Department's expenses and rental collections are included in revenue. There is a lease agreement between the lessor and the State Supply Commission, for lease of the vehicles and these are then re-hired by the Commission to agencies. Treasury is not the lessor or lessee of these vehicles and does not disclose information relating to leases as is required by Australian Accounting Standards.

(k) Change in accounting policy

In the previous year net rental revenue from buildings was recognised in the operating statement. There has been a change in accounting policy to more correctly disclose rental collection operations by recognising revenues and expenses collected and incurred by the Property Manager, prior to remittance of the net revenue to Treasury. Administration expenses and User charges and fees have increased by \$5.043m as a result of this change. The corresponding figures for 1997–98 would have increased by \$1.898m.

3. OUTPUTS OF THE DEPARTMENT

The Consolidated Fund Budget for 1998–99 was framed in terms of outputs, consequently financial reporting for the year is analysed in terms of outputs. Information about the Department's outputs and the expenses and revenues that are reliably attributable to those outputs is set out in the activity/output schedule of expenses and revenues.

The Department has three outputs being:

- Policy Advice

Provision of policy advice to government to enable it to acquire, allocate and manage resources for the sustainable provision of public services as well as to promote a more competitive Western Australian economy.

- Systems

The development and introduction of systems that assist government in acquiring, allocating and managing resources for sustainable provision of public services as well as to provide a more competitive Western Australian economy.

- Implementation

Implementation of arrangements and strategies to assist government to acquire, allocate and manage resources for the sustainable provision of public services as well as to promote a more competitive Western Australian economy.

Corporate services support to the Department is provided by the Office of State Administration, a division of the Ministry of The Premier and Cabinet. These services are provided at no direct cost to the Department. The estimated cost of these services is included in these financial statements as services received free of charge. The corporate services of Executive, Internal Audit and Administration are maintained by Treasury to support the agency's operations.

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
 CONTINUED

	1998-99 (\$'000)	1997-98 (\$'000)
4. SALARIES		
Salaries	11,076	10,297
Change in annual and long service leave entitlements	151	329
	11,227	10,626
5. DEPRECIATION		
Buildings	1,235	418
Furniture and equipment	42	39
Computer equipment	433	442
Computing software	41	245
Office fitout	241	197
	1,992	1,341
6. ADMINISTRATION EXPENSES		
Expenses directly incurred by the Department	20,214	4,707
Resources received free of charge (see note 13)	1,202	795
	21,416	5,502
7. ACCOMMODATION EXPENSES		
Expenses directly incurred by the Department	1,778	1,950
Resources received free of charge (see note 13)	-	1
	1,778	1,951
8. NET LOSS ON DISPOSAL OF NON-CURRENT ASSETS		
Furniture and equipment	2	(10)
Computer equipment	8	13
	10	3
Gross proceeds on disposal of non-current assets	2	24
	2	24
9. USER CHARGES AND FEES		
Contributions by senior officers to the Executive Motor Vehicle Scheme	26	22
Rentals from Government owned multi-tenanted buildings	15,219	2,105
Revenue from State Fleet operations	6,714	-
Other	6	11
	21,965	2,138
10. ABNORMAL ITEM		
Goodwill purchased and compensation paid on acquisition of leasehold premises	-	415
	-	415
11. APPROPRIATIONS		
Consolidated Fund		
Recurrent	9,457	13,968
Capital	9,096	3,364
	18,553	17,332
12. RECEIPTS CREDITED TO CONSOLIDATED FUND		
User charges and fees	-	(28)
Receipts from sale of non-current assets	-	(24)
	-	(52)

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
 CONTINUED

	1998-99 (\$'000)	1997-98 (\$'000)
13. RESOURCES RECEIVED FREE OF CHARGE		
Administration expenses	1,202	795
Accommodation expenses	-	1
	1,202	796
<p>Resources received free of charge have been determined on the basis of the following estimates provided by agencies:</p>		
Office of the Auditor General		
- audit services	122	120
Valuer General		
- valuation services	183	117
State Supply Commission		
- maintenance of accreditation process	-	2
Government Property Office		
- property management services	-	1
Department of Contract and Management Services		
- contract services	-	8
Department of Land Administration		
- title searches	13	3
Ministry of Justice		
- crown law charges	282	-
Ministry of The Premier and Cabinet		
- corporate services	602	545
	1,202	796
<p>The above costs have been included in expenses for the year in order to disclose an accurate cost of services.</p>		
14. LIABILITIES ASSUMED BY THE TREASURER		
Superannuation	1,246	1,136
15. ADJUSTMENT OF APPROPRIATION		
<p>On transfer of the Government Property Office to Treasury in 1997-98, the appropriation for certain functions was transferred in terms of section 25 of the Financial Administration and Audit Act. Subsequently it was determined that these functions should stay with the Ministry of The Premier and Cabinet and the appropriate amount of appropriation was returned to that agency.</p>	524	-
<p>In 1996-97 Treasury, in respect of the Building Better Cities Program, received an appropriation of \$1,554,000. The cash from this appropriation was deposited into Treasury's operating account on 30 June 1997 and was reflected in the balance of cash on hand at that date. Treasury in fact administers the Building Better Cities Program and the appropriation and cash balance should therefore have been included in the schedules of administered transactions rather than the financial statements. The adjustment, in accordance with Australian Accounting Standards, gives effect to this change in the prior year.</p>	-	1,554

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
 CONTINUED

	1998-99 (\$'000)	1997-98 (\$'000)
16. NET REVENUE FROM RESTRUCTURING		
During the current financial year certain government owned land and buildings were transferred to and from the control of Treasury. Totals of these are:		
Transferred to Treasury from the Agriculture Department of WA		
Land at valuation 30 June 1999	650	-
Buildings at valuation 30 June 1999	1,000	-
Transferred to Treasury from the Department of Land Administration		
Land at valuation 30 June 1999	1,660	-
Transferred from Ministry of Justice		
Buildings at valuation February 1998	(1,686)	-
	1624	-

The Government Property Office was transferred to Treasury from the Ministry of The Premier and Cabinet with effect from 1 March 1998 and became part of Treasury's operations. Treasury transferred responsibility for the Minister's Office to the Ministry of The Premier and Cabinet with effect from 1 July 1997.

Assets acquired and relinquished as a result of this restructuring are listed below:

Land carried at valuation by the Ministry of The Premier and Cabinet recognised at carrying value	-	23,600
Buildings carried at valuation by the Ministry of The Premier and Cabinet recognised at carrying value	-	35,139
Office equipment and software carried at valuation by the Ministry of The Premier and Cabinet recognised at carrying value	-	117
Land carried at no cost by the Ministry of The Premier and Cabinet recognised at valuation	-	6,070
Buildings carried at no cost by the Ministry of The Premier and Cabinet recognised at valuation	-	9,945
Accounts receivable	-	993
Cash and office equipment transferred to the Ministry of The Premier and Cabinet in respect of the Minister's Office	-	(59)
	-	75,805

17. CASH AND AMOUNTS IN SUSPENSE

Operating trust account	12,067	1,431
Accrued salaries suspense account	210	162
Cash on hand	-	1
	12,277	1,594

The Department operates through an individual operating account. Amounts appropriated are deposited into the account and any revenues that are the subject of net appropriation determinations are also deposited into the account. Revenues not subject to net appropriation determinations are deposited into the Government of Western Australia Bank Account and credited to the Consolidated Fund. All payments of the Department are made from the operating account. The carrying amount of cash and accounts in suspense approximates the net fair value.

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
 CONTINUED

	1998-99 (\$'000)	1997-98 (\$'000)
18 ACCOUNTS RECEIVABLE		
Amounts owed by Property Manager in respect of :		
Rents owed by tenants	444	84
Cash not yet remitted	660	999
	1,104	1,083
Rentals owed by agencies under State Fleet operation	1,119	-
	2,303	1,083
The carrying amount of accounts receivable approximates the net fair value.		
19. INVENTORY		
Vehicles at cost	200	-
This item represents the value of vehicles on hand relating to the State Fleet operation. In certain limited circumstances, the contract requires that the vehicles be purchased by the State. Such vehicles are subsequently sold and any shortfall recovered from the agency using the vehicle.		
20. PROPERTY, FURNITURE, FITTINGS, EQUIPMENT AND SOFTWARE		
Leasehold premises		
At cost	435	435
Land		
At valuation at September 1996	4,500	4,500
At valuation at February 1998	1,100	33,705
At valuation 30 June 1999	34,615	-
	40,215	38,205
Buildings		
At valuation at September 1996	1,500	1,500
At valuation at February 1998	-	50,085
At valuation 30 June 1999	54,285	-
Accumulated depreciation	(25)	(417)
	55,760	51,168
Furniture and equipment		
At cost	249	228
Accumulated depreciation	(133)	(114)
	116	114
Computer equipment		
At cost	1,441	1,705
Accumulated depreciation	(952)	(1,040)
	489	665

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
 CONTINUED

	1998-99 (\$'000)	1997-98 (\$'000)
20. PROPERTY, FURNITURE, FITTINGS, EQUIPMENT AND SOFTWARE (CONTINUED)		
Computer software		
At cost	192	1,074
Accumulated depreciation	(143)	(984)
	49	90
Office fitout		
At cost	2,351	2,325
Accumulated depreciation	(481)	(240)
	1,870	2,085
Total		
At cost and valuation	100,668	95,557
Accumulated depreciation	(1,734)	(2,795)
	98,934	92,762

An independent valuation of the majority of the land and buildings was undertaken by the Valuer General at 30 June 1999 and the assets are stated at current market value. It is policy to revalue land and buildings on a regular basis not exceeding three years between valuations. Only the land and buildings which are currently producing revenue have been revalued.

21. ACCOUNTS PAYABLE

Amounts payable for goods and services received	2052	184
The carrying amount of accounts payable approximates their net fair values.		

22. ACCRUED SALARIES

Amounts owing for the working days between the end of the last pay period for the financial year and 30 June.

1999 – 4 working days	164	–
1998 – 3 working days	–	118
	–	118

23. EMPLOYEE ENTITLEMENTS

Current liabilities		
Liability for annual leave	1,169	1,140
Liability for long service leave	1,098	1,053
	2,267	2,193
Non-current liabilities		
Liability for long service leave	1,132	1,056
	3,399	3,249

24. AMOUNT DUE TO THE TREASURER

Amounts advanced	3,500	–
------------------	-------	---

The Treasurer's Advance has been drawn to provide working capital for the State Fleet operations.

The carrying amount of the Treasurer's Advance is equivalent to the net fair value.

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
 CONTINUED

	1998-99 (\$'000)	1997-98 (\$'000)
25. 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. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets.		
Accumulated surplus		
Balance at the beginning of the year	76,976	2,349
Change in net assets resulting from operations	6,397	74,627
Balance at the end of the year	83,373	76,976
Asset revaluation reserve		
Balance at the beginning of the year	15,036	-
Revaluations during the year	6,213	15,036
Balance at the end of the year	21,249	15,036

26. RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES TO NET COST OF SERVICES AFTER ABNORMAL ITEM

For the purposes of the Statement of Cash Flows, 'cash' has been deemed to include cash in the operating account, on hand and amounts in suspense, as disclosed in the statement of financial position.

Net cash (used in)/from operating activities	(10,327)	(15,097)
Increase/(decrease) in accounts receivable	1,220	90
(Increase)/decrease in accrued salaries	(46)	(53)
(Increase)/decrease in liability for employee entitlements	(151)	(315)
(Increase)/decrease in accounts payable	(1,849)	132
Profit/(loss) on disposal of assets	(10)	(3)
Depreciation	(1,992)	(1,341)
Goodwill and compensation	-	(415)
Increase/(decrease) in prepayments	(101)	98
Resources received free of charge	(1,202)	(796)
Liabilities assumed by the Treasurer	(1,246)	(1,136)
Net cost of services after abnormal item (operating statement)	(15,704)	(18,836)

27. RESOURCES PROVIDED FREE OF CHARGE

During the year the following resources were provided to other agencies free of charge for functions outside the normal operations of the Department: Management and support services provided to EXIM Corporation, Western Australian Development Corporation and WA Government Holdings Ltd

	-	28
--	---	----

All the above expenses form part of Treasury's net cost of services.

28. LEASES

During the financial year Treasury leased motor vehicles from the State Supply Commission under operating leases. These leases are non-cancellable leases in terms of Australian Accounting Standard AAS17 "Accounting for Leases".

The total of rental expense included in the net cost of services for the year is:	101	80
---	-----	----

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
 CONTINUED

	1998-99 (\$'000)	1997-98 (\$'000)
28. LEASES (CONTINUED)		
Lease commitments for the next two years are:		
Payable no later than one year	101	80
Payable later than one, not later than two years	101	80
During the financial year, as part of salary sacrifice facilities for staff, Treasury entered into a number of novated leases. Under the terms of these leases no residual liability rests with Treasury and Treasury's only obligation is to make the stated payments whilst the staff members are currently employed at Treasury.		
Payments made in respect of novated lease during the year are:	35	25

29. REMUNERATION AND RETIREMENT BENEFITS OF SENIOR OFFICERS

Remuneration

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:

	\$	1998-99	1997-98
20,001 – 30,000		–	1
30,001 – 40,000		1	1
50,001 – 60,000		–	1
70,001 – 80,000		–	1
90,001 – 100,000		3	6
100,001 – 110,000		8	6
110,001 – 120,000		3	–
120,001 – 130,000		1	1
150,001 – 160,000		1	–
190,001 – 200,000		1	–
250,001 – 260,000		–	1

The Total Remuneration of Senior Officers is:	1,966	1,800
---	-------	-------

In 1997-98 the Senior Officer in the 250,001 to 260,000 bracket was the Under Treasurer. The increase in salary paid to the Under Treasurer was due to a payout of accumulated leave in addition to a normal increase awarded by the Salaries and Allowances Tribunal.

Retirement benefits

The following amounts in respect of retirement benefits for senior officers were paid or became payable for the financial year:

Redundancy payment	168	–
Notional contributions to Gold State Superannuation Scheme and West State Superannuation Scheme	168	137
	336	137

No senior officers are members of the Superannuation and Family Benefits Act Scheme (1997-98 – 1).

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
 CONTINUED

1998-99
(\$'000) 1997-98
(\$'000)

30. NET APPROPRIATION

The Government Property Office was transferred from the Ministry of the Premier and Cabinet to Treasury with effect from 1 March 1998. A net appropriation determination (in terms of section 23A of the Financial Administration and Audit Act) was obtained in respect of surplus rental income generated from the multi-tenanted buildings controlled by the Government Property Office. This permitted the revenue to be paid into Treasury's operating account instead of the Consolidated Fund.

In 1998-99 there was a global net appropriation determination under which all Treasury revenue was deposited into Treasury's operating account

Details are as follows:

Estimated revenue	8,124	2,763
Actual revenue	21,965	2,105
Amount deposited to Treasury operating account	20,970	2,020
Amount deposited to Consolidated Fund	-	-

31. EXPLANATORY STATEMENT

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 Consolidated Fund, and operating accounts, all on a cash basis. The following are explanations of significant variations. A significant variation is one that is in excess of 10% of the principal figure or \$100,000 whichever is the greater. In respect of any item for which there is not a significant variation, no explanation is given.

Item	Estimate \$'000	1998-99 Actual \$'000	Variation \$'000	1997-98 \$'000	Actual 1998-99 \$'000	Variation \$'000
Retained revenue						
Rentals from buildings	8,100	15,197	7,097	2,020	15,197	13,177
Rentals from State Fleet operations	-	5,625	5,625	-	5,625	5,625
Rebates and reimbursements	24	148	124	52	148	96
	8,124	20,970	12,846	2,072	20,970	18,898
Outputs						
Policy Advice	9,618	6,399	(3,219)	5,262	6,399	1,137
Systems	3,953	7,365	3,412	1,432	7,365	5,933
Implementation	19,889	18,623	(1,266)	13,044	18,623	5,579
	33,460	32,387	(1,073)	19,738	32,387	12,649

Explanations of the significant variations are as follows:

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

Retained Revenue

Actual/estimate

Rentals on government owned buildings were increased following a rent review early in the financial year. Additional collections were \$2.1m. The estimates also recognised only net revenue, whereas the financial statements have recognised \$5.0m of revenue and expenses collected and paid by the Property Manager prior to remittance to Treasury. The estimates did not recognise State Fleet revenue of \$5.6m for May and June 1999. Rebates and reimbursements contain a rental refund of \$116,000.

Current/previous year actual

In the previous year there was only 4 months of rental on government owned buildings and no State Fleet revenue or rental refund.

Policy Advice

Actual/estimate

The number of outputs in this category was less than estimated. A total of 2,550 were estimated and 1,739 completed.

Current/previous year actual

Activity for this output was higher for the current year than for the previous year.

Systems

Actual/estimate

This output includes costs of State Fleet operations of \$5.1m that was not in the Estimates. Activity was lower than estimated, a total of 81 were estimated and 18 completed.

Current/previous year actual

The major part of the difference is due to State Fleet expenditure as above, which was not part of Treasury's operations in the previous year.

Implementation

Current/previous year actual

The inclusion of \$5.0m in property costs in the current year and only \$1.9m in the previous year, as described above under "Retained Revenue", accounts for the major part of the variation.

Supplementary Funding

During the year supplementary funding was approved for the amount authorised by the Salaries and Allowances Act 1975. The amount authorised and spent was \$4,000 (1997-98 - \$30,000). The reason being that insufficient allowance had been made in the Consolidated Fund Estimates under this heading.

32. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

Interest rate risk exposure

The Department's exposure to interest rate risk is nil as the relevant financial instruments, consisting of cash and amounts in suspense, accounts receivable, accounts payable, accrued salaries, amount due to the Treasurer and employee entitlements are all non interest bearing.

Credit risk exposure

Accounts receivable is the only financial instrument in which there is credit risk exposure. The credit risk is represented by the carrying amount.

33. CAPITAL COMMITMENTS

Commitments for capital expenditure at 30 June 1999 were \$Nil (1998 - \$25,000)

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
 CONTINUED

	1998-99 (\$'000)	1997-98 (\$'000)
34. SUPPLEMENTARY INFORMATION		
Losses of public moneys and/or other property through theft or default	Nil	Nil
Public and other property, revenue and debts due to the State written off in accordance with section 45 of the Financial Administration and Audit Act by:		
- the Accountable Officer	Nil	Nil
- the Minister	Nil	Nil
- Executive Council	Nil	Nil
Analysis of Amounts Written Off:		
- Irrecoverable amount	Nil	Nil
- Assets written off	Nil	Nil
Gifts of Public Property	Nil	Nil

35. TRUST ACCOUNTS

Details of Trust Accounts, for which Treasury is responsible, are as follows:

1998-99 TRANSACTIONS	Opening Balance	Receipts	Payments	Closing Balance
Name of Trust Account	\$	\$	\$	\$
Aboriginal Advance Capital Account	2,937,789	Nil	1,781,796	1,155,993
Aboriginal Advance Recurrent Account	137,359	Nil	Nil	137,359
Aboriginal Employment and Career Development Program Account	Nil	Nil	Nil	Nil
Accrued Salaries	35,684,596	4,141,446	Nil	39,826,042
BankWest Pension Trust	27,000,000	2,784,657	2,784,657	27,000,000
Co-operative Societies Liquidation Account	Nil	Nil	Nil	Nil
Compensation - Corporate Affairs Functions	Nil	Nil	Nil	Nil
Cyclones Elaine and Vance Trust Account ¹	Nil	10,000,000	5,432,804	4,567,196
Dairy Adjustment Program Account	162,177	Nil	Nil	162,177
Departmental Receipts in Suspense	Nil	38,958,408	38,958,408	Nil
Gas Project Assistance Account	Nil	Nil	Nil	Nil
Graylands Teachers College Scholarship Trust Account	62,966	3,349	1,880	64,436
Independent Schools - General Building Grants	Nil	7,791,975	7,791,975	Nil
Independent Schools - Recurrent Grants Schools Assistance Acts	Nil	222,362,652	222,362,652	Nil
Local Authorities Tax Sharing Entitlements Account	38	140,385,701	140,385,701	38
Local Authorities - Shire Councils Loans Sinking Fund	470,826	31,035	Nil	501,861

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
 CONTINUED

35. TRUST ACCOUNTS (CONTINUED)

1998-99 TRANSACTIONS	Opening Balance	Receipts	Payments	Closing Balance
Name of Trust Account	\$	\$	\$	\$
Mortgage Moneys Under Transfer of Land Act	14,991	Nil	Nil	14,991
Motor Vehicles Loans – Fees	41	Nil	Nil	41
Natural Disaster Loan Repayments Account	2,297,523	38,989	2,336,512	Nil
Non-Government Schools – Other Recurrent Grants	Nil	9,587,284	9,493,300	93,984
Petroleum Subsidy Scheme Account	45,557	62,027	62,109	45,475
Public Bank Account Interest Earned Account	2,530,673	57,775,813	57,768,112	2,538,374
Redemption of Financial Agreement Debt Account	Nil	Nil	Nil	Nil
Remittances Clearing Account – Commissioner of Taxation	Nil	16,763,403	16,769,728	(6,325)
Royal Commission into Aboriginal Deaths in Custody (RCIADC) Recommendations Program	13,092	Nil	Nil	13,092
Scholarships – Charles Baskett (Muresk College)	10,974	589	Nil	11,563
Scholarships – N.F. Poynton (Muresk College)	21,916	1,175	Nil	23,091
State Development Fund	246,874,693	154,456	49,329,149	197,700,000
Statutory Authorities Investment Account	21,251,232	85,577,631	13,065,394	93,763,469
Sundry Creditors	2,264,966	20,054	22,734	2,262,286
Transfers to Suspense	Nil	Nil	Nil	Nil
Unclaimed Moneys – Prepaid	2,538,147	742,392	844,015	2,436,524

1 The Commonwealth/State Agreement under which this fund is established requires the transactions to be disclosed. These are:

	\$
Receipts	
Commonwealth Contribution	5,000,000
State Contribution	5,000,000
	<u>10,000,000</u>
Payments	
Business Recovery Assistance	4,620,000
Restoration of Essential Services	736,011
Temporary Emergency Accommodation	76,793
	<u>5,432,804</u>

1997-98 TRANSACTIONS	Opening Balance	Receipts	Payments	Closing Balance
Name of Trust Account	\$	\$	\$	\$
Aboriginal Advance Capital Account	7,156,042	Nil	4,218,253	2,937,789
Aboriginal Advance Recurrent Account	1,518,139	11,392,573	12,773,353	137,359
Aboriginal Employment and Career Development Program Account	Nil	23,375	23,375	Nil
Accrued Salaries	30,653,472	5,156,158	9,964	35,799,666
BankWest Pension Trust	27,000,000	2,759,792	2,759,792	27,000,000
Co-operative Societies Liquidation Account	Nil	Nil	Nil	Nil
Compensation – Corporate Affairs Functions	Nil	Nil	Nil	Nil
Dairy Adjustment Program Account	159,909	2,268	Nil	162,177
Departmental Receipts in Suspense	203,529	71,602,231	71,805,760	Nil
Gas Project Assistance Account	Nil	2,369,370	2,369,370	Nil
Graylands Teachers College Scholarship Trust Account	61,030	3,566	1,630	62,966

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
 CONTINUED

35. TRUST ACCOUNTS (CONTINUED)

1998-99 TRANSACTIONS	Opening Balance	Receipts	Payments	Closing Balance
Name of Trust Account	\$	\$	\$	\$
Independent Schools – General Building Grants	Nil	7,581,788	7,581,788	Nil
Independent Schools – Recurrent Grants Schools				
Assistance Acts	Nil	203,442,247	203,442,247	Nil
Local Authorities Tax Sharing Entitlements Account	49	172,043,208	172,043,219	38
Local Authorities – Shire Councils Loans Sinking Fund	438,986	31,840	Nil	470,826
Mortgage Moneys Under Transfer of Land Act	14,991	Nil	Nil	14,991
Motor Vehicles Loans – Fees	41	Nil	Nil	41
Natural Disaster Loan Repayments Account	2,331,766	18,000	52,243	2,297,523
Non-Government Schools – Other Recurrent Grants	Nil	11,209,251	11,209,251	Nil
Petroleum Subsidy Scheme Account	107,132	107,951	169,526	45,557
Public Bank Account Interest Earned Account	3,000,000	63,346,817	63,816,144	2,530,673
Redemption of Financial Agreement Debt Account	Nil	95,860,353	95,860,353	Nil
Remittances Clearing Account – Commissioner of Taxation	Nil	14,495,409	14,495,409	Nil
Royal Commission into Aboriginal Deaths in Custody				
(RCIADC) Recommendations Program	13,092	Nil	Nil	13,092
Scholarships – Charles Baskett (Muresk College)	10,364	610	Nil	10,974
Scholarships – N.F. Poynton (Muresk College)	20,688	1,228	Nil	21,916
State Development Fund	2,272,306	247,344,678	2,742,291	246,874,693
Statutory Authorities Investment Account	Nil	21,251,232	Nil	21,251,232
Sundry Creditors	2,794,920	4,101	534,055	2,264,966
Transfers to Suspense	Nil	Nil	Nil	Nil
Unclaimed Moneys – Prepaid	2,000,870	837,972	300,695	2,538,147

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.

Aboriginal Advance Recurrent 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.

Aboriginal Employment and Career Development Program Account

To hold funds received from the Commonwealth Department of Employment, Education, Training and Youth Affairs, for the purpose of meeting expenditure incurred in respect of Aboriginal public sector employment programs.

Accrued Salaries

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

35. TRUST ACCOUNTS (CONTINUED)

BankWest Pension Trust

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

Co-operative Societies Liquidation Account

To hold funds received from liquidators of Co-operative and Provident Societies being unclaimed members' distributions of wound-up Co-operative and Provident Societies, pursuant to section 46(1) of the Co-operative and Provident Societies Act and section 427(1) of the Companies (Western Australia) Code.

Compensation – Corporate Affairs Functions

To hold funds received from the Commonwealth being compensation for the takeover by the Australian Securities Commission of various functions of the Corporate Affairs Department pending transfer to Consolidated Fund.

Cyclones Elaine and Vance Trust Account

To hold funds received by the State for special relief for those affected by cyclones Elaine and Vance.

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 moneys were received pursuant to Section 9(2)(c)(iv) of the Financial Administration and Audit Act.

Gas Project Assistance Account

To hold funds received from the Commonwealth, being the Commonwealth's share of royalties payable to the Gas Corporation pursuant to the Petroleum (Submerged Lands) Amendment Act, pending transfer to the Treasury's Commonwealth Revenue Account.

Graylands Teachers College Scholarship Trust Account

To hold funds on behalf of the Trustees of the Graylands Teachers College Scholarship Trust pursuant to the Objects and Purposes of the Trust's Constitution and Rules.

Independent Schools – General Building Grants

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

Independent Schools – Recurrent Grants Schools Assistance Acts

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

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.

35. TRUST ACCOUNTS (CONTINUED)

Local Authorities – Shire Councils 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 Moneys Under Transfer of Land Act

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

Motor Vehicle Loans – Fees

To hold moneys received from persons completing motor vehicle loan applications to meet necessary fees on completion of loan arrangements.

Natural Disaster Loan Repayments Account

To hold funds received by the State pursuant to the Commonwealth and State Natural Disaster Relief Arrangements or State Natural Disaster Relief Program.

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.

Redemption of Financial Agreement Debt Account

To hold funds received for the purpose of redeeming loans raised by the Commonwealth on behalf of the State under the Financial Agreement with the authority of Loan Acts.

Remittances Clearing Account – Commissioner of Taxation

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

Royal Commission into Aboriginal Deaths in Custody (RCIADIC) Recommendations Program

To hold funds received from the Commonwealth to upgrade or expand infrastructure and services in order to overcome the problems experienced by Aboriginal and Torres Strait Islander people whilst in custody.

Scholarships – Charles Baskett (Muresk College)

To hold and invest moneys bequeathed to the Government of Western Australia by Charles Baskett to be applied for any of the Agricultural Colleges carried on under supervision of the Government

Scholarships – N.F. Poynton (Muresk College)

To hold and invest moneys donated to the Government of Western Australia by Mrs N.F. Poynton for the benefit of Muresk Agricultural College.

35. TRUST ACCOUNTS (CONTINUED)

State Development Fund

To hold funds for the purpose of assisting the development of industry within the State and the provision of infrastructure associated with specific developments in accordance with special agreements and/or government approval.

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.

Transfers To Suspense

To hold funds, pursuant to section 27(1) of the Financial Administration and Audit Act, to meet any relevant end of year commitment in respect of land, plant and equipment approved under Treasurer's Instruction 323 and for other contractual commitments approved under section 27.

Unclaimed Moneys – Prepaid

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

36. ADMINISTERED ITEMS

These are disclosed in schedules that follow and form part of the Notes to the Financial Statements.

The explanatory statement for administered items contains details of these items referred to in the Summary of Consolidated Fund Appropriations and Revenue Estimates.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

	1998-99 (\$'000)	1997-98 (\$'000)
ADMINISTERED TRANSACTIONS PAID FROM TREASURY'S BANK ACCOUNT		
ADMINISTERED EXPENSES		
Grants to charitable and other Public Bodies	3,625	1,773
Payments to statutory authorities	472,364	252,439
Subsidies and concessions	4,767	13,066
Contribution to Cyclones Elaine and Vance Trust Account	5,000	-
Other State services	298	1,304
Interest payments to participating Trust Fund accounts	4,654	4,916
Subsidies to fuel companies on diesel fuel	-	79,454
Subsidies to liquor merchants and producers	-	1,951
Refunds of pre-paid liquor franchise fees	-	12,174
State Development Fund	-	244,000
TOTAL	490,708	611,077
APPROPRIATIONS RECEIVED IN RESPECT OF ADMINISTERED ITEMS		
Recurrent	475,384	365,984
Capital	7,262	254,972
Total Appropriations	482,646	620,956
ADMINISTERED TRANSACTIONS PAID FROM THE GOVERNMENT OF WESTERN AUSTRALIA BANK ACCOUNT		
ADMINISTERED EXPENSES		
OPERATING ACTIVITIES		
Transfers from Trust Fund accounts	402,744	411,748
Interest distributed to participating Trust Fund accounts	29,105	36,763
Interest and guarantee fees on loan liability under Loan Acts	117,761	180,852
Discount on early repayment of recoverable advance	17,503	-
Payments under Gold Corporation Act	47	55
Payments under Superannuation Acts	310,497	326,888
Payments under Unclaimed Money Act	459	147
Payments under Fire Brigades Act	15,253	14,219
FINANCING ACTIVITIES		
Payments under Loan Acts - capital	44,807	781,111
Net premium on retirement of debt	-	69,153
RENTAL TRANSFER PAYMENTS		
Payments of rentals on behalf of Government agencies	61,549	18,484
TOTAL	999,725	1,839,420

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
 CONTINUED

	1998-99 (\$'000)	1997-98 (\$'000)
ADMINISTERED REVENUES		
OPERATING ACTIVITIES		
Tax equivalent receipts	229,733	160,446
Business undertakings' profits and surpluses	334,460	286,571
Proceeds from sale of gas pipeline	40,000	1,176,000
Interest earned on recoverable advances	37,100	51,531
Commonwealth grants	2,940,512	2,673,279
Loan guarantee charges	10,609	13,142
Recoup of superannuation payments	234,747	53,772
Interest on Public Bank Account	60,080	60,348
Receipts under Unclaimed Money Act	1,913	1,852
Miscellaneous Trust Fund Account revenue	90,521	30,614
Other	4,540	22,252
FINANCING ACTIVITIES		
Asset sales	471	6,714
Loan repayments	51,972	211,244
RENTAL TRANSFER RECEIPTS		
Receipts from Government agencies in respect of rentals	60,775	18,471
TOTAL	4,097,433	4,766,236

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
 CONTINUED

	1998-99 (\$'000)	1997-98 (\$'000)
ADMINISTERED ASSETS		
ADMINISTERED CURRENT ASSETS		
Cash resources and investments in respect of Public Bank Account	1,265,467	1,079,680
Outstanding Treasurer's Advances	29,537	23,756
Proceeds from Sale of Gas Pipeline receivable	90,000	140,000
Amounts receivable in respect of rental transfer payments	3,787	3,013
Recoverable advances	275,000	14,198
Interest receivable	19,371	17,578
Debt Retirement Reserve	128	1,419
Other revenues receivable	189,205	5,483
Total Administered Current Assets	1,872,495	1,285,127
ADMINISTERED NON-CURRENT ASSETS		
Recoverable advances	109,070	421,957
Proceeds from Sale of Gas Pipeline receivable	-	50,000
Amount owed by Rural Adjustment and Finance Corporation of Western Australia	-	140
Total Administered Non-Current Assets	109,070	472,097
TOTAL ADMINISTERED ASSETS	1,981,565	1,757,224
ADMINISTERED LIABILITIES		
ADMINISTERED CURRENT LIABILITIES		
Government of Western Australia Bank Account overdrawn	18,034	16,406
Liability to Trust Accounts in Trust Fund	1,273,645	1,086,765
Treasurer's Advance in respect of rental transfer payments	8,000	3,000
Interest payable to Participating Trust Funds	2,433	2,232
Payments owing under Superannuation Acts	3,243	7,588
Other liabilities	9,774	13
Loan liability under Loan Acts	27,555	27,128
Interest payable on loan liability under Loan Acts	15,370	18,633
Loan liability under Other Acts	167,848	7,669
Interest payable on loan liability under Other Acts	15,638	15,873
Unfunded liabilities in the Government Insurance Fund	-	10,700
Total Administered Current Liabilities	1,541,540	1,196,007
ADMINISTERED NON-CURRENT LIABILITIES		
Loan liability under Loan Acts	760,865	798,430
Loan liability under Other Acts	143,199	311,047
Total Administered Non-Current Liabilities	904,064	1,109,477
TOTAL ADMINISTERED LIABILITIES	2,445,604	2,305,484

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
 CONTINUED

EXPLANATORY STATEMENT FOR ADMINISTERED ITEMS

Significant variations between actual revenue and expenditure and estimates in 1998–99 and actual revenue and expenditure in 1997–98 and actual revenue and expenditure in 1998–99, all stated on a cash basis as disclosed in the Summary of Appropriations, are summarised below. A significant variation in this schedule is taken to mean one which is in excess of 10% of the principal figure or \$100,000, whichever is the greater. In respect of any item for which there is not a significant variation, no explanation is given.

PAYMENTS INCLUDED IN TREASURY'S CONSOLIDATED FUND ESTIMATES

	1998–99			Actual		
	Estimate \$'000	Actual \$'000	Variation \$'000	1997–98 \$'000	1998–99 \$'000	Variation \$'000
Grants to charitable and other Public Bodies	8,155	3,625	(4,530)	1,773	3,625	1,852
Payments to statutory authorities						
Electricity Corporation	33,700	32,788	(912)	31,424	32,788	1,364
Electricity Corporation – Agreed Statement of Principles	–	65,632	65,632	–	65,632	65,632
Water Corporation	191,068	192,124	1,056	180,317	192,124	11,807
Western Australian Government Railways Commission (Westrail)	39,110	22,162	(16,948)	27,468	22,162	(5,306)
Rural Housing Authority	–	–	–	225	–	(225)
Western Australian Land Authority	3,008	2,790	(218)	2,034	2,790	756
Government Employees Superannuation Board	143,000	113,832	(29,168)	–	113,832	113,832
Government Equity Contributions	5,800	7,262	1,462	10,972	7,262	(3,710)
Insurance Commission of Western Australia	26,000	36,700	10,700	–	36,700	36,700
Subsidies and concessions	13,211	4,767	(8,444)	13,066	4,767	(8,299)
Other State services	11,860	4,952	(6,908)	6,219	4,952	(1,267)
Subsidies to fuel companies on diesel fuel	–	–	–	79,454	–	(79,454)
Subsidies to liquor merchants and producers	–	–	–	1,951	–	(1,951)
Refunds of pre-paid liquor franchise fees	–	–	–	12,174	–	(12,174)
Contribution to Cyclones Elaine and Vance Trust Fund	–	5,000	5,000	–	5,000	5,000
Contribution to State Development Fund	–	–	–	244,000	–	(244,000)
	474,912	491,634	16,722	611,077	491,634	119,443

EXPLANATIONS OF THE SIGNIFICANT VARIATIONS ARE AS FOLLOWS:

Grants to Charitable and other Public Bodies

Actual/estimate

Funds for the construction of a Child Health Institute were not advanced as anticipated due to the implementation of a revised payment schedule by the Commonwealth.

Current/previous year actual

On 4 August 1997, Cabinet approval was given to provide \$11.25m towards the construction of the TVW Telethon Institute for Child Health Research. Amounts totalling \$3.4m were paid in 1998–99.

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

Electricity Corporation - Agreed Statement of Principles (ASOP)

Actual/estimate

The one-off payment to Western Power is part of a broader package of initiatives that will result in the organisation's balance sheet becoming more reflective of its post corporatisation business position. In exchange, the Consolidated Fund will retain future ASOP payments by the Commonwealth in respect of the North-West Shelf contracts.

Current/previous year actual

As above.

Westrail

Actual/estimate

Shortfall due to lower land sales reimbursements to Westrail as land sales were slower than expected.

Current/previous year actual

Shortfall due to the previous year figure including a Community Service Obligation (CSO) payment of \$5 million relating to the 1996-97 financial year.

Rural Housing Authority

Current/previous year actual

Under legislative arrangements the 1997-98 administrative costs of the Authority were met by Homeswest and recouped from the Consolidated Fund. These arrangements were discontinued in 1998-99.

Western Australian Land Authority

Current/previous year actual

Due to the differences in the scope and size of non-commercial land development projects undertaken on behalf of government.

Government Employees Superannuation Board

Actual/estimate

On 23 March 1998 Cabinet approved full concurrent funding of the West State Super Scheme for liabilities incurred after 30 June 1998. Estimates included provision for the June 1999 instalment which subsequently was not paid in 1998-99.

Current/previous year actual

As above.

Government Equity Contributions

Actual/estimate

Equity injections to the Port Authorities were higher than anticipated as a consequence of increased income tax equivalent receipts.

Current/previous year actual

The decrease is due to lower equity injection payments to the Port Authorities as a consequence of lower income tax equivalent receipts.

Insurance Commission of Western Australia

Actual/estimate

Additional funding of \$10.7m was required to meet the costs of the Government Insurance Fund for the 1997-98 year.

Current/previous year actual

The Government introduced a fully funded managed insurance fund known as Riskcover effective from 1 July 1997. The Government also agreed to address the existing Government Insurance Fund (GIF) deficit by first funding claims from existing GIF assets, plus associated investment returns, and then advancing monies as costs emerge on a run-off basis. Payments commenced in 1998-99.

Subsidies and Concessions

Actual/estimate

Variation is mainly due to Western Power foregoing its 64% share of the North West Shelf Gas Financial Assistance payment (\$8.5m) and all future assistance payments in exchange for an agreed once-off payment of \$65.6m under the Agreed Statement of Principles (ASOP) initiative.

Current/previous year actual

As above

Other State Services

Actual/estimate

Act of Grace payments were lower than anticipated.

An amount of \$420,000 was estimated for the bank accounts debit tax. Treasury ceased making payments on behalf of agencies on 1 July 1997 and therefore this provision was not required.

A global provision for wage and salary increases of \$5.2m was provided by Treasury of which \$0.9m was transferred to agencies under section 25A of the FA&A Act and the balance was not required.

Housing Loan guarantee payments were lower than anticipated.

Interest on monies in trust were lower than anticipated.

An amount of \$350,000 was appropriated for the State Statistics Committee to fund services provided to State agencies by the Australian Bureau of Statistics. The funding arrangement with the Commonwealth was discontinued mid-way through 1997–98.

Current/previous year actual

Interest on monies in trust was lower as there was a decrease in participant trust account balances maintained by agencies in 1998–99.

The State Statistics Committee funding arrangement ceased.

Treasury assumed administration of the Government fleet funding facility and became responsible for reimbursement of financial institution and stamp duty costs to the financiers. Costs are subsequently recouped from agencies.

The Building Better Cities program was completed in 1997–98.

Subsidies to fuel companies, subsidies to liquor merchants and refunds of pre-paid liquor franchise fees

Current/previous year actual

Under the safety net arrangements negotiated with the Commonwealth whereby federal excises replace State franchise fees, subsidies may be paid to liquor merchants and diesel fuel suppliers. Treasury initially provided these subsidies before the function was assumed by the Office of Racing, Gaming and Liquor and the State Revenue Department.

Contribution to Cyclones Elaine and Vance Trust Fund

Actual/estimate

Emergency relief of \$5m was provided for the victims of cyclones Elaine and Vance during 1998–99.

Contribution to State Development Fund

Current/previous year actual

In 1997–98 an amount of \$244m was provided from the proceeds of the sale of the Dampier to Bunbury natural gas pipeline for specific capital projects.

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
 CONTINUED

PAYMENTS FROM CONSOLIDATED FUND

\$'000	1998-99			Actual		
	Estimate \$'000	Actual \$'000	Variation \$'000	1997-98 \$'000	1998-99 \$'000	Variation
LOAN ACTS						
Financial Agreement Act 1995						
– Interest	39,344	39,344	–	50,008	39,344	(10,664)
Loan (Financial Agreement) Act 1991						
– Interest	59,356	9,903	(49,453)	64,141	9,903	(54,238)
– Loan guarantee fees	1,404	535	(869)	1,470	535	(935)
Western Australian Treasury Corporation Act 1986						
– Interest	8,306	69,653	61,347	79,274	69,653	(9,621)
– Loan guarantee fees	161	1,437	1,276	1,556	1,437	(119)
	108,571	120,872	12,301	196,449	120,872	(75,577)
OTHER STATUTES						
Fire Brigades Act 1942						
– Contribution to Permanent Establishment	8,055	8,045	(10)	7,781	8,045	264
– Volunteer Fire Brigades	7,198	7,198	–	6,438	7,198	760
Government Employees Superannuation Act 1987	95,524	140,799	45,275	137,586	140,799	3,213
Parliamentary Superannuation Act 1970	5,276	3,762	(1,514)	2,790	3,762	972
Superannuation and Family Benefits Act 1938	201,396	170,280	(31,116)	187,224	170,280	(16,944)
Unclaimed Money Act 1990	300	459	159	147	459	312
Gold Corporation Act 1987	56	47	(9)	55	47	(8)
	317,805	330,590	12,785	342,021	330,590	(11,431)
LOAN ACTS – CAPITAL						
Financial Agreement Act 1995						
– Sinking fund	10,158	5,445	(4,713)	11,765	5,445	(6,320)
Loan (Financial Agreement) Act 1991						
– Capital repayments	51,791	3,257	(48,534)	706,048	3,257	(702,791)
Western Australian Treasury Corporation Act 1986						
– Capital repayments	12,751	33,881	21,130	73,590	33,881	(39,709)
Net premium on unscheduled retirement of debt	–	–	–	69,153	–	(69,153)
	74,700	42,583	(32,117)	860,556	42,583	(817,973)
TOTAL	501,076	494,045	(7,031)	1,399,026	494,045	(904,981)

EXPLANATIONS OF THE SIGNIFICANT VARIATIONS ARE AS FOLLOWS:

Financial Agreement Act 1995 – interest

Current/previous year actual

Loans totalling \$107m matured during 1997-98 and were either repaid or refinanced under the Loan (Financial Agreement) Act 1991.

Loan (Financial Agreement) Act 1991 – interest

Actual/estimate

Variance reflects the impact of \$742m from the proceeds of the sale of the Dampier to Bunbury natural gas pipeline being paid to the Western Australian Treasury Corporation in June 1998 to repay previous borrowings under the authority of this Act.

Current/previous year actual

As above.

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

Loan (Financial Agreement) Act 1991 – loan guarantee fees

Actual/estimate

Variance reflects the impact of \$742m from the proceeds of the sale of the Dampier to Bunbury natural gas pipeline being paid to the Western Australian Treasury Corporation in June 1998 to repay previous borrowings under the authority of this Act.

Current/previous year actual

As above.

Western Australian Treasury Corporation Act 1986 – interest

Actual/estimate

The 1998–99 estimates were formulated on the basis that in June 1998 proceeds from the sale of the Dampier to Bunbury natural gas pipeline would be used to reduce debt under this Act. Part of the proceeds from the sale of the pipeline were subsequently used to retire debt under the Loan (Financial Agreement) Act 1991.

Current/previous year actual

As above

Western Australian Treasury Corporation Act 1986 – loan guarantee fees

Actual/estimate

The 1998–99 estimates were formulated on the basis that in June 1998 proceeds from the sale of the Dampier to Bunbury natural gas pipeline would be used to reduce debt under this Act. Part of the proceeds from the sale of the pipeline were subsequently used to retire debt under the Loan (Financial Agreement) Act 1991.

Current/previous year actual

As above.

Fire Brigades Act – Volunteer Fire Brigades

Current/previous year actual

Increase is due to an increase in training (\$0.167m), increased debt servicing costs (\$0.243m) and additional purchase of clothing and equipment (\$0.25m)

Government Employees Superannuation Act 1987

Actual/estimate

Excess is due to more retirements and more roll-over payments being made where the preserved deferred benefits have been transferred to alternative superannuation funds.

Parliamentary Superannuation Act 1970

Actual/estimate

Anticipated retirements did not eventuate.

Current/previous year actual

Increase is due to the commutation of benefits and pension indexation increases.

Superannuation and Family Benefits Act 1938

Actual/estimate

Decrease is largely due to the application of the fund surplus to offset pension indexation costs.

Unclaimed Money Act 1990

Actual/estimate

A greater number of claims than anticipated were made following the publication of the 1998 Register of Unclaimed Money.

Current/previous year actual

As above.

FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 1999

Financial Agreement Act 1995 – sinking fund

Actual/estimate

The Commonwealth advised in March 1999 that it would not accept sinking fund contributions in excess of that required to fund actual debt maturities for the year, which for the first time were less than notional levels.

Current/previous year actual

As above

Loan (Financial Agreement) Act 1991 – capital repayments

Actual/estimate

Variance reflects the impact of the application of \$742m from the sale of the Dampier to Bunbury natural gas pipeline to the Western Australian Treasury Corporation in June 1998 to repay previous borrowings under the authority of this Act.

Current/previous year actual

As above.

Western Australian Treasury Corporation Act 1986 – capital repayments

Actual/estimate

The estimate for 1998–99 was formulated on the basis of an accelerated capital repayment being made in June 1998 from the proceeds of the sale of the Dampier to Bunbury natural gas pipeline. The accelerated capital repayment was actually paid against debt relating to the Loan (Financial Agreement) Act 1991. As a result, actual capital repayments for WATC debt in 1998–99 were higher than they would have been. Also, accelerated capital payments of \$10m were made in 1998–99.

Current/previous year actual

Accelerated capital repayments of \$53.9m were made in 1997–98.

RECEIPTS CREDITED TO CONSOLIDATED FUND

	1998–99			Actual		
	Estimate	Actual	Variation	1997–98	1998–99	Variation
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental Revenue						
Tax equivalent receipts	235,601	238,259	2,658	160,446	238,259	77,813
Business undertakings – dividends, surpluses and other	271,987	276,851	4,864	286,571	276,851	(9,720)
Proceeds from sale of gas pipeline	140,000	140,000	–	986,000	140,000	(846,000)
Loan guarantee charge	14,800	11,251	(3,549)	13,431	11,251	(2,180)
Recoveries						
Superannuation	59,000	237,081	178,081	53,422	237,081	183,659
Debt charges – interest	37,865	37,574	(291)	48,809	37,574	(11,235)
Public Bank Account interest earned	34,400	28,750	(5,650)	25,671	28,750	3,079
Other	1,736	6,453	4,717	24,518	6,453	(18,065)
Commonwealth (recurrent)						
General revenue	2,432,200	2,528,587	96,387	2,241,071	2,528,587	287,516
Specific purpose	27,262	26,682	(580)	26,438	26,682	244
Asset Sales						
Motor vehicles	2,737	471	(2,266)	6,714	471	(6,243)
Other	15,000	–	(15,000)	–	–	–
Loan repayments						
Recoveries	22,482	22,540	58	25,539	22,540	(2,999)
Other	1,150	29,407	28,257	185,730	29,407	(156,323)
State Development Fund	–	–	–	2,742	–	(2,742)
	<u>3,296,220</u>	<u>3,583,906</u>	<u>287,686</u>	<u>4,087,102</u>	<u>3,583,906</u>	<u>(503,196)</u>

FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 1999

Explanations of the significant variations are as follows:

Tax equivalent receipts

Current/previous year actual

Increase is mainly due to higher income tax equivalent payments by Western Power (\$38.3m), Water Corporation (\$53.3), offset by lower payments by AlintaGas (\$10.2m).

Proceeds from sale of gas pipeline

Current/previous year actual

Variations are in accordance with the profile for the receipt of funds from the sale of the Dampier to Bunbury natural gas pipeline.

Loan guarantee charge

Actual/estimate

The decrease is due to early debt repayments and a deferral of borrowings.

Current/previous year actual

As above.

Recoveries – superannuation

Actual/estimate

The increase is mainly due to the prepayment of pension scheme liability by the Water Corporation (\$60.3m) and Western Power (\$122.7m).

Current/previous year actual

As above.

Recoveries – debt charges – interest

Current/previous year actual

Decrease is mainly due to an interest rate reduction from 10.21% to 9.42% and the effects of accelerated debt repayments by some agencies.

Public Bank Account interest earned

Actual/estimate

Revenue of \$140m expected in July 1998 from the proceeds of the sale of the Dampier to Bunbury natural gas pipeline was received progressively through the year, reducing interest earnings by more than \$3m. Accrued interest at 30 June also increased by \$2.2m.

Current/previous year actual

As above.

Other

Actual/estimate

Variation was mainly the result of receipts from unclaimed monies being higher than expected and approximately \$3.1m being transferred from trust accounts.

Current/previous year actual

In 1997–98 payments were received for the outstanding pension liability for Mt Henry Hospital (\$7m) and the settlement of legal actions resulting from the collapse of Rothwells Merchant Bank (\$15.5m).

FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 1999

Commonwealth (recurrent) – general revenue

Current/previous year actual

Commonwealth safety net revenues replaced franchise fees on tobacco, fuel and liquor following the High Court decision on 5 August 1997 that State franchise fees were unconstitutional. The growth in revenues in 1998–99 primarily reflects the fact that a full years revenues were received compared to a part year in 1997–98. There is also some effect from the natural growth in the tax bases.

Asset sales – motor vehicles

Actual/estimate

Expected sales of vehicles held outside the Fleetwest arrangements vehicles did not eventuate.

Current/previous year actual

Proceeds from the sale of Fleetwest vehicles were received in 1997–98.

Asset sales – other

Actual/estimate

Variation is due to delays in the planning process and difficulties experienced by agencies in identifying surplus and under-utilised assets.

Loan repayments – recoveries

Current/previous year actual

Chargeable debt was reduced due to accelerated capital repayments in 1997–98 by the Water Corporation (\$152m), Westrail (\$31.1m) and the Geraldton Port Authority (\$1.6m).

Loan repayments – other

Actual/estimate

Actual receipts were higher than estimated mainly due to accelerated capital repayments in 1998–99 by the Water Corporation (\$23.4m) and the Geraldton and Port Hedland port authorities (\$1m and \$2.7m respectively).

Current/previous year actual

Accelerated capital repayments were made in 1997–98 by the Water Corporation (\$152m), Westrail (\$31.1m) and the Geraldton Port Authority (\$1.6m).

State Development Fund

Current/previous year actual

In 1997–98 a contribution of \$2.7m was made from the State Development Fund for education purposes. From 1998–99 different arrangements apply to such contributions due to the net appropriation arrangements.

FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 1999

SUPPLEMENTARY FUNDING

During the year supplementary funding was approved under various Items in the Consolidated Fund Estimates. The amounts approved and expended are given in the table that follows.

Item	Description	Amount Approved \$'000	Amount Expended \$'000
15	Water Corporation of Western Australia	1,056	1,056
123	Port Authorities	1,500	1,500
21	Electricity Corporation – Agreed Statement of Principles (ASOP) payment	65,632	65,632
21	Contribution to the cyclones 'Elaine' and 'Vance' trust fund	5,000	5,000

The reasons for this supplementary funding are as follows:

Item 15

The items are in respect of community service obligations. The amount in the Consolidated Fund Estimates is based on estimated figures and is insufficient to meet the obligation.

Item 123

The Government has undertaken to return the tax equivalent payments made by the Port Authorities in the form of equity injections. The amounts in the Consolidated Fund were based on estimated tax equivalent payments and were insufficient to meet these obligations.

Item 21 – Electricity Corporation – Agreed Statement of Principles (ASOP)

The one-off payment to Western Power is part of a broader package of initiatives that will result in the organisation's balance sheet becoming more reflective of its post corporatisation business position. In exchange, the Consolidated Fund will retain future ASOP payments by the Commonwealth in respect of the North-West Shelf contracts.

Item 21 – Contribution to Cyclones Elaine and Vance Trust Fund

Emergency relief of \$5m was required for the victims of cyclones Elaine and Vance.

APPENDICES

APPENDIX A: LEGISLATION

Statute	Purpose
Anzac Day Act 1960	Recognises Anzac Day as a public holiday and establishes the Anzac Day Trust Fund.
Appropriation (Consolidated Fund) Acts (Nos. 1, 2, 3 and 4)	Annual Acts authorising the government to disburse funds from the Consolidated Fund and appropriate payments made under the authority of the Treasurer's Advance Authorization Act.
Bank of South Australia (Merger with Advance Bank) Act 1996	To facilitate the merger of the Bank of South Australia and Advance Bank. Following a merger there is only one banking licence. The Act provides the mechanism for bringing all accounts into the one licensed entity.
Competition Policy Reform (Taxing) Act 1996	To provide for the application of financial penalties for breaches of Part IV of the Trade Practices Act.
Competition Policy Reform (Western Australia) Act 1996	To apply the competitive conduct provisions of Part IV of the Trade Practices Act as laws of Western Australia.
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.

Statute	Purpose
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.
Limitation Act 1935	Provides a limited time period for commencing actions and suits.
Loan Act	An annual Act to authorise the borrowing of a specified sum for public purposes.
R & I Holdings Act 1990	To provide for a body called R & I Holdings and for it to be wound up when it has completed its functions.
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 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.
Treasurer's Advance Authorization 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.
Westpac Banking Corporation (Merger with Challenge Bank) Act 1996	To facilitate the merger of the Westpac and Challenge banks. Following a merger there is only one banking licence. The Act provides the mechanism for bringing all accounts into the one licensed entity.

APPENDICES
APPENDIX B:
NEW TRUST FUND STATEMENTS

One new trust fund was established at Treasury during 1998–99, the details for which appear below.

Cyclones Elaine and Vance Trust Account

Name	An account called the Cyclones Elaine and Vance Trust Account shall be maintained at the Treasury forming part of the Trust Fund constituted under section 9 of the Financial Administration and Audit Act.
Purpose	To hold funds received by the State for special relief for those affected by Cyclones Elaine and Vance.
Receipts	The funds credited to the account shall comprise such moneys that are: <ul style="list-style-type: none">(i) received from the Commonwealth; and(ii) appropriated by Parliament, for the purposes of the Account.
Payments	The funds in the Account will be applied to: <ul style="list-style-type: none">(i) business recovery services;(ii) the restoration of essential services;(iii) provision of temporary accommodation; and(iv) the reconstruction of community facilities.
Administration of Account	The Account shall be administered by the Under Treasurer in accordance with the Financial Administration and Audit Act, Financial Administration Regulations and the Treasurer's Instructions.
Accounting Records	There shall be maintained by the Under Treasurer a detailed record of all transactions processed through the Account, together with such other accounting records and procedures as are prescribed in the accounting manual.
Financial Statement	The Under Treasurer will prepare such financial statements and such other supplementary information, in accordance with the requirements of the Treasurer's Instructions.
Disposal of Funds on Cessation	Any balance standing to the credit of the Account upon cessation of operations will be refunded to the Commonwealth and the Consolidated Fund in equal parts.

Trust statement approved 14 April 1999.

APPENDICES
APPENDIX C:
PROJECT EVALUATIONS

Activity: Reviewed a sample of agencies to determine the level of compliance with Pay as You Earn requirements.

Key Result: Identified a need for agencies to establish policies and procedures to improve the level of Pay as You Earn compliance.

Key Action: A checklist for classifying individuals as an employee or independent contractor was distributed to all agencies. Agencies were requested to establish policies and procedures relevant to Pay as You Earn compliance.

Activity: A request for proposals from the financial sector for whole-of-government banking services for the operation of the Public Bank Account at the lowest cost to the State.

Key Result: Identified the Commonwealth Bank as the most competitive provider.

Key Action: A contract will be awarded to the Commonwealth Bank and the Public Bank Account agencies transferred to the new provider by 30 August 1999.

Activity: Treasury Financial Systems – Current Status and Future Directions

Key Result: Report by Ernst and Young reviewing the state of, and possible enhancements to, the systems we use to track public sector finances.

Key Action: Currently being considered.

APPENDIX D: PUBLICATIONS

Treasury produced a number of publications in 1998–99, a list of which is provided below.

Register of Unclaimed Moneys

Financial Administration and Audit Act

Financial Administration Regulations

Treasurer's Instructions

Treasurer's Annual and Quarterly Statements

Analytical Information in Support of the Treasurer's Annual Statements

Government of Western Australia Consolidated Financial Statements Year Ended 30 June 1998

Bi-annual reports to the Australian Loan Council

1997–98 Summary of Consolidated Fund Transactions

1999–2000 Budget Speech — Budget Paper No. 1

1999–2000 Budget Statements — Vols 1, 2 and 3 – Budget Paper No. 2

1999–2000 Economic and Fiscal Overview — Budget Paper No. 3

1999–2000 Budget Overview

1999–2000 Budget CD

1999–2000 Budget – Ten Questions and Answers About the Budget Statements

Output Measures – Guidelines to Assist Agencies

A New Appropriation Regime for the Western Australian Public Sector – Discussion Paper

Monthly Summary of Consolidated Fund Transactions

Mid-Year Review of Public Sector Finances

Capital User Charge Regime for the Western Australian Public Sector – Discussion Paper

The Public Sector's Balance Sheet – Western Australian Public Sector Finances

Guidelines for Managing Government Real Estate

Fiscal Subsidies Within the Australian Federation: Western Australia's Net Fiscal Subsidy to Other States

Final Submission to the Commonwealth Grants Commission (and various other submissions on urban transit and capital assessments)

National Competition Policy – Progress Report: Implementing National Competition in Western Australia

National Competition Policy and Public Utilities: Impacts and Consequences

Competitive Neutrality Complaints

Competitive Neutrality and Local Government

Costing and Pricing Government Outputs: Guidelines for Use by Agencies

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

Bears Rule in the Year of the Tiger: Implications for the Western Australian Economy

Overview of State Taxes

Treasury Annual Report

Our Commitment to Customer Service

Treasury Information Statement

Treasury Code of Conduct

Inside Treasury

Treasury News

APPENDIX E:
MINISTERIAL CIRCULARS

Circular to Ministers No. 21/98 was issued on 24 December 1998. Its title was *National Tax Reform – Business Tax Review* (Ralph Review).

The circular advised that Treasury would coordinate a whole-of-government submission to the review, and invited submissions from other ministers/agencies.

Circular to Ministers No. 6/99 was issued on 14 April 1999. Its title was *Resource Agreements*.

The circular advised of a Cabinet decision to introduce Resource Agreements that will play an important part in improving financial management and accountability. For the 1999–2000 Budget, ministers, chief executive officers and a representative of the accountable authority (in the case of statutory authorities) were required to endorse the budget paper information as representing the agreed outcomes, outputs, major initiatives, financial plan, etc., of the agency.

A Circular to Ministers was issued on 17 June 1999. Its title was *Cabinet Budget Standing Committee Processes*.

The circular advised all ministers of the Cabinet Budget Standing Committee commitment to specific objectives and processes over the next twelve months.

APPENDIX F: FREEDOM OF INFORMATION

General Information

The Freedom of Information Act requires agencies to publish an annual information statement in a manner approved by the Attorney General. The Attorney General has approved the publication of the statement either as a stand alone document or in agencies' annual reports. While we have chosen to publish a separate information statement, some general information is outlined below.

Formal Application

Where possible, information we hold will be made available on an informal basis and at no charge. Refer to Appendix D for information on our publications.

Where a decision to grant access on this basis is refused, individuals have the right to make a formal application under the Freedom of Information Act.

A formal application for information must be:

- ◆ in writing;
- ◆ accompanied by a \$30 application fee, unless the information relates to a personal matter which is free of charge. An additional charge may apply for the processing of non-personal information.

The fee is reduced by 25 per cent for pensioners and financially disadvantaged persons; and

- ◆ addressed to:

Treasury FOI Coordinator
c/o- Ministry of Premier and Cabinet
197 St George's Terrace
PERTH WA 6000

Before lodging a formal application we suggest you discuss the matter with our Freedom of Information Coordinator, who can be contacted by telephoning (08) 9222 9409.

Under the Freedom of Information Act, we are required to respond to applications for information within 45 days of receipt, unless an extension of time is granted.

Access to Information

The Act encourages open government through the release of documents and information. However, it contains provisions allowing agencies to refuse to deal with applications, or to refuse access to documents, on a range of grounds. Where we refuse access to documents, in part or in full, we will notify the applicant 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. The Freedom of Information Coordinator will be pleased to explain your rights in these circumstances.

1998-99 Applications

We received eight applications for information under the Freedom of Information Act in 1998-99.

The applications covered a range of issues including unclaimed monies, leases, the Armadale-Kelmscott Hospital and the Treasurer's Advance Authorisation Act.

Of the eight applications full access to information was granted in respect of two of the applications, with edited access allowed for three. Access was refused for two applications and one application was still under consideration at 30 June 1999.

APPENDIX G:

YEAR 2000

Year 2000

Treasury has a Year 2000 compliance program that assesses our risks and identifies the actions needed to manage the risk, so that our business operations are not compromised in the period leading up to, and after, 1 January 2000.

We have used an action plan with milestones and timelines. A staff awareness campaign has also been used to keep staff informed about the Year 2000 issue and to obtain their feedback on matters relating to our operational risk exposure.

The staff awareness campaign involves:

- ◆ determining our main information/service providers;
- ◆ developing inventories of hardware and software; and
- ◆ reviewing and testing our software applications.

We have a well structured asset replacement program and so the impact of non-compliant hardware was found to be minimal.

We operate in a Microsoft software environment, with all versions in use accredited as being Year 2000 compliant.

Testing of software applications commenced in early 1999 and, together with any remedial action required, will be completed in the September quarter of 1999.

We believe our main Year 2000 risk arises from our relationship with our information/service providers. It has not been possible, in all cases, to obtain complete, accurate and timely information regarding their compliance status.

To address this issue, and the broader Year 2000 implications, we have prepared a contingency plan covering the period immediately leading up to, and after, 1 January 2000.

The complexities of the Year 2000 issue mean we cannot be certain that we will be immune from any impact. The issue is simply far too complex to make such a claim. However, we are confident that the strategies we have implemented will keep the risks to a minimum.

APPENDIX H:
GOVERNMENT PURCHASING CHARTER

Under the State Supply Commission Act we are required to report on our progress in implementing the Government Purchasing Charter.

The Charter outlines a range of commitments from government to its suppliers and sets out a number of requirements to be met by Chief Executive Officers of government agencies.

Treasury purchasing (including of information technology hardware and the engagement of consultants) has:

- ◆ maximised value for money in the expenditure of public funds, wherever possible;
- ◆ had regard to the industry development potential of government purchasing;
- ◆ been undertaken by staff trained in the purchasing function; and
- ◆ created an open and competitive environment for government business.

APPENDIX I:
DISCLOSURES

Electoral Act Disclosures

Under the Electoral Act we are required to disclose any expenditures we make to:

- ◆ advertising agencies;
- ◆ market research organisations;
- ◆ polling organisations;
- ◆ direct mail organisations; and
- ◆ media advertising organisations.

For the year ended 30 June 1999, we incurred the following amounts:

- ◆ \$16,620 on customer satisfaction surveys;
- ◆ \$6,475 to advertise unclaimed moneys;
- ◆ \$82,064 to advertise staff vacancies; and
- ◆ \$4,652 to review legislation in connection with National Competition Policy.

Other Disclosures

Treasurer's Instruction 903 requires senior officers to disclose interests in any existing or proposed contracts made with the Department (excluding normal employment contracts) or an affiliated body of the Department. Our senior officers report that they have no such interests to disclose with respect to 1998–99.

OFFICE DIRECTORY

Corporate Executive

John Langoulant, Under Treasurer	Tel 9222 9202	Fax 9222 9206
Anne Nolan, Assistant Under Treasurer (Economic)	Tel 9222 9203	Fax 9222 9206
Geoff Hay, Assistant Under Treasurer (Finance)	Tel 9222 9223	Fax 9222 9206
David Imber, Acting Assistant Under Treasurer, (Resources)	Tel 9222 9205	Fax 9222 9206
Ian Johnston, Chief Executive Officer, Government Property Office	Tel 9222 9755	Fax 9222 9779

Intergovernmental Relations

David Smith, Director Tel 9222 9156 Fax 9222 9820

Revenue Policy

Mark Altus, Director Tel 9222 9161 Fax 9222 9820

Economic Policy

Timothy Marney, Director Tel 9222 9166 Fax 9222 9914

Competition Policy

David Morrison, Director Tel 9222 9825 Fax 9222 9914

Government Enterprises

Donald Bruncker, Director Tel 9222 9278 Fax 9222 9914

Asset Financing

Doug Tyler, Acting Director Tel 9222 9220 Fax 9222 9142

Accounting

Robert Mianich, Director Tel 9222 9326 Fax 9222 9119

Information Systems

David Cole, Director Tel 9222 9373 Fax 9222 9131

Strategic Services

Neil Brown, Director Tel 9222 9133 Fax 9222 9142

Internal Audit

Chris Rodgers, Manager Tel 9222 9911 Fax 9222 8919

Resource Management

Ray Illich, Director Tel 9222 9221 Fax 9222 8748

Fiscal Policy

Andrew Joseph, Acting Director Tel 9222 9134 Fax 9222 9342

Capital and Ownership

Andrew Chuk, Director Tel 9222 9232 Fax 9222 8877

Government Property Office

Michael Pearson, Director Tel 9222 9753 Fax 9222 9779