

Annual Report
2003 - 04



Department of Treasury and Finance
Government of Western Australia

Contents

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

2003-04 Annual Report

I have pleasure in presenting the Department of Treasury and Finance's Annual Report for the year ended 30 June 2004 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

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Under Treasurer's Review

The past year has seen considerable progress in strengthening the Department of Treasury and Finance and in planning for the implementation of a number of measures that respond to the Government's policy objectives.

In my report for 2002-03, I commented that the expansion of the Department's responsibilities to include the procurement of goods and services across the public service had been the most significant development in that year. Over the past twelve months, considerable effort has been made to integrate the procurement operations into the Department and I am pleased to report that very good progress has been made.

The Department of Treasury and Finance is now a much larger organisation with broader responsibilities than it was in 2001. The merger between the then Departments of Treasury and State Revenue in 2001, and the 2003 merger of that new body with Procurement, has seen staffing levels increase from around 160 to currently more than 600.

While there is still further work to be undertaken to settle completely the new Department, I am confident that it is serving the Government more effectively than the individual agencies of the past. In particular, the synergies that have been developed across the three major business areas are generating net benefits in terms of administrative efficiency and in terms of the effectiveness of policy development and implementation.

The further work that needs to be undertaken includes addressing the fact that the Department operates from three separate locations which limits efforts to unify departmental operations. However, this is not an urgent matter and can be addressed when leases mature over the next three years or so.

My confidence in saying that the Department is working cohesively comes from the results of an external review of the organisation's effectiveness that we commissioned in 2003-04. That review found that the Department had a strong level of staff recognition and commitment to our objectives, our policies and that the level of job satisfaction was acceptable and improving. Feedback from our stakeholders also indicated that we were responsive to their issues and that our performance was more than satisfactory.

These results were most pleasing, given the magnitude of the challenge that has occurred and also having regard to the volume of work to which the Department has been subject in recent times. Part of that work pressure emanates from the high levels of economic activity that the State enjoyed throughout 2003-04. Strong business investment, a buoyant property market and healthy consumption spending all contributed to this outcome. The high levels of activity impact on us in several ways. For instance, taxation receipts have continued to be strong, bringing substantial work to the State Revenue area of the Department. Demands

Under Treasurer's Review (contd)

on the Government to support the strong levels of activity has also involved us in providing advice across many areas of government service delivery.

We have also been involved in the development of a number of new policy areas. For instance, the procurement reforms and changes to the way corporate services are delivered across the public sector have involved officers in policy design and the development of implementation arrangements. Changes to taxation policy, the Investment Services Taskforce that has enhanced the quality of information underpinning the State's capital works program, the Department's contribution to the Health Reform Committee work, which was chaired by Professor Mick Reid, and to the reforms of the State's electricity sector have all combined to make the policy agenda a demanding one.

Reflecting the strength of the State's economy, public sector finances have also remained sound. Higher than projected revenues have bolstered the capacity to meet demands for new government programs. A very important development for the State's finances during the year was the decision by the Commonwealth Grants Commission to increase the State's share of the revenues from the Goods and Services Tax. That decision increased State funding by \$230 million a year which helped to offset a series of reductions in our share of this funding over recent years. This was a significant achievement and resulted from considerable work involving written argument and attendance at conferences of all States and Territories by our staff.

The past year has been successful from a number of dimensions and I thank sincerely the tireless and highly professional work of all the staff. I have been able to make this statement in all of my annual reports as it reflects the quality of the people who work in the Department of Treasury and Finance.

Finally, this will be my last report as Under Treasurer. In July 2004 I will be leaving the Department to pursue other interests. It has been my privilege and honour to have been the Under Treasurer for Western Australia for the past nine years. I wish the Department all the success it deserves in the years ahead.

J L Langoulant

UNDER TREASURER

Treasury and Finance at a Glance

Our Vision

Employer of choice. Provider of choice.

Our Mission

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

Outcomes/Outputs

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

Our Operations

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;
- the *Government Financial Responsibility Act* places reporting obligations on the Department in respect to the State's finances; and
- the *Financial Administration and Audit Act*, and associated Treasurer's Instructions, provide the powers for our officers to operate in government finance, control and accountability matters.

A list of the Acts we administered in 2003-04 is shown in Appendix A.

Responsible Minister

The Hon. E.S. Ripper, BA, Dip Ed, MLA, Deputy Premier; Treasurer; Minister for Energy.

Treasury and Finance at a Glance (contd)

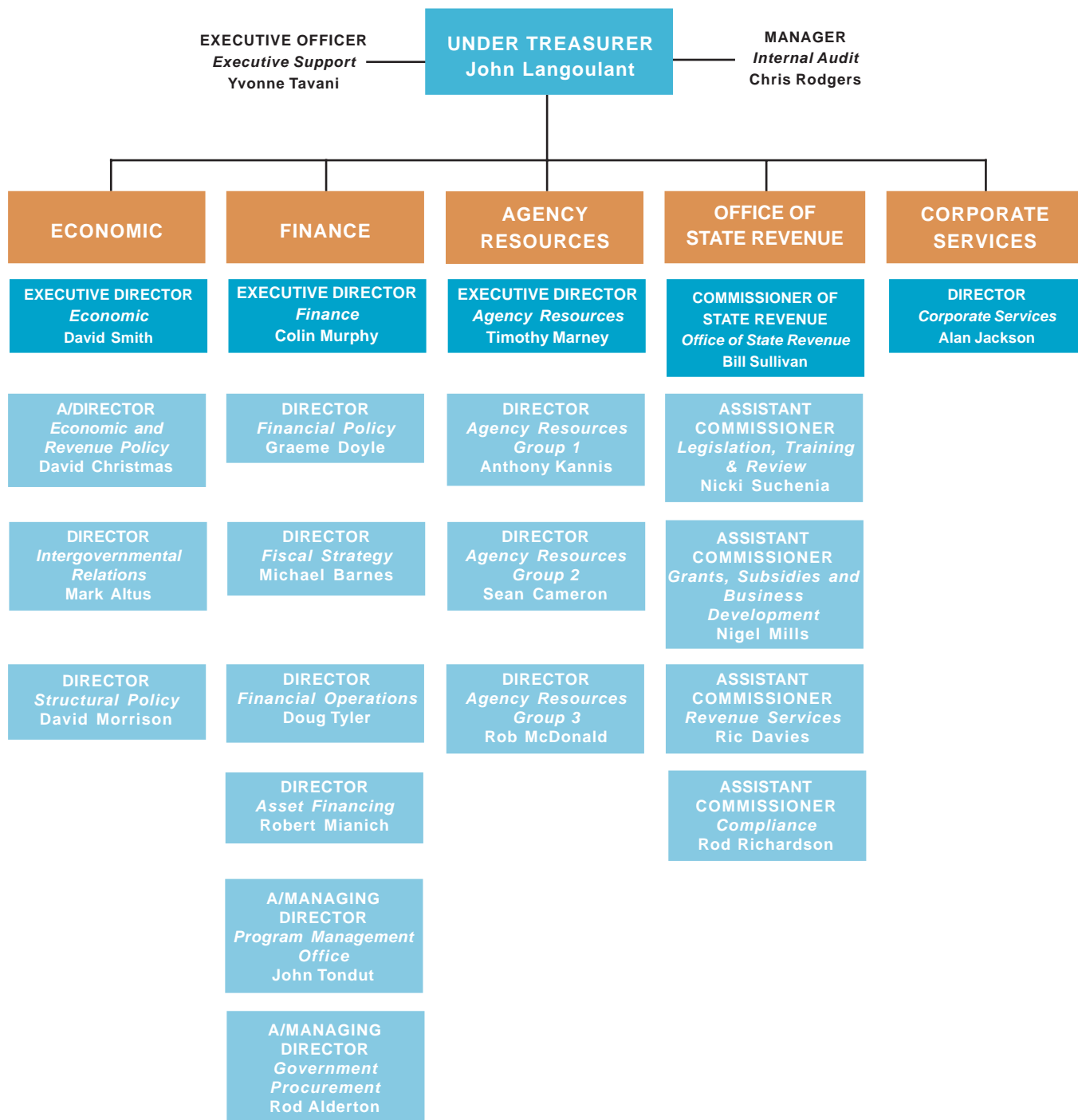
Our Structure

Treasury and Finance is comprised of four structural areas, these being:

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

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

Organisational Structure as at 30 June 2004



Our People

Our Major Asset

Our people are our major asset. In recognition of this we placed increased emphasis on the development of staff through our Performance Management and Career Development systems, a Leadership and Management Development Program, ongoing promotion of training and development activities, and the implementation and co-ordination of a pilot mentoring program.

A comprehensive Induction Program was implemented to ensure new employees were adequately trained and skilled to better perform their jobs upon commencement with us.

We continued to run a Wellness Program that offered a variety of workshops and activities such as flu vaccinations and healthy heart checks to help staff improve their general health and wellbeing.

Staffing

We employed 601 full time equivalent staff at 30 June 2004, compared with 563 at the same time last year. The increase reflected, in part, the filling of long-term vacancies for permanent positions that had arisen over the last several years.

Training and Development

Staff participated in a range of formal training activities in the areas of professional, technical and personal development. Total expenditure on training for the year was \$557,773.

A new Training and Development intranet site was developed to assist staff in identifying training courses relevant to their specific needs and to ensure the regular promotion of training courses. A monthly training calendar was also produced. A partnership has also been developed with the Department of Premier and Cabinet for the conduct of computer related training courses which offers easy access for staff in terms of cost and venue.

The Department continued its partnership with the University of Western Australia in relation to the Graduate Diploma in Taxation Studies and Curtin University in relation to procurement activities.

Throughout the year, a significant number of senior staff attended the Department's Leadership and Management Development Program which was planned, co-ordinated and implemented by our Organisational Development team.

Training on our Performance Management and Career Development process was provided to 120 staff from our Government Procurement area, together with all new employees.

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 which are summarised below.

Workers' Compensation Indicators

	2002-03	2003-04
Frequency rate ^(a)	4.48	1.17
Estimated cost of claims ^(b)	0.03	0.02
Premium rate Per cent ^(c)	0.53	0.42
Rehabilitation Success rate	n.a.	n.a.

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

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

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

n.a. denotes not applicable

Donations to Charity

The last Friday of each month is '*casual for a cause day*' at Treasury and Finance. Staff are encouraged to come to work dressed casually and to make a donation which is on-passed to a different charity each month. More than \$3,000 was raised during 2003-04 and directed to a range of charities including the Red Cross, the Cerebral Palsy Association, Princess Margaret Hospital, Kids First Foundation and the Royal Society for the Prevention of Cruelty to Animals.

Our Customers

Our major customer groups are:

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

Our Customer Commitment

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

Our customers can expect:

- our service to be professional and our staff to take pride in the delivery of our service;
- all advice and decisions from the Department to be clearly explained, well founded, relevant and timely;
- our officers to be properly trained to deliver a high standard of service;
- clear points of contact within the Department to be established to allow for a coordinated and effective service;
- we will act ethically and legally with the utmost integrity, and treat people with impartiality, fairness and respect;
- we will seek to understand clearly the services required by them and to meet those services where it is appropriate; and
- we will recognise that quality service helps our customers to succeed in their business.

Achieving Customer Focus

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

Our objective in relation to Customer Relationships is to increase the openness and transparency of these relationships. To achieve this we seek to improve communication and develop and promote relationships with our customers. The outcomes we expect to see are increased satisfaction of our customers, a reduction in the number of customer complaints, and increased 'hits' on our website.

Our Effectiveness

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 2003-04 survey are outlined in the Performance Assessment section of this report.

Your Say

We are committed to providing excellent service to our customers 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 do not hesitate to contact us. Contact details are provided at the back of this report.

Report on Operations – Economic

Activities

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

Key Achievements in 2003-04

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

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

- Initiatives aimed at strengthening the Western Australian economy included:
 - implementing the second phase of business tax review recommendations to improve the efficiency, equity and simplicity of the State tax system, as well as reducing compliance costs for business;
 - establishing the Economic Regulation Authority as a single independent body, bringing together separate current industry specific regulatory regimes for gas, water and rail, as well as undertaking specific enquiries (eg. reviewing charges for urban water supply and wastewater services);
 - contributing to reform of the Western Australian electricity industry including the development of competitive wholesale electricity markets and the Western Australian electricity access code;
 - providing advice on implementation of competition reforms in accordance with Government priorities, impacts on the community, and risks to payments under National Competition Policy arrangements;
 - contributing to the preparation of an Interstate Agreement on Investment Cooperation to minimise bidding wars between States (subsequently signed by all States other than Queensland). Western Australia also developed proposals to assist in monitoring compliance with the Agreement;
 - preparing, in consultation with other agencies, whole of Government submissions to the Productivity Commission's Inquiry into First Home Ownership;
 - contributing to implementation of full gas retail deregulation in May 2004, to promote competition and choice in the gas industry to deliver end-user savings;

- progressing of amendments to the railways access code aimed at improving its efficiency and effectiveness;
 - chairing a Heads of Treasury Infrastructure Working Group to investigate greater cooperation and coordination between the States, Territories and Commonwealth in assessing requests for the provision of assistance, including infrastructure, by proponents of major projects; and
 - advising Government on policy responses to the reduced availability and affordability of certain classes of insurance, particularly public liability insurance and professional indemnity insurance.
- Initiatives aimed at achieving sustainable State financial outcomes included:
- making strong contributions to the Commonwealth Grants Commission’s 2004 Review of methods used to distribute Goods and Services Tax revenue among the States and Territories, including representation at national conferences and a further major submission. The outcome of the Review, which was reported in February, included an increase in Western Australia’s annual grant share of \$231 million;
 - advising on appropriate tax relief for the 2004-05 Budget consistent with responsible management of the State’s finances, and assisting with implementation (eg. through brochures on the measures and responses to public queries);
 - providing advice on administrative and policy matters relating to the Goods and Services Tax, including monitoring the performance of the Australian Tax Office in administering the tax;
 - providing advice aimed at maximising the State’s receipts of competition payments available from the Commonwealth. The State received \$33.6 million in 2003-04;
 - assisting effective governance of State enterprises, such as the Water Corporation and Western Power, including through providing ongoing advice to the Minister for Government Enterprises;
 - continuing to lead an inter-jurisdictional working group seeking to reform principles and frameworks for Commonwealth specific purpose payments to the States, as well as convening an inter-agency group in Western Australia to maximise achievement of the State’s objectives;
 - establishing on our website an extensive section on Commonwealth-State financial relations, to provide an information resource for internal and external analysts, and promote informed public debate on the need for reform; and
 - providing advice on the terms of reference for the review of the need to retain several stamp duties required under the Intergovernmental Agreement on national tax reform.

Report on Operations – Finance

Activities

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

Key Achievements in 2003-04

- Assisted the Government in delivering financial outcomes consistent with its financial targets, resulting in confirmation of the State's triple-A credit rating by both major ratings agencies (Standard & Poor's and Moody's Investor Services).

This was achieved through the provision of regular analysis and advice on how the State's finances were tracking through the year, and how changes during the year impacted the outlook for State finances and the Government's financial targets. This, in turn, ensured that the Government was fully informed of the financial position when making decisions, enabling sound financial management outcomes.

- Produced and published a number of significant reports on the State's finances, including the 2002-03 Government Financial Results Report and Consolidated Financial Statements, the 2003-04 Government Mid-Year Financial Projections Statement (mid-year review) and the 2004-05 Economic and Fiscal Outlook.

These reports involved the collection, consolidation and analysis of data from approximately 160 agencies across the State public sector, and were typically produced within tight timeframes. Reflecting the comprehensiveness, quality and timeliness of these and other whole of government financial reports, Access Economics has assessed Western Australia as the best performing State in terms of fiscal reporting and transparency.

- Analysed exposure drafts and pending standards issued by the Australian Accounting Standards Board in relation to the adoption of international accounting standards. The analysis will assist us and other agencies to both understand the differences and impact on accounting and reporting as a result of adopting the new standards, and take the necessary action to ensure a smooth transition.
- Established an Outcome Structure Review Group to assess changes to agency outcomes, outputs and key performance indicators, with the aim of improving the relevance and usefulness of this information to interested parties.

- Conducted seven forums on topical financial management issues to increase the awareness and knowledge of financial management and accounting policies and practices in the public sector. More than 700 representatives attended these forums.
- Drafted amendments to the *Financial Administration and Audit Act* and the *Government Financial Responsibility Act* to improve the relevance and timeliness of financial reporting by individual agencies and at the whole-of-government level.
- Developed and implemented new accounting and reporting arrangements for superannuation for budget funded statutory authorities. The new arrangements, which apply from 1 July 2004, create efficiencies through less transaction processing and simplify accounting for, and reporting of, superannuation in these agencies.
- Undertook a major review of the Government's vehicle fleet contracts to improve administrative arrangements and to achieve savings to government in overall fleet costs.
- Effectively managed the investment of the Public Bank Account. We achieved a rate of return on invested funds (5.11 per cent per annum) in excess of the cash management benchmark (4.99 per cent per annum).
- In conjunction with the Functional Review Implementation Team, developed the business case and implementation plans for a four-year procurement reform program, which was endorsed by Cabinet in December 2003. A Program Management Office was established in January 2004 to lead and coordinate the e-procurement reform program.
- Developed and awarded seven common use contracts dealing with advertising, banking, fleet, travel and stationery. Common use contracts are focussed on delivering significant savings to Government through:
 - aggregation of purchases;
 - standardisation on specifications;
 - making contracts mandatory across the public sector,
 - maximising the number of commodities covered by common use contracts; and
 - streamlining the buying process.

Expected savings from the seven redesigned contracts are in the vicinity of \$8 million.

- Awarded a new contract for whole-of-government banking business resulting in annual savings of \$3.5 million. The savings are mainly in the merchant services area and mainly reflect a reduction in banks interchange fee structure as a result of the reform to the credit card payment system initiated by the Reserve Bank.

Report on Operations – Finance (contd)

- Managed 66 common use contracts involving 685 Contracted Supplier Arrangements or individual contracts with an annual turnover of \$965 million, resulting in saving of \$165 million compared to either the Recommended Retail Price or Corporate Rate.
- As the State Supply Commission delegate, we received 226 new procurement projects and awarded agency specific contracts to 241 suppliers, with a value exceeding \$438 million.
- Upgraded and maintained Contracting and Tendering quality accreditation from Bureau Veritas International to AS/ANZ ISO 9001:2000.
- Implemented a procurement reform initiative to incorporate as Treasury and Finance staff nearly 100 procurement practitioners across 22 client agencies.
- Upgraded the Government Electronic Market suite of applications, resulting in significantly reduced response times, new reporting functions and improved efficiencies.
- Commenced the roll-out of the National Communication Fund - Network WA Project to deliver improved education and health services to 59 towns in regional Western Australia.
- Completed the Wireless West Project, expanding the availability of mobile voice and data services for people throughout the South West Land Division.

Report on Operations – Agency Resources

Activities

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

Key Achievements in 2003-04

- Assisted the Government and agencies to implement the recommendations of the Functional Review Taskforce, particularly in relation to improved capital planning and asset management. This entailed considerable work in reviewing relevant capital planning and asset management policies. Furthermore, a structured prioritisation and allocation model was developed and used for the first time to rank capital investment proposals in the formulation of the capital works program for the 2004-05 Budget.
- Monitored the progress of, and assisted the management of, the 2003-04 Budget through the provision of regular reports and advice to the Expenditure Review Sub-Committee of Cabinet (ERC). Major areas of focus included:
 - Wages Policy. Regular advice was provided on the impact of wage agreements due to be re-negotiated. This included agreements for major group such as sworn police officers, teachers and employees covered by the Civil Service Association;
 - Law and Order. Advice was provided to the ERC prior to the release of the project brief to short-listed consortia in respect of the CBD Courts Project in accordance with the Partnerships for Growth policy framework;
 - Health. Given the importance of the health sector, several reports were provided to the ERC throughout the year dealing with issues such as the management of staffing levels and the financial and activity performance of the Department of Health;
 - Education. Advice was provided on the implications of the Commonwealth offer in relation to the Australian National Training Authority agreement for the period 2004 to 2006 in terms of funding and accountability arrangements for Western Australia;
 - the Environment. Advice was provided on a number of issues including the 'Protecting Our Old Growth Forests' policy, initiatives to protect the Swan River and the National Action Plan for Salinity and Water Quality; and
 - Community Support. We informed the ERC of the service strategies currently used by the Disability Services Commission in managing the critical demand for people with disabilities and the estimated additional funding required to address the most critical demand.

Report on Operations – Agency Resources (contd)

- Contributed to the formulation of the 2004-05 Budget and forward estimates, with process enhancements to increase the quality and timeliness of advice provided to Government.
- Continued to improve and foster relationships with agencies. Through a program of regular visits to agencies we developed a better understanding of the agencies' business and the issues impacting them. This enabled us to improve the quality of our advice to both agencies and the Government.
- Participated in, and provided advice and support to, the Health Reform Committee review of the State's health system. The recommendations of the review provide for fundamental reforms to the future of health service delivery in Western Australia, which if successfully implemented, will dramatically enhance the sustainability of the health sector from both a service delivery (quality, safety and access) and financial perspective.
- The Agency Resources Business Unit, in consultation with the Economic and Finance Business Units, coordinated the provision of evidence to the Western Australian Industrial Relations Commission on financial and economic issues to be considered in the arbitration of the wage outcome for employees covered by the Civil Service Association.
- Participated in and had representation on a number of committees that dealt with issues of strategic importance to Government including the:
 - Rottneest Island Taskforce. The Taskforce was set up because of concern over the financial sustainability of the Island following the Auditor General's report "Turning The Tide: The Business Sustainability of the Rottneest Island Authority";
 - State Mitigation Committee. The Committee establishes protocols aimed at alleviating potential claims (on the Commonwealth) for emergencies and natural disasters;
 - Standing Inter-Agency Committee. The Committee promotes and progresses across government issues relating to resource projects;
 - Infrastructure Coordinating Committee. The Committee considers overall planning issues relating to State infrastructure requirements;
 - Coordination Committee on Old Growth Forest Policy. This Committee coordinates implementation of the Government's policy; and
 - multipurpose indoor entertainment and sports stadium. An Expression of Interest process to seek private sector involvement in this development was commenced.

Report on Operations – Office of State Revenue

Activities

Collects revenue and administers grants and subsidies on behalf of the Western Australian Government.

Key Achievements in 2003-04

- Undertook the revenue laws administration task. This included:
 - collecting \$3.5 billion in revenue;
 - paying \$146 million in grants and subsidies;
 - answering 168,666 telephone enquiries;
 - processing 369 items of ministerial correspondence; and
 - completing 4,463 investigations, raising additional tax or recovered grants of \$54.9 million.
- Implemented changes arising from the Business Tax Review and the *Taxation Administration Act*. This involved:
 - abolishing various stamp duties;
 - reviewing all policies, procedures and systems impacted by the *Taxation Administration Act* and the Business Tax Review recommendations;
 - providing instruction on the Business Tax Review legislation and briefing Members of Parliament and industry groups during its passage; and
 - undertaking significant industry, taxpayer and staff training.
- Improved the administration of taxes collected by:
 - implementing structural changes to support a greater focus on revenue debt recovery;
 - establishing an Education and Training Branch to provide a greater focus on customer education and staff training;
 - developing and implementing an Office of State Revenue Customer Charter to provide greater clarity in respect of the rights and obligations of Office of State Revenue customers; and
 - implementing a new structure to more clearly separate the assessment and review functions, thereby providing greater independence in decision making.

Report on Operations – Office of State Revenue (contd)

- Improved the administration of the stamp duty scheme by:
 - preparing and publishing over 70 Commissioner’s practices relating to the assessment of tax and reviewing all revenue rulings;
 - progressing the design and development of the Revenue Online stamp duty instrument lodgement and payment system to provide a more efficient and effective self assessment regime for our customers;
 - updating and improving the ‘Collections by Return’ lodgement and payment system to recognise legislative changes and to improve customer services; and
 - upgrading the Office of State Revenue web site.
- Improved the administration of the pay-roll tax scheme by:
 - enhancing the Revenue Online lodgement and payment system; and
 - undertaking a comprehensive education audit strategy to ensure compliance in relation to the declaration of contractor payments where an employer/employee relationship existed, and finalising the Government amnesty program for contractor payments.
- Improved the administration of the land and financial taxes scheme by:
 - revising the type and availability of payment methods;
 - continuing the land tax audit project targeted at duplicate client registrations in the land tax database; and
 - implementing an internet-based application (EAS2) to provide on-line advice to conveyancers about the land tax liability on properties being sold.
- Improved the administration of the grants and subsidy schemes by:
 - renegotiating the contractual arrangements for computing support of the national First Home Owner Grant computer system on behalf of all jurisdictions in Australia;
 - working with local authorities to transfer to the Office of State Revenue, the triennial review requirements under the *Rates and Charges (Rebates and Deferments) Act 1992*, thereby reducing local authority compliance costs. These review requirements check the residential eligibility of claim recipients; and
 - reviewing the appropriateness of a range of matters in relation to the *Rates and Charges (Rebates and Deferments) Act 1992*. This review focused on the eligibility of certain seniors and pensioners to concessional water and local authority rates, including those residing in retirement villages under ‘lease or licence for life’ arrangements.

Performance Assessment

2003-04

Opinion of the Auditor General



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF TREASURY AND FINANCE
PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2004

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Department of Treasury and Finance are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended June 30, 2004.

Scope

The Under Treasurer's Role

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

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

Summary of my Role

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

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

Handwritten signature of D D R Pearson in black ink.

D D R PEARSON
AUDITOR GENERAL
October 13, 2004

Certification of Performance Indicators

Treasurer's Instruction 905

Financial Administration and Audit Act 1985

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Treasury and Finance's performance, and fairly represent the performance of the Department of Treasury and Finance for the financial year ended 30 June 2004.



Timothy Marney
ACTING UNDER TREASURER

15 AUGUST 2004

Performance Assessment

Our Outcomes

The outcomes we seek to achieve are:

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

Our Outputs

We aim to achieve these outcomes through our nine outputs:

- resourcing of services and budget development;
- asset management and financing;
- fiscal management and reporting;
- financial management framework development and advice;
- structural policy development and advice;
- economic, revenue and intergovernmental policy development and advice;
- revenue assessment and collection;
- grants and subsidies administration; and
- development and implementation of public sector procurement arrangements and systems.

Measuring Our Performance

Performance information was collected through two mediums, statistically based information and survey based questionnaires.

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

The efficiency indicators have been sourced from information held on our internal output measurement systems.

For the economic and financial based effectiveness and efficiency indicators, in part, a client/stakeholder survey was undertaken in June 2004, on our behalf by an external consultant. The survey consisted of a self-completion questionnaire directed at 275 client/stakeholders, with responses received from 181, resulting in an overall response rate of 66 per cent and an associated sample error of +/- 4.3% at the 95% confidence level.

The numbers sampled and responses rates were as follows:

Client/ Stakeholder Groupings	Total Number Surveyed	Response Number	Response Rate (per cent)
Ministers	11	3	27
Agencies/Other*	264	178	67
Total	275	181	66

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

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

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

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

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

Client/ Stakeholder Groupings	Total Number Surveyed	Response Number	Response Rate (per cent)
Key suppliers	860	613	71
Agency purchasers	2,163	1,330	61
Total	3,023	1,943	64

The interview questions were designed specifically for each identified client/stakeholder group. The surveys were conducted on our behalf by an external consultant.

We changed our outputs and outcomes for 2003-04 to make them more reflective of our business. As a result, the survey questions we asked changed, meaning it was not possible to include meaningful comparisons with earlier years. In instances where this has occurred we have opted to include targets for 2004-05 to provide some context for the 2003-04 results.

Performance Assessment (contd)

Effectiveness Indicators (Audited)

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

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

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

Respondents Indicating Increased Awareness

2003-04 Per cent	2004-05 Target Per cent
82	75

The 73 responses to this question out of a total of 134 surveyed represents a response rate of 54 per cent for this indicator.

The positive response reflects the concerted effort made by Treasury and Finance in this area.

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

DTF is responsible for:

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

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

Indicators of effectiveness include:

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

Respondents indicating DTF guidance was effective in helping them to discharge their financial management and reporting obligations

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

The 100 responses to this question out of a total of 162 surveyed represents a response rate of 62 per cent for this indicator.

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

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

Whole of Government Returns

Period	No of Agency Returns Required	No of Agency Returns Received by Due Date	Agency Returns Received by Due Date
			Per cent
2002-2003			
September	156	45	28.3
December	155	48	30.2
March	155	87	56.1
June	155	46	29.7
2003-2004			
September	149	77	51.7
December	148	89	60.1
March	151	89	58.9
June	151	91	61.2

Treasury and Finance is working with agencies to improve the timeliness of whole of government financial reporting. Some improvement in the timeliness of agency data submission was evident in 2003-04, with an average 58.0 per cent of agencies meeting the quarterly reporting deadline throughout the year, compared with 36.1 per cent in 2002-03.

Performance Assessment (contd)

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

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

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

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

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

Respondents indicating they have been kept well informed on economic policy

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

The 69 responses to this question out of a total of 96 surveyed represents a response rate of 72 per cent for this indicator.

The low score for this measure in part reflects that a quarter of survey respondents indicated a neutral response (ie we were neither effective nor ineffective in keeping them informed) to this question. 21 per cent of respondents stated that our advice was ineffective, indicating that we could be more proactive in offering information, rather than providing information only when requested.

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

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

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

The collection of due and payable revenue and payment of eligible grants, subsidies and rebates is considered effective if:

- assessments are paid and returns lodged by the due date;
- pay-roll tax persons audited have paid their correct liability;
- registered stamp duty rental persons audited have paid their correct liability;
- audited recipients of the First Home Owner Grant have claimed the correct concession; and
- audited recipients of Pensioner and Seniors Rebate Scheme subsidies have claimed the correct concession.

Indicators of effectiveness include:

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

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

Assessments paid and returns lodged by due date

2000-01 Per cent	2001-02 Per cent	2002-03 Per cent	2003-04 Per cent
85	87	88	83

The decrease in 2003-04 in the number of stamp duty assessments paid by the due date reflects an initiative which allowed extensions of time to pay (without penalty) where contracts were subject to conditions. Although extensions were permitted in certain circumstances, the due date for payment remained at 30 June and so technically the later payments were overdue.

Performance Assessment (contd)

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

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

Audited pay-roll tax persons who have paid correct liability

Liability	Number Investigated/Audited				Per cent Compliant/Correct			
	2000-01	2001-02	2002-03	2003-04	2000-01	2001-02	2002-03	2003-04
Pay-roll tax	916	544	964	849	30.5	31.1	33.9	27.8

The percentage of compliance relates to persons found to have correctly declared their liability. Incorrect declarations include both under declarations and over declarations. The indicator is based on routine audits of 849 employers representing 9.4 per cent of the total registered 9,035 employers. As audits are often targeted (eg based on 'intelligence' we have acquired in relation to compliance by a particular industry), the compliance percentage is not necessarily indicative of all employers.

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

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

Audited stamp duty rental persons who have paid correct liability

Liability	Number Investigated/Audited				Per cent Compliant/Correct			
	2000-01	2001-02	2002-03	2003-04	2000-01	2001-02	2002-03	2003-04
Stamp duty – rentals	33	26	43	51	42.4	46.2	46.5	39.2

The percentage of compliance relates to persons found to have correctly declared their liability. Incorrect declarations include both under declarations and over declarations. It is based on a sample of 51 businesses representing 4 per cent of the total stamp duty rental registration base of 1,272. As audits are often targeted, the compliance percentage is not necessarily indicative of the duty base.

d) The extent to which all recipients of the First Home Owner Grant audited claim the correct concession.

The extent to which all recipients of grants and subsidies claim the correct concession reflects the level of compliance in relation to revenue laws.

Audited recipients claiming correct concession

Concession	Number Investigated/Audited				Per cent Compliant/Correct			
	2000-01	2001-02	2002-03	2003-04	2000-01	2001-02	2002-03	2003-04
First Home Owner Grant Scheme	358	406	479	678	99.5	99.5	99.0	98.5

The percentage of compliance relates to the number of persons found to have correctly claimed a First Home Owner Grant (FHOG). Although all FHOG applicants are subject to both a pre-eligibility check and a later residency check only 4.71 per cent of the total FHOG applications base of 14,391 were then forwarded to Compliance for further investigation. Of those 678 applicants investigated further, 462 were found to be eligible for the grant and 216 were either refused the grant or had to repay the grant.

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

Recipients claiming correct concession

Concession	Number of Claims Files Processed				Per cent Compliant/Correct			
	2000-01	2001-02	2002-03	2003-04	2000-01	2001-02	2002-03	2003-04
Pensioner and Seniors Rebate Scheme	1,179	1,249	1,491	2,789	95.4	98.2	98.7	n.a.

n.a. denotes not available.

The redevelopment of the pensioner rebate computer system for the 2003-04 rating year resulted in this data not being captured during the year. Nevertheless, the level of pensioners/seniors incorrectly claiming concessions in 2003-04 was not considered to be significant, as evidenced in previous years. Action has been initiated in order to re-establish the ability to extract this data in future years.

Outcome 5: Value for money from public sector procurement

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

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

- client agencies agree that their contracts were awarded on a value for money basis; and
- client agencies agree that common use contracts were awarded and managed on a value for money basis.

Performance Assessment (contd)

Indicators of effectiveness include:

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

Client agencies indicating contracts awarded on a value for money basis

2001-02 Per cent	2002-03 Per cent	2003-04 Per cent
75	82	74

The 87 responses to this question out of a total of 99 surveyed represents a response rate of 88 per cent for this indicator.

- b) *The extent to which client agencies agree that common use contract are managed/awarded on a value for money basis.*

Client agencies indicating common use contracts were managed/awarded on a value for money basis

Per cent	2002-03 Per cent	2003-04 Per cent
75	68	68

The 965 responses to this question out of a total of 1,692 surveyed represents a response rate of 57 per cent for this indicator.

Efficiency Indicators (Audited)

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

1. Resourcing of services and budget development.

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

2. Asset management and financing.

This output covers the responsibility for provision of financial management advice and services to the public sector and financial advice in respect to commercial arrangements relating to major asset infrastructure projects (e.g. Public Private Partnerships and the New Metro Rail project).

3. Fiscal management and reporting.

This output covers the provision of advice and whole of government reporting that is relevant, accurate and timely.

4. Financial management framework development and advice.

This output covers responsibility for the ongoing development and improvement to the financial management policies and practices within the public sector. This includes consultation with, and assistance to, key stakeholders in terms of implementing financial management initiatives, legislation and accounting policies and standards (e.g. accrual appropriations, amendments to the *Financial Administration and Audit Act* and Treasurer's Instructions).

5. Structural policy development and advice.

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

6. Economic, revenue and intergovernmental policy development and advice.

This output covers DTF's role in keeping government, business and the community well informed on economic, revenue and intergovernmental policy developments and promoting a greater understanding of the Western Australian economy (e.g. review of Commonwealth-State funding arrangements (Special Purpose Payments and funding arrangements, and methodologies associated with the allocation of grants by the Commonwealth Grants Commission) and business tax review measures).

Performance Assessment (contd)

7. Revenue assessment and collection.

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

8. Grants and subsidies administration.

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

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

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

Measurement of DTF's outputs is based on the main activities of policy development, advice and implementation, collection and assessment of revenue, the determination and payment of grants and subsidies, and public sector procurement arrangements and systems.

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

Output One: Resourcing of services and budget development

Efficiency Indicators	2002-03	2003-04
Cost per hour of advice (\$) (a)	205	220
Cost of producing budget papers (\$) (b) (c)	1,150,340	1,202,697

- (a) Despite a significant increase in the number of hours of advice (nine per cent) the cost per hour of advice increased due to general cost pressures.
- (b) The increase reflects general cost movements.
- (c) Relates to Budget Paper No. 2.

Output Two: Asset management and financing

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

Output Three: Fiscal management and reporting

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

(a) Refer to Output 3 in 'Output Measures' section for further details.

Output Four: Financial management framework development and advice

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

Output Five: Structural policy development and advice

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

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

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

(a) Refer to Output 6 in 'Output Measures' section for further details.

Output Seven: Revenue assessment and collection

Efficiency Indicators	2002-03	2003-04
Cost per return issued (\$)	208.53	194.75
Cost per instrument assessed (\$)	23.94	24.59

Output Eight: Grants and subsidies administration

Efficiency Indicators	2002-03	2003-04
Cost per Grant and subsidy processed		
- First Home Owner Grant Applications (\$)	92.90	121.92
- Pensioner and Seniors Claim Concession (\$)	2.94	0.97

Performance Assessment (contd)

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

Efficiency Indicators	2002-03	2003-04
Cost of contracts developed and managed (\$)	9,620,000	13,839,531
Cost of operating procurement systems (\$)	9,277,504	11,856,310

Output Measures (Not Audited)

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

The quality and timeliness measures, were in part, sourced from client/stakeholder surveys used in obtaining some of the effectiveness performance measures while, the quantity and cost measures were obtained from our internal output management and financial information systems.

Output One: Resourcing of services and budget development

Efficiency Measure	2002-03	2003-04	
		Target	Actual
Quantity			
Hours of advice to government	11,650	12,830	12,976
Hours of advice to agencies	15,770	17,360	16,925
Hours to prepare budget papers (a)	5,720	7,050	5,735
Quality			
Proportion of agencies satisfied with advice received (%)	n.a.	80	81
Timeliness (b)			
Proportion of advice to government within agreed/acceptable timeframes (%)	70	70	100
Proportion of advice to agencies within agreed/acceptable timeframes (%)	70	70	94
Cost			
Cost of advice to government (\$)	2,368,500	2,434,000	2,864,858
Cost of advice to agencies (\$)	3,248,160	3,365,000	3,706,827
Cost of producing budget papers (\$) (a)	1,150,340	1,361,000	1,202,697

n.a. denotes not applicable.

(a) Relates to Budget Paper No. 2.

(b) The improvement in the timeliness measures reflects increased emphasis in this area.

Output Two: Asset management and financing

Efficiency Measure	2002-03	2003-04	
		Target	Actual
Quantity			
Hours of advice on major asset financing projects	1,650	1,700	1,584
Hours on fleet financing and leasing	7,000	7,000	7,147
Hours on management and investment of cash resources	8,000	8,000	7,859
Quality			
Proportion of clients satisfied with our advice on major asset financing projects (%)	82	90	100
Proportion of investment returns meeting industry benchmarks (%)	90	90	100
Timeliness			
Proportion of advice on major asset financing projects to clients within agreed/acceptable timeframes (%)	85	90	100
Proportion of payments made by due date (%)	100	100	100
Cost			
Cost of advice on major asset financing projects (\$)	215,000	224,000	180,068
Cost of fleet financing and leasing (\$)	588,000	599,000	521,322
Cost of management and investment of cash resources (\$) (a)	1,324,000	1,420,000	731,757

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

Performance Assessment (contd)

Output Three: Fiscal management and reporting

Efficiency Measure	2002-03	2003-04	
		Target	Actual
Quantity			
Number of reports (a)	30	30	22
Hours of advice to government	1,505	5,362	1,533
Hours of advice to agencies/other	2,879	1,365	2,915
Hours preparing budget papers (b) (c)	4,341	5,850	1,945
Hours preparing Mid-Year Review	870	1,066	923
Quality			
Unqualified audit reports (%)	100	100	100
Timeliness			
Proportion of our advice delivered in agreed/acceptable timeframes (%)	90	90	97
Proportion of reports within statutory timeframes (%)	100	100	100
Cost			
Cost of reports (\$)	2,605,000	2,694,000	2,521,929
Cost of advice to government (\$)	325,000	380,000	191,350
Cost of advice to agencies/other (\$)	105,600	95,000	294,000
Cost of producing budget papers (\$) (c)	387,000	416,000	242,674
Cost of producing Mid Year Review (\$)	70,400	66,000	113,672

- (a) Some outputs recorded as reports in 2002-03 (e.g. advice to the Australian Bureau of Statistics) have been reclassified as advice to agencies/other, thus explaining the decrease in the number of reports from 2002-03 (30) to 2003-04 (22).
- (b) The output 'hours preparing budget papers' is a new output type and came from two different outputs, number of reports and hours of advice to government. When back casting this output type for 2002-03, some of the advice to government was incorrectly allocated to hours preparing budget papers, thus overstating the 2002-03 figure for hours preparing budget papers.
- (c) Relates to Budget Paper No.3, the Budget Speech and the Budget Overview.

Output Four: Financial management framework development and advice

Efficiency Measure	2002-03	2003-04	
		Target	Actual
Quantity			
Hours of advice to government (a)	4,696	5,000	3,792
Hours of advice to agencies (b)	9,702	8,000	11,632
Quality			
Proportion of agencies satisfied with advice received (%)	n.a.	80	67
Proportion of peer group representatives who believe that the financial management framework contributes to improvements in accountability and transparency of government operations (%)	n.a.	80	86
Timeliness			
Proportion of advice to govt within agreed/acceptable timeframes (%)	n.a.	90	100
Proportion of advice to agencies within agreed/acceptable timeframes (%)	n.a.	90	89
Cost			
Cost of advice to government (\$)	698,627	723,000	519,434
Cost of advice to agencies (\$)	1,443,373	1,156,000	1,551,672

n.a. denotes not applicable.

- (a) Hours of advice to government was less than budget mainly because:
- replacement legislation for the *Financial Administration and Audit Act* was not progressed (-595 hours);
 - planned changes to the budget statements were deferred by the Expenditure Review Committee (-387 hours); and
 - the requirement to review draft legislation was slightly lower than expected (-180 hours).
- (b) Hours of advice to agencies was higher than budget mainly reflecting:
- additional resources applied to preparing for the transition to international accounting standards (+3,372 hours); and
 - greater demand to review agency Output Based Management structures as a result of the creation of the Outcome Structure Review Group (+240 hours).

Performance Assessment (contd)

Output Five: Structural policy development and advice

Efficiency Measure	2002-03	2003-04	
		Target	Actual
Quantity			
Hours of advice to government	5,691	6,898	5,668
Hours of advice to others	9,811	15,110	13,625
Quality			
National Competition Policy payments maintained (%) (a)	100	100	45
Timeliness			
Proportion of advice to clients within agreed/acceptable timeframes (%)	83	80	87
Cost			
Cost of advice to government (\$)	773,509	692,000	641,523
Cost of advice to others (\$)	1,333,491	1,541,000	1,498,311

- (a) The percentage of National Competition Policy payments maintained was significantly below the targeted level, mostly due to policy decisions by Government (e.g. not immediately and totally deregulating retail trading hours, potato marketing arrangements and liquor licensing laws) and a lack of progress in implementing review recommendations through legislative change.

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

Efficiency Measure	2002-03	2003-04	
		Target	Actual
Quantity			
Hours of advice to government (a)	6405	6,550	10,932
Hours of advice to other parties	1575	2,000	1,522
Number of reports/publications	82	82	93
Number of letters prepared	350	400	216
Hours on intergovernmental relations	13,406	12,210	12,214
Quality			
Accuracy of forecasts of tax and mining revenue (%) (b)	0.7	+/- 5	+8.0*
Accuracy of forecasts of economic growth (ppts)	0.75	+/- 1	+2.25*
Accuracy of forecasts of Commonwealth grants (%) (c)	0.01	+/- 2	+1.6*
Timeliness			
Achievement of agreed/acceptable timeframes for advice to clients (%)	70	80	100
Achievement of agreed timeframes for reports (%)	n.a.	80	n.a.
Achievement of agreed timeframes for letters (%)	n.a.	80	n.a.
Cost			
Cost of advice to government (\$) (d)	525,000	374,000	1,449,378
Cost of advice to other parties (\$)	337,000	306,000	202,335
Cost of reports/publications (\$) (e)	599,000	680,000	169,882
Cost of letters (\$) (f)	974,000	917,000	184,505
Cost of intergovernmental relations (\$)	1,312,000	1,121,000	924,104

n.a. denotes not available (necessary information systems are still being developed).

* compares the 2003-04 budget estimate with the 2004-05 budget estimate for the year 2003-04 as actual data are not yet available for 2003-04.

- (a) Increased hours of advice to government reflects greater than anticipated demands for policy advice.
- (b) Higher than expected tax and mining revenue mostly reflected continued strong property market activity.
- (c) Commonwealth grants were significantly higher than budgeted, primarily due to national Goods and Services tax collections being higher than expected by the Commonwealth.
- (d) The cost of advice to government was significantly above the targeted level for 2003-04 largely due to the increased hours required.
- (e) The cost of producing reports and publications was below the targeted cost, even though the number of reports and publications was slightly above target, reflecting efficiencies and the different nature of reports.
- (f) The cost of producing letters was also significantly lower due to reduced numbers and efforts to improve efficiencies.

Performance Assessment (contd)

Output Seven: Revenue assessment and collection

Efficiency Measure	2002-03	2003-04	
		Target	Actual
Quantity			
Number of land items assessed	1,144,142	1,270,000	1,308,537
Number of pay-roll tax returns issued	80,356	81,000	81,344
Number of debit tax returns issued	185	180	171
Number of stamp duty returns issued	15,427	15,300	15,719
Number of stamp duty instruments assessed (a)	602,011	511,900	618,194
Quality			
Proportion of correct land tax assessment notices issued (%)	89	89	88
Proportion of pay-roll tax returns that were correct (%)	98	98	96
Proportion of debits tax returns that were correct (%)	100	100	100
Proportion of stamp duty returns that were correct (%)	94	94	93
Proportion of stamp duty instruments assessed correctly (%)	99	99	99
Timeliness			
Proportion of land tax assessment notices issued within standard turn around times (%)	99	99	99
Proportion of pay-roll tax returns issued within standard turn around times (%) (b)	100	100	98
Proportion of debits tax returns issued within standard turn around times (%) (c)	100	100	92
Proportion of stamp duty returns issued within standard turn around times (%)	100	100	100
Proportion of stamp duty instruments assessed within standard turn around times (%) (d)	85	88	84
Cost			
Cost per land tax item assessed (\$)	10.25	9.16	8.54
Cost per pay-roll tax return issued (\$)	87.88	91.60	91.14
Cost per stamp duty return issued (\$) (e)	120.65	156.89	103.61
Cost per stamp duty instrument assessed (\$) (f)	13.69	16.63	16.05

- (a) The increased number for 2003-04 relates to greater activity in the real estate market.
- (b) Delays in issuing attributed to corruption and partial loss of data during transmission via internet service provider.
- (c) This decrease is attributable to an external handling error.
- (d) This decrease is linked to the number of instruments presented for stamping due to the increased activity in the commercial and residential property sectors. In addition, the extension of time initiative created an additional administrative overhead.
- (e) Consists of insurance and rental duty only.
- (f) Consists of instruments from both lodgements and returns (excluding insurance and rental duty returns).

Output Eight: Grants and subsidies administration

Efficiency Measure	2002-03	2003-04	
		Target	Actual
Quantity			
Number of First Home Owners Grant (FHOG) applications processed (a)	15,845	15,500	14,391
Number of pensioner/seniors concession claims processed (b)	158,281	305,000	341,442
Quality			
Proportion of FHOG applications paid correctly (%)	100	100	100
Proportion of pensioner/seniors concession claims paid correctly (%)	100	100	100
Timeliness			
Proportion of FHOG applications processed within standard turn around times (%)	100	100	100
Proportion of pensioner/seniors concession claims processed within standard turn around times (%) (c)	100	100	97.67
Cost			
Cost per FHOG application (\$) (d)	92.90	116.41	121.92
Cost per pensioner and seniors concession claim (\$) (e)	2.94	1.87	0.97

- (a) The reduction was greater than anticipated. In that regard, some of this reduction was a result of first home purchasers awaiting stamp duty relief which was to take effect from 1 July 2004.
- (b) Includes Emergency Services Levy concession claims, and the need to re-process some data which was incorrectly rejected due to the settling in of a new computer system during the year.
- (c) The reduction in performance for 2003-04 related to problems stabilising the new computer system in the first quarter of the year.
- (d) The increase in the cost is the result of a reduced number of FHOG applications being processed than originally estimated.
- (e) The reduction in cost is the result of a greater number of pensioner and seniors' claims processed than originally estimated.

Performance Assessment (contd)

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

Efficiency Measure	2002-03	2003-04	
		Target	Actual
Quantity			
Value of agency specific contracts developed (\$)	124	200,000,000	438,924,759
Number of agency specific contracts developed	215	200	241
Value of common use contracts managed (\$)	859	900,000,000	994,932,425
Number of common use contracts managed	711	714	772
Number of registered users of the Government Electronic Market (GEM)	33,346	25,000	42,617
Number of external web links in OnlineWA	10,624	10,000	9,736
Volume of ServiceNet internet traffic (gigabytes)	24,710	31,700	37,543
Number of ConferWest conference hours	10,462	12,000	9,137
Quality			
Proportion of clients satisfied with common use contracts (%)	89	80	89
Proportion of clients satisfied with agency specific contract development (%)	64	85	73
Proportion of registered users satisfied with GEM (%)	56	75	74
Proportion of clients satisfied with telecommunication projects (%)	51	75	58
Proportion of clients satisfied with online services (%)	76	75	90
Timeliness			
Client satisfaction with timeliness of agency specific contracts (%)	49	75	56
Cost			
Cost of developing agency specific contracts as a percentage of the contract value (%)	2.2	2.3	0.8
Developing, managing and promoting common use contracts as a percentage of the value of the contracts drawn upon (%)	0.6	0.5	0.7
Average cost per registered user of GEM (\$)	224	276	158
Average cost of external web links in OnlineWA (\$)	43	49	44
Average cost per gigabyte of ServiceNet traffic (\$)	78	76	59
Average cost per ConferWest conference hour	61	34	60

Financial Statements

2003-04

Opinion of the Auditor General



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF TREASURY AND FINANCE
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

Audit Opinion

In my opinion,

- (i) the controls exercised by the Department of Treasury and Finance provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Department at June 30, 2004 and its financial performance and cash flows for the year ended on that date.

Scope

The Under Treasurer's Role

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

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

Summary of my Role

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

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

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

D D R PEARSON
AUDITOR GENERAL
October 13, 2004

4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664

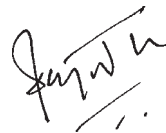
Certification of Financial Statements

The accompanying financial statements of the Department of Treasury and Finance have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the year ending 30 June 2004 and the financial position as at 30 June 2004.

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.



Tim Marney
ACCOUNTABLE OFFICER



G Jayasinghe
PRINCIPAL ACCOUNTING OFFICER

15 August 2004

Financial Statements

Statement of Financial Performance

for the year ended 30 June 2004

	Note	2003–04 (\$'000)	2002–03 (\$'000)
COST OF SERVICES			
Expenses from ordinary activities			
Employee expenses	4	41,577	32,943
Depreciation and amortisation	5	4,319	4,174
Supplies and services	6	22,094	23,751
Administration expenses	7	4,110	3,456
Accommodation expenses	8	4,681	4,306
Capital user charge	9	2,106	2,503
Total cost of services		78,887	71,133
Revenues from ordinary activities			
<i>Revenue from operating activities</i>			
User charges and fees	11	14,701	6,861
Proceeds from disposal of non-current assets	10	–	10
Total revenues from ordinary activities		14,701	6,871
NET COST OF SERVICES		64,186	64,262
Revenues from State Government	13		
Output Appropriations		55,595	52,454
Liabilities assumed by the Treasurer		279	825
Resources received free of charge		7,644	8,585
Total revenues from State Government		63,518	61,864
CHANGE IN NET ASSETS		(668)	(2,398)
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS		(668)	(2,398)

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

Statement of Financial Position

for the year ended 30 June 2004

	Note	2003-04 (\$'000)	2002-03 (\$'000)
CURRENT ASSETS			
Cash assets	22	13,466	14,062
Restricted cash assets	13	1,260	–
Prepayments		330	399
Receivables	14	3,099	4,232
Amounts receivable for outputs	15	1,131	1,431
Total Current Assets		19,286	20,124
NON-CURRENT ASSETS			
Restricted cash assets	13	–	934
Furniture, fittings, equipment and software	16	18,285	20,310
Intangible assets	17	262	298
Amounts receivable for outputs	15	11,033	7,538
Total Non-current Assets		29,580	29,080
TOTAL ASSETS		48,866	49,204
CURRENT LIABILITIES			
Payables	18	2,951	5,798
Accrued salaries	19	1,668	818
Provisions	20	7,937	6,354
Total Current Liabilities		12,556	12,970
NON-CURRENT LIABILITIES			
Provisions	20	4,233	3,889
Total Non-current Liabilities		4,233	3,889
TOTAL LIABILITIES		16,789	16,859
EQUITY			
	21		
Contributed equity		20,915	20,515
Accumulated surplus		11,162	11,830
TOTAL EQUITY		32,077	32,345
TOTAL LIABILITIES AND EQUITY		48,866	49,204

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

Statement of Cash Flows

for the year ended 30 June 2004

	Note	2003–04 (\$'000)	2002–03 (\$'000)
		Inflows/(Outflows)	Inflows/(Outflows)
CASH FLOWS FROM STATE GOVERNMENT			
Output appropriations		50,969	48,308
Capital contributions		400	–
Holding account drawdowns		1,431	822
Net cash provided by State Government		52,800	49,130
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee costs		(35,476)	((29,729)
Superannuation		(3,383)	(2,574)
Supplies and services		(14,760)	(14,871)
Capital user charge		(2,986)	(1,623)
Administration expenses		(2,735)	(1,731)
Accommodation expenses		(4,434)	(4,307)
GST payments on purchases		(3,830)	(1,955)
GST payments to taxation authority		(1,013)	(757)
Receipts			
User charges and fees		12,608	6,625
GST receipts on sales		2,026	630
GST receipts from taxation authority		3,125	2,555
Other receipts		114	2,080
Net cash used in operating activities	22	(50,744)	(45,657)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current physical assets		–	10
Payments for purchase of non-current physical assets		(2,326)	(1,417)
Net cash used in investing activities		(2,326)	(1,407)
NET INCREASE/(DECREASE) IN CASH HELD			
		(270)	2,066
Cash assets at the beginning of the financial year		14,996	7,084
Cash assets transferred from other sources		–	5,846
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	22	14,726	14,996

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

Output Schedule of Expenses and Revenues for the year ended 30 June 2004

	2003-04 \$'000	2003-03 \$'000	2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000	Total						
COST OF SERVICES																							
EXPENSES FROM ORDINARY ACTIVITIES																							
Employee expenses	5,858	5,544	838	1,602	2,505	2,750	1,675	1,530	1,692	1,843	2,183	2,498	16,271	13,131	1,956	1,280	8,547	2,765	51	0	41,577	32,943	
Depreciation and amortisation	686	498	25	144	82	247	46	137	49	61	95	83	1,440	1,716	46	174	1,851	1,114	0	0	4,319	4,174	
Supplies and services	280	1,157	173	335	543	574	52	319	132	467	229	633	8,816	9,475	52	130	10,020	10,661	1,797	0	22,094	23,751	
Administration expenses	99	5	1	1	37	2	76	1	15	3	40	5	2,670	1,672	27	31	1,146	1,735	0	0	4,110	3,456	
Accommodation expenses	781	8	386	2	186	4	203	2	214	3	337	5	7	1,878	0	175	2,567	2,229	0	0	4,681	4,306	
Capital User Charge	69	130	10	37	12	64	20	36	12	31	16	42	944	1,471	6	149	1,017	543	0	0	2,106	2,503	
Total cost of services	7,774	7,341	1,433	2,122	3,364	3,641	2,071	2,026	2,114	2,409	2,900	3,265	30,148	29,343	2,087	1,939	25,148	19,047	1,848	0	78,887	71,133	
REVENUES FROM ORDINARY ACTIVITIES																							
User charges and fees	14	196	511	60	9	120	4	51	4	6	6	9	3,148	3,089	216	22	8,941	3,308	1,848	0	14,701	6,861	
Proceeds from disposal of non-current assets	0	5	0	1	0	3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10
Total revenues from ordinary activities	14	201	511	61	9	122	4	52	4	6	6	9	3,148	3,089	216	22	8,941	3,308	1,848	0	14,701	6,871	
NET COST OF SERVICES	7,760	7,140	922	2,061	3,355	3,519	2,067	1,974	2,110	2,403	2,894	3,256	27,000	26,254	1,871	1,917	16,207	15,739	0	0	64,186	64,262	
Revenues from Government																							
Appropriations	6,912	6,529	838	1,987	3,019	3,974	1,848	1,703	1,895	2,364	2,594	3,401	23,784	18,584	1,647	1,950	13,058	11,961	0	0	55,595	52,454	
Liabilities assumed by the Treasurer	31	109	3	33	20	67	9	29	8	36	14	51	109	457	15	30	70	13	0	0	279	825	
Resources received free of charge	25	339	2	103	16	206	7	88	7	0	11	0	7,508	7,849	12	0	56	0	0	0	7,644	8,585	
Total revenues from Government	6,968	6,977	843	2,124	3,055	4,247	1,864	1,820	1,910	2,399	2,619	3,453	31,401	26,890	1,674	1,980	13,184	11,974	0	0	63,518	61,864	
CHANGE IN NET ASSETS	(792)	(163)	(79)	63	(300)	728	(203)	(153)	(200)	(4)	(275)	197	4,401	636	(197)	63	(3,023)	(3,765)	0	0	(668)	(2,398)	

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

Summary of Consolidated Fund Appropriations and Revenue Estimates *for the year ended 30 June 2004*

	2003–04 Estimate \$'000	2003–04 Actual \$'000	Variation \$'000	2003–04 Actual \$'000	2002–03 Actual \$'000	Variation \$'000
DELIVERY OF OUTPUTS						
Item 12	Net amount appropriated to deliver outputs	54,543	54,746	203	54,746	15,052
	Section 25 Transfer – DOIT	–	–	–	11,961	(11,961)
	Amount authorised by other statutes					
	<i>Salaries and Allowances Act 1975</i>	849	849	–	799	50
	Total appropriations provided to deliver outputs	55,392	55,595	203	52,454	3,141
	CAPITAL	400	400	–	–	400
	Capital Contribution					
ADMINISTERED						
RECURRENT ADMINISTERED						
<i>Community Service Obligations</i>						
Item 13	Electricity Corporation	32,932	39,204	6,272	34,170	5,034
Item 14	Forest Products Commission	1,300	1,300	–	1,570	(270)
Item 15	Water Corporation of Western Australia	267,075	268,393	1,318	258,403	9,990
Item 16	Western Australian Government Railways Commission	50,464	–	(50,464)	46,386	(46,386)
Item 17	Western Australian Land Authority	26,424	33,552	7,128	30,417	3,135
Grants, subsidies and transfer payments						
Item 18	Aerial Shark Surveillance Program	110	101	(9)	196	(95)
Item 19	Albany Port Authority	173	173	–	171	2
Item 20	Armadale Redevelopment Authority	750	750	–	–	750
Item 21	First Home Owners' Assistance	114,500	95,500	(19,000)	118,350	(22,850)
Item 22	GST Administration Costs	56,300	53,354	(2,946)	55,216	(1,862)
Item 23	HIH Insurance Rescue Package	600	99	(501)	237	(138)
Item 24	Midland Redevelopment Authority	200	500	300	250	250
Item 25	Office of Health Review	1,036	1,036	–	–	1,036
Item 26	On Road Diesel Subsidies	4,499	6,600	2,101	4,836	1,764
Item 27	Pensioner Concessions – Emergency Services Levy	3,500	3,650	150	–	3,650
Item 28	Pensioner Concessions – Local Government and Water Rates	35,223	41,150	5,927	38,418	2,732
Item 29	Provision for Unfunded Liabilities in the Government Insurance Fund	5,908	2,556	(3,352)	9,806	(7,250)
Item 30	Rail Access Regulator	640	395	(245)	545	(150)
Item 31	Refunds of Past Years Revenue Collections – Public Corporations	100	704	604	5,978	(5,274)
Item 32	Refunds of Past Years Revenue Collections – All Other	5,111	8,300	3,189	9,746	(1,446)
Item 33	State Housing Commission – Emergency Services Levy	1,300	1,300	–	–	1,300

Summary of Consolidated Fund Appropriations and Revenue Estimates *for the year ended 30 June 2004*

	2003-04 Estimate \$'000	2003-04 Actual \$'000	Variation \$'000	2003-04 Actual \$'000	2002-03 Actual \$'000	Variation \$'000
Item 34 State Housing Commission						
– General Housing Funding	1,000	2,000	1,000	2,000	–	2,000
Item 35 State Housing Commission						
– Indigenous Housing	18,483	18,483	–	18,483	11,551	6,932
Item 36 State Housing Commission –						
Subsidies for Housing	3,480	3,480	–	3,480	3,480	–
Item 37 State Propety – Emergency Services Levy	6,500	6,033	(467)	6,033	–	6,033
Item 38 Water Corporation of Western Australia	1,400	9,170	7,770	9,170	193	8,977
Item 39 Western Australian Building Management						
Authority Interest	9,191	7,989	(1,202)	7,989	10,142	(2,153)
Item 40 All Other Grants, Subsidies and Transfer Payments	3,675	3,564	(111)	3,564	3,215	349
Ex gratia Payments – Refund of Stamp Duty	–	10	10	10	–	10
Western Australian Gas Disputes Arbitrator	–	20	20	20	–	20
Administered grants subsidies and other						
transfer payments	–	–	–	–	11	(11)
Ord Irrigation Subsidy	–	–	–	–	2,801	(2,801)
Treasurer's Indemnity to the Insurance Commission	–	–	–	–	341	(341)
Water Corporation – State Water Strategy						
Rebate Scheme	–	–	–	–	2,426	(2,426)
State Housing Commission – General Housing Funding	–	–	–	–	2,500	(2,500)
Extended Payroll Tax Amnesty	–	–	–	–	3,959	(3,959)
Amounts Authorised by Other Statutes						
Financial Agreement Act 1995 – Interest	290	290	–	290	428	(138)
Gold Corporation Act 1987	64	45	(19)	45	46	(1)
Judges' Salaries and Pensions Act 1950	3,863	4,496	633	4,496	4,183	313
Loan (Financial Agreement) Act 1991						
– Interest	19,750	19,695	(55)	19,695	20,736	(1,041)
– Loan Guarantee Fees	636	636	–	636	657	(21)
Parliamentary Superannuation Act 1970	6,845	3,784	(3,061)	3,784	5,190	(1,406)
State Superannuation Act 2000	419,618	394,116	(25,502)	394,116	401,346	(7,230)
Unclaimed Money Act 1990	500	277	(223)	277	101	176
Western Australian Treasury Corporation Act 1986						
– Interest	36,124	31,616	(4,508)	31,616	35,945	(4,329)
– Loan Guarantee Fees	1,033	895	(138)	895	879	16
Unclaimed Money (Superannuation and RSA						
Providers) Act 2004	–	117	117	117	–	117
Total Recurrent Administered	1,157,527	1,082,263	(75,381)	1,082,263	1,124,825	(42,679)
ADMINISTERED CAPITAL						

Summary of Consolidated Fund Appropriations and Revenue Estimates *for the year ended 30 June 2004 (contd)*

	2003–04 Estimate \$'000	2003–04 Actual \$'000	Variation \$'000	2003–04 Actual \$'000	2002–03 Actual \$'000	Variation \$'000	
Government Equity Contributions							
Item 122	Armadale Redevelopment Authority	2,000	2,000	–	2,000	–	2,000
Item 123	Forest Products Commission	1,289	1,289	–	1,289	1,270	19
Item 124	Fremantle Port Authority	221	921	700	921	221	700
Item 125	State Housing Commission	15,500	15,500	–	15,500	15,000	500
Item 126	Western Australian Building Management Authority	7,033	7,033	–	7,033	7,066	(33)
Item 127	Western Australian Govt Railways Commission	64,216	–	(64,216)	–	101,215	(101,215)
Item 128	Western Australian Land Authority	5,000	5,000	–	5,000	5,000	–
	East Perth Redevelopment Authority	–	3,020	3,020	3,020	–	3,020
	Electricity Corporation	–	1,415	1,415	1,415	–	1,415
Authorised by Other Statutes							
	Financial Agreement Act 1995 – Sinking Fund	8,020	8,025	5	8,025	69	7,956
	Loan (Financial Agreement) Act 1991 – Capital Repayments	11,940	11,940	–	11,940	11,678	262
	WATC Act 1986 – Capital Repayments	–	148	148	148	38,765	(38,617)
Total Capital Contributions							
		115,219	56,291	(58,928)	56,291	180,284	(123,993)
GRAND TOTAL OF APPROPRIATION							
		1,272,746	1,138,554	(134,309)	1,138,554	1,305,109	(166,672)
Details of expenditure by outputs:							
	Resourcing of Services and Budget Development	7,160	7,774	614	7,774	7,341	433
	Asset Management and Financing	2,243	1,433	(810)	1,433	2,122	(689)
	Fiscal Management and Reporting	3,651	3,364	(287)	3,364	3,641	(277)
	Financial Management Framework						
	Development and Advice	1,879	2,071	192	2,071	2,026	45
	Structural Policy Development and Advice	2,233	2,114	(119)	2,114	2,409	(295)
	Economic, Revenue and Intergovernmental Policy						
	Development and Advice	3,398	2,900	(498)	2,900	3,265	(365)
	Revenue Assessment and Collection	29,966	30,148	182	30,148	29,343	805
	Grants and Subsidies Administration	2,374	2,087	(287)	2,087	1,939	148
	Development and implementation of public sector procurement arrangements and systems	27,384	25,148	(2,236)	25,148	19,047	6,101
	Unallocated	–	1,848	1,848	1,848	–	1,848
	Total cost of outputs	80,288	78,887	(1,401)	78,887	71,133	7,754
	Less: retained revenue	(21,895)	(14,701)	7,194	(14,701)	(6,871)	(7,830)
	Net Cost of Outputs	58,393	64,186	5,793	64,186	64,262	(76)
	Adjustment for movement in cash balances and other accrual items	(3,001)	(8,591)	(5,590)	(8,591)	(11,808)	3,217
	Total appropriations provided to deliver outputs	55,392	55,595	203	55,595	52,454	3,141
ADMINISTERED REVENUE							

Summary of Consolidated Fund Appropriations and Revenue Estimates *for the year ended 30 June 2004 (contd)*

	2003-04 Estimate \$'000	2003-04 Actual \$'000	Variation \$'000	2003-04 Actual \$'000	2002-03 Actual \$'000	Variation \$'000
Sale of Goods and Services	21,258	23,235	1,977	23,235	7,764	15,471
Taxation						
Stamp duty – insurance	289,000	278,693	(10,307)	278,693	220,245	58,448
Stamp duty – mortgages	95,500	114,880	19,380	114,880	95,571	19,309
Stamp duty – motor vehicles	230,000	273,042	43,042	273,042	231,685	41,357
Stamp duty – conveyancing and transfers	839,900	1,207,271	367,371	1,207,271	831,483	375,788
Stamp duty – share and marketable securities	–	12,005	12,005	12,005	6,626	5,379
Stamp duty – other financial and capital transactions	–	2,970	2,970	2,970	4,896	(1,926)
Stamp duty – rental business	26,500	26,863	363	26,863	24,296	2,567
Stamp duty – other	4,800	10,507	5,707	10,507	12,880	(2,373)
Payroll tax	1,067,900	1,151,431	83,531	1,151,431	1,018,339	133,092
Financial Institutions duty	–	–	–	–	1,671	(1,671)
Debits tax	95,600	96,671	1,071	96,671	94,863	1,808
Betting tax	48,500	54,651	6,151	54,651	47,307	7,344
Land tax	276,200	279,036	2,836	279,036	258,951	20,085
Metropolitan Region Improvement tax	42,500	43,627	1,127	43,627	38,902	4,725
Total taxation	3,016,400	3,551,647	535,247	3,551,647	2,887,715	663,932
Commonwealth grants						
Goods and services	3,006,100	3,157,926	151,826	3,157,926	2,954,336	203,590
Compensation (companies regulation)	15,800	15,694	(106)	15,694	15,282	412
Competition Reform Payment	74,600	33,587	(41,013)	33,587	72,011	(38,424)
Debt Redemption Assistance	3,100	3,092	(8)	3,092	3,134	(42)
First Home Owners Grant Scheme	–	–	–	–	5,506	(5,506)
Local Government (Financial Assistance Grants)	101,618	102,997	1,379	102,997	98,488	4,509
Local Government (Road Funding)	69,968	71,171	1,203	71,171	69,508	1,663
Mirror taxes	16,400	15,265	(1,135)	15,265	15,676	(411)
Non-government Schools	423,316	442,454	19,138	442,454	394,412	48,042
Pensioner Concession Assistance	16,100	16,172	72	16,172	15,583	589
RFA Forest Industry Structural Adjustment Program	5,000	–	(5,000)	–	–	–
Other	441	1,713	1,272	1,713	23,267	(21,554)
Total Commonwealth	3,732,443	3,860,071	127,628	3,860,071	3,667,203	192,868
Dividends and Taxes						
Government Enterprises – Dividends	428,487	442,456	13,969	442,456	381,589	60,867
Income Tax – Tax Equivalent Regime	219,913	303,906	83,993	303,906	235,108	68,798
Local Government Rates – Tax Equivalent Regime	8,356	5,968	(2,388)	5,968	5,281	687
Total Dividends and Taxes	656,756	752,330	95,574	752,330	621,978	130,352

Summary of Consolidated Fund Appropriations and Revenue Estimates *for the year ended 30 June 2004 (contd)*

	2003-04 Estimate \$'000	2003-04 Actual \$'000	Variation \$'000	2003-04 Actual \$'000	2002-03 Actual \$'000	Variation \$'000
Other Revenue						
Consolidated Fund Revenue Received from agencies	2,452,926	2,493,213	40,287	2,493,213	2,503,138	(9,925)
Capital User Charge	675,031	705,730	30,699	705,730	637,981	67,749
Interest	55,876	83,448	27,572	83,448	60,946	22,502
Loan Guarantee Fees	15,765	14,697	(1,068)	14,697	14,350	347
Pension Recoups	37,393	32,585	(4,808)	32,585	38,753	(6,168)
Consolidated Fund (superannuation reimbursement)	110,356	121,298	10,942	121,298	122,407	(1,109)
Other	3,982	22,900	18,918	22,900	18,833	4,067
Total Other Revenue	3,351,329	3,473,871	122,542	3,473,871	3,396,408	77,463
TOTAL ADMINISTERED REVENUE	10,778,186	11,661,154	882,968	11,661,154	10,581,068	1,080,086

The Summary of Consolidated Fund Appropriations and Revenue Estimates should be read in conjunction with the accompanying notes. This Summary provides the basis for the Explanatory Statement information requirements of TI 945. See note 25.

Notes to the Financial Statements

1. Departmental mission and funding

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

The Department is predominantly funded by Parliamentary appropriation. Revenues controlled by the Department are net appropriated under the Financial Administration and Audit (Net Appropriations) Determination 2004. The financial statements encompass all funds through which the Department controls resources to carry out its functions.

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

2. Significant accounting policies

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

(a) General statement

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

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 "Financial Reporting by Government Departments".

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

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

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

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

Notes to the Financial Statements (contd)

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

(c) Output Appropriations

Output Appropriations are recognised as revenues in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited into the Department's bank account or credited to the holding account held at the Department of Treasury and Finance.

(d) Contributed Equity

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

(e) Net Appropriation Determination

Pursuant to section 23A of the *Financial Administration and Audit Act*, the net appropriation determination by the Treasurer provides for retention of the following moneys received by the Department:

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

In accordance with the determination, the Department retained \$12.853m in 2003-04 (\$6.871m in 2002-03).

Retained revenues may only be applied to the outputs specified in the 2003-04 Budget Statements.

(f) Revenue Recognition – Controlled

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

(g) Acquisitions of assets

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

Assets costing less than \$1,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

(h) 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 future economic benefits.

Notes to the Financial Statements *(contd)*

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

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

(i) Intangible assets

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

(j) Employee Benefits

Annual leave

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

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provisions for employee benefits and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provisions for employee benefits and is measured at the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on costs, experience of departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash flows.

Superannuation

Staff may contribute to the Pension 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*. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The superannuation expense is comprised of the following elements:

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

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

Notes to the Financial Statements *(contd)*

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

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

(k) Employee benefit on-costs

Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses (See notes 4 and 20).

(l) Accrued Salaries

The accrued salaries suspense account consists of amounts paid annually into a suspense 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.

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. In addition provision was made for the 3.8% PSA salary increase from February, which was paid in 2004-05. Accrued salaries are settled within a few days of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(m) Receivables

Receivables (controlled and administered) are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition. Collectability is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

(n) Payables

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

(o) Leases

The Department has entered into operating lease arrangements for buildings, motor vehicles and office equipment where the lessors effectively retain all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(p) Computer software

Significant costs associated with the acquisition or development of computer software are capitalised and depreciated on a straight line basis over the periods of the expected benefit which varies from four to 13 years.

Notes to the Financial Statements *(contd)*

(q) Revenue recognition – administered

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

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

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

(r) Resources received free of charge or for nominal value

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

(s) Rounding

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

(t) Comparative Figures

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

(u) Cash

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

(v) The Impact of Adopting International Accounting Standards

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

AASB 1 requires an opening balance sheet as at 1 July 2004 and the restatement of the financial statements for the reporting period to 30 June 2005 on the IFRS basis. These financial statements will be presented as comparatives in the first annual financial report prepared on an IFRS basis for the period ending 30 June 2006.

Notes to the Financial Statements *(contd)*

AASB 1047 “Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards” requires financial reports for periods ending on or after 30 June 2004 to disclose:

(i) How the transition to Australian equivalents to IFRSs is being managed

The Department of Treasury and Finance has not considered it necessary to establish a project team or steering committee due to the low impact of IFRS upon its accounting policy. Instead Financial Services staff have been assessing and monitoring the impact of IFRS and has also employed an external independent consultant, Stamfords Advisors and Consultants to review the effect of IFRS upon the date of each IFRS milestone. The first being as of 1 July 2004 - with the need to determine opening balances. It has been determined that the Department has adequate Accounting Information Systems to collect the necessary information to comply with IFRS. The results of this external review have concluded that the impact is low except for some differences as follows.

(ii) Key differences in accounting policies that are expected to arise from adopting Australian equivalents to IFRS

The Department has identified the following key differences:

- Accounting Standard AASB 119 “Employee Benefits” requires Employee Entitlement Provisions for non current annual leave to be valued under a discounted cashflow basis. The Department has arranged PriceWaterhouse Coopers Actuaries to provide these calculations.
- Accounting Standard AASB 116 “Property Plant and Equipments” does not allow software that is not an integral part of operating Computer Hardware to be classified under this asset category. Instead classification of these assets would be under Intangibles as per AASB 138 “Intangibles”. These assets should be amortised according to the useful finite lives.

3. Outputs of the Department

Information about the Department's outputs and the expenses and revenues that are reliably attributable to those outputs is set out in the Output Schedule of Expenses and Revenues. Information about expenses, revenues, assets and liabilities administered by the Department are given in the schedule of Administered Expenses and Revenues and the schedule of Administered Assets and Liabilities. (Note 31)

The key outputs of the Department for 2003-04 are:

■ **Resourcing of Services and Budget Development**

To advise and manage the allocation of taxpayers resources to achieve government outcomes.

■ **Asset Management and Financing**

Management and investment of government's cash resources. Management of the financing and leasing of the government's light vehicle fleet. Provision of advice and analysis on alternative asset financing arrangements for existing or proposed public sector infrastructure and services.

■ **Fiscal Management and Reporting**

Development of policy advice on, and monitoring of fiscal strategy and financial targets for the Western Australian Government. Provision and publication of whole of government financial statements. Research and analysis of trends and issues in public sector finances.

■ **Financial Management Framework Development and Advice**

Research and development of policies for government relating to the financial management and resourcing framework for the Western Australian public sector. Advice and assistance to stakeholders, particularly public sector agencies, promoting a better appreciation and understanding of financial management initiatives and assisting with the implementation of endorsed policies. Advice in regard to interpretation of Accounting

Notes to the Financial Statements *(contd)*

Standards and legislative framework within which the Western Australian public sector discharges its financial management responsibilities.

■ **Structural Policy Development and Advice**

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

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

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

■ **Revenue Assessment and Collection**

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

■ **Grants and Subsidies Administration**

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

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

Leads a whole of Government approach to procurement that efficiently meets agency needs, manages risk and delivers savings to Government.

	2003-04 (\$'000)	2002-03 (\$'000)
4. Employee expenses		
Salaries	32,041	25,502
Superannuation	3,691	3,485
Annual Leave	2,952	1,850
Long Service Leave	1,748	1,002
Other related expenses	1,145	1,104
	41,577	32,943
5. Depreciation and amortisation		
Depreciation:		
Furniture and equipment	124	100
Computer equipment	1,762	1,343
	1,886	1,443

Notes to the Financial Statements *(contd)*

	2003-04 (\$'000)	2002-03 (\$'000)
Amortisation:		
Computing software	2,157	2,424
Office fit-out	240	240
Intangibles – computer systems development	36	67
	<u>2,433</u>	<u>2,731</u>
	<u>4,319</u>	<u>4,174</u>
6. Supplies and services		
Consultants and contractors	18,764	14,198
Consumables	448	601
Repairs and maintenance	491	202
Travel	439	461
Other	1,952	8,289
	<u>22,094</u>	<u>23,751</u>
7. Administration expenses		
Communication	1,708	1,238
Other	2,362	2,194
Carrying amount of non-current assets disposed of	40	24
	<u>4,110</u>	<u>3,456</u>
8. Accommodation expenses		
Lease rentals	4,439	4,085
Repairs and Maintenance - Buildings	133	142
Cleaning	109	79
	<u>4,681</u>	<u>4,306</u>
9. Capital User Charge		
A capital user charge rate of 8% has been set by the Government and represents the opportunity cost of capital invested in the net assets of the Department used in the provision of outputs. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Consolidated Fund on a quarterly basis.	<u>2,106</u>	<u>2,503</u>

Notes to the Financial Statements *(contd)*

	2003-04 (\$'000)	2002-03 (\$'000)
10. Net Gain/(Loss) on disposal of non-current assets		
Loss on disposal of non-current assets		
Computer equipment	(37)	(24)
Furniture and equipment	(3)	–
Less insurance recoveries/proceeds on disposal	–	10
Net gain/(loss)	<u>(40)</u>	<u>14</u>
11. User charges and fees		
Land Tax Enquiry Fees	2,878	2,829
Management Fees – State Fleet	510	412
Management Fees – Other	381	214
Government Procurement Services	8,899	3,309
Other	2,033	97
	<u>14,701</u>	<u>6,861</u>
12. Revenues from Government		
Appropriation revenue received during the year:		
Output appropriations (I)	<u>55,595</u>	<u>52,454</u>
	55,595	52,454
The following liabilities have been assumed by the Treasurer during the financial year:		
Superannuation (II)	<u>279</u>	<u>825</u>
Resources received free of charge have been determined on the basis of the following estimates provided by agencies (III):		
Office of the Auditor General		
– audit services	–	398
Department of Land Administration		
– valuation services	6,920	7,357
Department of Justice		
– legal costs	556	567
Department of The Premier and Cabinet		
– corporate services	168	263
	<u>7,644</u>	<u>8,585</u>
Total	<u>63,518</u>	<u>61,864</u>

Notes to the Financial Statements (contd)

	2003-04 (\$'000)	2002-03 (\$'000)
(I) Output appropriations are accrual amounts as from 1 July 2001, reflecting the full price paid for outputs delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.		
(II) The assumption of the superannuation liability by the Treasurer is only a notional revenue to offset the notional superannuation expense reported in respect of current employees who are members of the pension scheme and current employees who have a transfer benefit entitlement under the Gold State scheme.		
(III) Where assets or services have been received free of charge or for nominal consideration, the Department recognises revenues equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.		
13. Restricted cash assets		
Current		
Amount held in the accrued salary suspense account is only to be used for the purpose of meeting the 27 th pay in a financial year that occurs every 11 years. This amount will be used during 2004-05.	1,260	–
Non-current	–	934
14. Receivables		
Accounts receivable for services supplied	2,993	3,210
Provision for Doubtful Debts	(81)	(81)
Goods and Services Tax receivable – ATO	–	372
Land Tax Enquiry Fee Receivable	187	491
Other Receivables	–	240
	3,099	4,232
15. Amounts receivable for outputs		
Current	1,131	1,431
Non current	11,033	7,538
	12,164	8,969
This asset represents the non-cash component of output appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability		

Notes to the Financial Statements *(contd)*

	2003-04 (\$'000)	2002-03 (\$'000)
16. Furniture, fittings, equipment and software		
Furniture and equipment		
At cost	1,191	1,082
Accumulated depreciation	(887)	(690)
	304	392
Computer equipment		
At cost	8,929	6,890
Accumulated depreciation	(6,024)	(4,239)
	2,905	2,651
Computer software		
At cost	15,298	14,847
Accumulated depreciation	(7,827)	(6,506)
	7,471	8,341
At fair value	8,355	8,355
Accumulated depreciation	(1,554)	(718)
	6,801	7,637
Office fitout		
At cost	2,413	2,413
Accumulated depreciation	(1,674)	(1,434)
	739	979
Work in Progress	65	310
Total		
<i>At cost and at fair value</i>	36,251	33,897
Accumulated depreciation	(17,966)	(13,587)
	18,285	20,310

Notes to the Financial Statements (contd)

	2003-04 (\$'000)	2002-03 (\$'000)
Reconciliation of property, furniture, fittings, equipment and software		
Reconciliation of the carrying amounts of each class of asset at the start and the end of the current year are set out below.		
Furniture and equipment		
<i>At cost</i>		
Carrying amount at start of the year	392	233
Additions	37	260
Disposals	(1)	(1)
Depreciation expense	(124)	(100)
Carrying amount at the end of the year	304	392
Computer equipment		
<i>At cost</i>		
Carrying amount at start of the year	2,651	2,099
Additions	2,106	1,919
Disposals	(90)	(24)
Depreciation expense	(1,762)	(1,343)
Carrying amount at the end of the year	2,905	2,651
Computer software		
<i>At cost</i>		
Carrying amount at start of the year	8,341	10,007
Additions	451	40
Disposals	–	–
Depreciation expense	(1,321)	(1,706)
Carrying amount at the end of the year	7,471	8,341
<i>At fair value</i>		
Carrying amount at start of the year		
Additions	7,637	8,355
Disposals	–	–
Depreciation expense	(836)	(718)
Carrying amount at the end of the year	6,801	7,637
Office fit-out		
<i>At cost</i>		
Carrying amount at start of the year	979	1,219
Additions	–	–
Depreciation expense	(240)	(240)
Carrying amount at the end of the year	739	979

Notes to the Financial Statements *(contd)*

	2003-04 (\$'000)	2002-03 (\$'000)
Work in progress – Computer software		
<i>At cost</i>		
Carrying amount at start of the year	310	25
Additions	206	285
Transfer to assets	(451)	–
Carrying amount at the end of the year	65	310
Total carrying amount at start of the year	20,310	13,583
Additions	2,800	10,859
Disposals	(91)	(25)
Transfer to assets	(451)	–
Depreciation expense	(4,283)	(4,107)
Total carrying amount at the end of the year	18,285	20,310

The valuation of the software assets was carried out in 2002-03 in accordance with an independent valuation by the Valuer General's Office.

17. Intangibles

Computer systems development		
<i>At fair value</i>		
	365	365
Accumulated amortisation	(103)	(67)
	262	298

The valuation was carried out in 2002-03 in accordance with an independent valuation by the Valuer General's Office.

18. Payables

Goods and Services Tax Payable	245	–
Amounts owed for goods and services	2,706	5,798
	2,951	5,798

19. Accrued salaries

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

(9 working days 2003-04, 7 working days 2002-03)

	1,250	818
Increase in salary rates (March to June 2004)	418	–
	1,668	818

Notes to the Financial Statements (contd)

	2003-04 (\$'000)	2002-03 (\$'000)
20. Provisions		
Current		
Employee Benefits		
Annual leave	3,745	3,299
Long service leave	4,192	3,055
	7,937	6,354
Non-current		
Employee Benefits		
Annual leave	118	–
Long service leave	4,115	3,889
	4,233	3,889
<u>Employee Benefits</u>		
The aggregate employee entitlement liability recognised and included in the financial statements is as follows:		
Current	7,937	6,354
Non-Current	4,233	3,889
	12,170	10,243

21. Equity

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

Contributed Equity		
Opening balance	20,515	1,461
Capital contributions (i)	400	–
Contributions by owners (ii)	–	19,054
Closing balance	20,915	20,515
Accumulated Surplus		
Opening balance	11,830	14,228
Change in net assets	(668)	(2,398)
Closing balance	11,162	11,830

(i) From 1 July 2001, capital appropriations, termed capital contributions, have been designated as contributions by owners and are credited direct to equity in the Statement of Financial Position

(ii) Assets/liabilities transferred from the Department of Industry and Technology

Notes to the Financial Statements *(contd)*

	2003-04 (\$'000)	2002-03 (\$'000)
Cash	–	5,641
Restricted Cash	–	205
Receivables	–	2,864
Accrued Revenue	–	163
Prepayments	–	48
Amounts Receivable for Outputs	–	2,653
Computer Hardware	–	906
Computer Software	–	8,315
Plant & Equipment	–	220
Intangible Assets	–	365
Payables	–	(362)
Accrued Salaries	–	(26)
Employee Provisions	–	(1,938)
		<hr/> 19,054 <hr/>

22. Notes to the Statement of Cash Flows

(a) Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash includes cash at bank and restricted cash. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash Assets	13,466	14,062
Restricted Cash Assets (Refer note 13)	1,260	934
	<hr/> 14,726	<hr/> 14,996 <hr/>

b) Reconciliation of cash flows used in operating activities to net cost of services

Net cost of services	(64,186)	(64,262)
Non-cash items:		
Depreciation and amortisation	4,319	4,174
Resources received free of charge	7,644	8,585
Liabilities assumed by the Treasurer	942	825
Profit /(loss) on disposal of non current assets	40	14
(Increase)/decrease in assets:		
Receivables	97	(644)
Prepayments	69	101

Notes to the Financial Statements (contd)

	2003-04 (\$'000)	2002-03 (\$'000)
Increase/(decrease) in liabilities:		
Accrued salaries	850	131
Provisions	1,927	(470)
Payables	(3,063)	5,204
Other liabilities	–	–
Change in GST in Receivables/Payables	304	13
Net GST receipts/(payments)	313	672
Net cash (used in)/from operating activities	<u>(50,744)</u>	<u>(45,657)</u>

25. Expenditure Commitments

The Department has signed memoranda of understanding with the Department of Housing and Works in respect of the office accommodation at 197 St George's Terrace, 200 St George's Terrace and 2 Havelock Street.

These memoranda give rise to commitments as follows:

Lease commitments

197 St George's Tce

Payable no later than one year	1,925	1,884
Payable later than one, not later than five years	3,851	5,653
Payable later than five years	–	–

200 St George's Tce

Payable no later than one year	1,705	1,650
Payable later than one, not later than five years	4,263	5,775
Payable later than five years	–	–

Dumas House, 2 Havelock St

Payable no later than one year	961	803
Payable later than one, not later than five years	3,843	3,213
Payable later than five years	2,162	2,611

Commitments in relation to leases contracted for at reporting date but not recognised as liabilities are payable:

Payable no later than one year	4,750	3,323
Payable later than one year, not later than five years	12,071	49
Payable later than five years	2,162	–
	<u>18,983</u>	<u>3,372</u>

Representing:

Cancellable operating leases	271	186
Non-Cancellable operating leases	18,712	3,186
	<u>18,983</u>	<u>3,372</u>

There were no capital commitments

Notes to the Financial Statements *(contd)*

	2003-04 (\$'000)	2002-03 (\$'000)
26. Remuneration of Senior Officers		
Remuneration		
The number of Senior Officers whose total of fees, salaries, superannuation and other benefits received, or due and receivable, for the financial year, who fall within the following bands is:		
120,001 – 130,000	1	1
130,001 – 140,000	–	–
150,001 – 160,000	1	1
170,001 – 180,000	–	3
180,001 – 190,000	3	–
310,001 – 320,000	–	1
320,001 – 330,000	1	–
The Total Remuneration of Senior Officers is:	1,163	1,116
No senior officers are members of the Pension Scheme		

27. 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 the Consolidated Fund and operating account, all on an accrual basis. The following are explanations of significant variations. A significant variation is one that is in excess of 10% of the principal figure. In respect of any item for which there is not a significant variation, no explanation is given.

2003-04 Estimate vs 2003-04 Actual

Asset management and financing

The lower actual cost of this output was mainly due to the exclusion of the cost of some corporate services functions undertaken directly within this output. In arriving at the actual cost of the output, these corporate services functions were treated as corporate overheads thereby allocating only a portion of these costs back to the output. These costs were apportioned in accordance with the pre-determined methods for allocating corporate overheads.

Fiscal management and reporting

In 2003-04 this output included a new measure 'hours preparing budget papers', which came from two different output type/measures being 'number of reports' and 'hours of advice to government'. The cost of this new output type/measure for 2003-04 recognised the reallocation of the cost of the preparation of budget papers.

Economic, revenue and intergovernmental policy development and advice

The main reason for the favourable variance was the reduction in the cost of producing reports, publications and letters even though the number of reports and publications were above target.

Notes to the Financial Statements (contd)

Unallocated

This relates to the provision of services to other agencies from 1 July 2003, which do not form part of the costs of the outputs of the department.

Retained Revenue

The variance is mainly due to a change in policy whereby certain revenues for services provided were not recovered from other agencies.

2003-04 Actual vs 2002-03 Actual

Asset management and financing

The lower cost of this output was mainly due to the exclusion of the cost of some corporate services functions undertaken within this output. In arriving at the actual cost of the output for 2003-04, the corporate services functions were treated as corporate overheads thereby allocating only a portion of the corporate overheads back to this output. These costs were apportioned in accordance with the pre-determined methods for allocating corporate overheads.

Fiscal management and reporting

In 2003-04 this output included a new measure 'hours preparing budget papers', which came from two different output type/measures being 'number of reports' and 'hours of advice to government'. When back casting the cost of this new output type/measure for 2002-03, some of the advice to government was incorrectly allocated to hours preparing budget papers, thus overstating the 2002-03 cost for hours preparing budget papers.

Structural policy development and advice

The main reason for the variance was due to the reclassification of Economic Advice between the Structural Policy Development and Advice output and the Economic, Revenue and Intergovernmental Policy output.

Economic, revenue and intergovernmental policy development and advice

The main reason for the variance was due to the number of hours on intergovernmental relations and the number and cost of letters prepared being significantly lower during 2003-04 in comparison to the 2002-03.

This was partly offset by increases in hours of advice to government.

Grants and subsidies administration

The increase in 2003-04 reflects the transfer of taxation recoveries function from the Revenue Assessment and Collection output.

Development and implementation of public sector procurement arrangements and systems

The actual amount for 2002-03 represents expenses incurred in respect of the implementation of public sector procurement arrangements and systems from the Department of Industry and Technology during the transition period of five months. The actual for 2003-04 represents the cost for a full year.

Unallocated

This relates to the provision of services to other agencies from 1 July 2003, which do not form part of the costs of the outputs of the department.

Retained revenue

The variance is mainly due to additional retained revenue earned during 2003-04 from the implementation of public sector procurement arrangements and systems from the Department of Industry and Technology effective February 2003.

The revenue in 2003-04 included a full year's revenue in comparison to five months during 2002-03.

Notes to the Financial Statements (contd)

Supplementary Funding

During the year approval was given to expend in advance of the appropriation in accordance with Section 28 of the *Financial Administration and Audit Act* in respect to:

Advertising of taxation administration changes	90,000
Advertising of the annual budget papers	150,000

28. Trust Accounts – as at 30 June 2004

Details of trust accounts for which the Department is responsible are as follows:

2003-04 Transactions

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

Notes to the Financial Statements (contd)

Trust Accounts – as at 30 June 2003

Details of trust accounts for which the Department is responsible are as follows:

2002–03 Transactions

Name of Trust Account	Opening Balance	Receipts	Payments	Closing Balance
	\$	\$	\$	\$
Aboriginal Advance Capital Account	619,136	–	–	619,136
Accrued Salaries	74,766,931	14,340,678	80,846	89,026,763
BankWest Pension Trust	16,447,684	2,126,677	3,192,361	15,382,000
Dairy Adjustment Program Account	162,177	–	–	162,177
Departmental Receipts in Suspense	–	111,705,495	61,965,380	49,740,115
Independent Schools – General Building Grants	–	10,038,404	10,038,404	–
Independent Schools – Recurrent Grants Schools Assistance Acts	–	369,978,420	369,978,420	–
Jervoise Bay Infrastructure Development Trust Account	27,421,138	23,209,509	37,604,533	13,026,114
Local Authorities Tax Sharing Entitlements Account	38	167,995,621	167,995,621	38
Local Authorities – Shire Councils Loans Sinking Fund	359,728	21,902	0	381,630
Mortgage Moneys Under Transfer of Land Act	14,991	0	0	14,991
Non-Government Schools – Other Recurrent Grants	–	14,395,687	14,395,687	–
Petroleum Subsidy Scheme Account	50,000	33,042	40,111	42,932
Public Bank Account Interest Earned Account	2,697,109	49,523,003	49,299,222	2,920,890
Remittances Clearing Account – Commissioner of Taxation	–	1,719,570	1,830,766	(111,196)
Statutory Authorities Investment Account	95,465,249	21,624,940	15,935,398	101,154,791
Sundry Creditors	1,263,910	–	172,624	1,091,286
Departmental Receipts in Suspense – Office of State Revenue	123,921	300,153	308,581	115,493
Indian Ocean Territories	111,900	2,388,992	1,595,146	905,746
Unclaimed Moneys – Prepaid	894,189	715,353	1,261,595	347,946

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.

Notes to the Financial Statements (contd)

Accrued Salaries

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

BankWest Pension Trust

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

Dairy Adjustment Program Account

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

Departmental Receipts in Suspense – Treasury

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

Independent Schools – General Building Grants

To hold funds received from the Commonwealth Department of Employment, Education, Training and Youth Affairs for 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.

Jervoise Bay Infrastructure Development Trust Account

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

Local Authorities – Tax Sharing Entitlements Account

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

Local Authorities – Shire 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*.

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

Notes to the Financial Statements (contd)

Public Bank Account Interest Earned Account

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

Remittances Clearing Account – Commissioner of Taxation

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

Statutory Authorities Investment Account

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

Sundry Creditors

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

Departmental Receipts in Suspense – Office of State Revenue

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

Indian Ocean Territories

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

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.

	2003-04 (\$000)	2002-03 (\$000)
27. Contingent liabilities		
There were no contingent liabilities.	–	–
28. Supplementary Financial Information		
Write-offs		
Public and other property, revenue and debts due to the State were written-off in accordance with Section 45 of the <i>Financial Administration and Audit Act 1985</i> .		
Accountable Officer	115	118
Minister	–	13
Executive Council	–	–
	115	131

Notes to the Financial Statements *(contd)*

	2003-04 (\$000)	2002-03 (\$000)
Losses through theft and default		
Computer Equipment	–	24
Less insurance recoveries	–	10
Net loss	–	14
Cash Shortages	1	–

29. Affiliated Bodies

The Department has no affiliated bodies.

30. Service Delivery Arrangement (Indian Ocean Territories)

Revenue		
Amount brought forward	11,542	19,773
Commonwealth Payments	71,780	60,192
Total Funds Available	83,322	79,965
Expenditure		
Administration	(11,251)	(6,656)
Pay-Roll and Business Franchise	(18,128)	(16,428)
Stamp Duties and Land and Financial Taxes	(7,169)	(7,806)
Compliance	–	(37,533)
	(36,548)	(68,423)
Closing Balance (Amount to carry forward)	46,774	11,542

31. 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, receivables, payables, accrued salaries, and employee benefits are all non interest bearing.

Credit risk exposure

Receivables are the only financial instruments in which there is credit risk exposure. The credit risk is represented by the carrying amount.

Net Fair Value

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

Notes to the Financial Statements *(contd)*

32. 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 the items referred to in the Summary of Consolidated Fund Appropriations and Revenue Estimates

	2003–04	2002–03
	(\$'000)	(\$'000)
Administered Expenses and Revenues		
Expenses		
Superannuation	506,444	500,767
Borrowing costs	90,488	90,421
Appropriations	9,545,026	8,973,218
Capital contributions	661,989	515,130
Grants, subsidies and transfers	886,804	872,714
Other expenses	2,141	1,843
Collections transferred to other agencies	33,608	19,755
Total administered expenses	11,726,500	10,973,848
Revenues		
Taxation	3,551,647	2,887,715
Commonwealth grants	3,860,071	3,667,203
Government enterprises		
– Dividends	442,456	388,379
– Tax Equivalent Receipts	309,873	244,407
Capital user charge	705,730	640,698
Interest	83,448	60,946
Pension recoups	32,585	38,753
Loan guarantee fees	14,697	14,350
Consolidated Fund (Superannuation Reimbursement)	121,298	122,407
Other revenue	22,900	18,833
Collections raised on behalf of other agencies	34,025	19,342
Community funding	95,317	93,813
Total administered revenue	9,274,047	8,196,846

Notes to the Financial Statements *(contd)*

Note

The item "Consolidated Fund Revenue received from Agencies" (2003-04 \$2,453m, 2002-03 \$2,356m) identified in the Budget Papers as Treasury Administered has not been included in this schedule as the collection of those revenues is administered by other agencies and disclosed as administered revenues in the financial statements of the relevant agencies.

	2003-04	2002-04
	(\$'000)	(\$'000)
Administered Assets and Liabilities		
Administered Assets		
Current assets		
Cash resources	1,475,489	1,220,168
Investments	21,283	36,658
Treasurer's advances	12,220	12,227
Taxation receivable	152,575	92,443
Government enterprises		
– Dividends receivable	97,210	91,059
– Tax equivalents receivable	122,094	69,704
Recoverable advances	16,303	18,521
Other receivables	45,625	32,080
Total administered current assets	1,942,799	1,572,860
Non-current assets		
Investments	295,225	175,751
Recoverable advances	132,681	149,241
Total administered non-current assets	427,906	324,992
Total Administered Assets	2,370,705	1,897,852
Administered Liabilities		
Current liabilities		
Borrowings	477,139	20,091
Superannuation	515,347	386,886
Commonwealth grant overpayment	–	49,740
Interest payable	13,670	13,177
Appropriations payable	179,198	174,248
Trust account liabilities	1,323,148	1,270,768
Other payables	22,744	17,734
Total administered current liabilities	2,531,246	1,932,644

Notes to the Financial Statements (contd)

	2003-04 (\$'000)	2002-03 (\$'000)
Non-current liabilities		
Borrowings	293,318	770,457
Superannuation	4,954,990	4,737,662
Appropriations payable	1,029,096	611,971
Other payables	41,617	32,272
Total administered non-current liabilities	6,319,021	6,152,362
Total Administered Liabilities	8,850,267	8,085,006

Explanatory Statement for Administered Items

The Summary of Consolidated Fund Appropriations and Revenue Estimates discloses appropriations and other statutes expenditure, the actual expenditures made and the revenue estimates and revenues earned. The following table compares budget estimates and actual results for 2003/04 of items having significant variations, and explanations for the variations are given below. A significant variation is one that is in excess of 10% of the principal figure or \$5 million whichever is the greater.

	Estimate \$'000	2003-04 Actual \$'000	Variation \$'000	2003-04 Actual \$'000	2002-03 Actual \$'000	Variation \$'000	
Administered Expenditure							
Community Service Obligations							
Item 13	Electricity Corporation	32,932	39,204	6,272	39,204	34,170	5,034
Item 16	Western Australian Government Railways Commission	50,464	–	(50,464)	–	46,386	(46,386)
Item 17	Western Australian Land Authority	26,424	33,552	7,128	33,552	30,417	3,135
Other Administered Appropriations							
Item 21	First Home Owners' Assistance	114,500	95,500	(19,000)	95,500	118,350	(22,850)
Item 28	Pensioner Concessions - Local Government and Water Rates	35,223	41,150	5,927	41,150	38,418	2,732
Item 29	Provision for Unfunded Liabilities in the Government Insurance Fund	5,908	2,556	(3,352)	2,556	9,806	(7,250)
Item 31	Refunds of Past Years Revenue Collections – Public Corporations	100	704	604	704	5,978	(5,274)
Item 35	State Housing Commission - Indigenous Housing	18,483	18,483	–	18,483	11,551	6,932
Item 38	Water Corporation of Western Australia	1,400	9,170	7,770	9,170	193	8,977

Notes to the Financial Statements *(contd)*

	Estimate	2003-04 Actual	Variation	2003-04 Actual	2002-03 Actual	Variation
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered Capital						
Item 127 Western Australian Govt Railways Commission	64,216	–	(64,216)	–	101,215	(101,215)
Financial Agreement Act 1995 - Sinking Fund	8,020	8,025	5	8,025	69	7,956
WATC Act 1986 - Capital Repayments	–	148	148	148	38,765	(38,617)
Administered Revenue						
Sales of goods and services	21,258	23,235	1,977	23,235	7,764	15,471
Taxation						
Stamp duty - insurance	289,000	278,693	(10,307)	278,693	220,245	58,448
Stamp duty - mortgages	95,500	114,880	19,380	114,880	95,571	19,309
Stamp duty - motor vehicles	230,000	273,042	43,042	273,042	231,685	41,357
Stamp duty - conveyancing and transfers	839,900	1,207,271	367,371	1,207,271	831,483	375,788
Stamp duty - share and marketable securities	–	12,005	12,005	12,005	6,626	5,379
Stamp duty - other	4,800	10,507	5,707	10,507	12,880	(2,373)
Payroll tax	1,067,900	1,151,431	83,531	1,151,431	1,018,339	133,092
Betting tax	48,500	54,651	6,151	54,651	47,307	7,344
Commonwealth grants						
Competition Reform Payment	74,600	33,587	(41,013)	33,587	72,011	(38,424)
First Home Owners Grant Scheme	–	–	–	–	5,506	(5,506)
Non-government Schools	423,316	442,454	19,138	442,454	394,412	48,042
RFA Forest Industry Structural Adjustment Program	5,000	–	(5,000)	–	–	–
Other	441	1,713	1,272	1,713	23,267	(21,554)
Revenue from public corporations						
Government Enterprises - Dividends	428,487	442,456	13,969	442,456	381,589	60,867
Income Tax - Tax Equivalent Regime	219,913	303,906	83,993	303,906	235,108	68,798
Other Revenue						
Capital User Charge	675,031	705,730	30,699	705,730	637,981	67,749
Interest	55,876	83,448	27,572	83,448	60,946	22,502
Pension Recoups	37,393	32,585	(4,808)	32,585	38,753	(6,168)
Other	3,982	22,900	18,918	22,900	18,833	4,067

Notes to the Financial Statements *(contd)*

ADMINISTERED EXPENDITURE

Community Service Obligation (CSO) Payments

Item 13 Electricity Corporation

The increase on the outturn for 2002-03 and the variance from the 2003-04 Budget estimate is largely due to cost indexation and the compensation for State agencies transferred to lower tariff rates.

Item 16 Western Australian Government Railways Commission

The Western Australian Government Railways Commission ceased operations on 30 June 2003. All operations of the Commission were transferred to the new Public Transport Authority from 1 July 2003, with operating subsidies provided to the new agency via Output Appropriation.

Item 17 Western Australian Land Authority

Movement in the subsidy included the purchase of core land at the Kemerton Industrial Estate, development of the Kalgoorlie North West sector and holding costs for the Australian Marine Complex common user facility at Jervoise Bay. These items are of a one-off nature in 2003-04 (and hence not reflected in the 2002-03 outturn) and were not expected at the time of the 2003-04 Budget.

Other Administered Appropriations

Item 21 First Home Owners' Assistance

This scheme was introduced as part of the national tax reforms in 2000-01 and provides eligible persons \$7,000 in purchasing or building a first home. Lower expenditure outcomes, relative both to the 2002-03 actual and the 2003-04 Budget, reflect lower market activity levels by first home buyers. Additionally, lower levels of claims for the grant were made in the last months of 2003-04 following the announcement of significantly lower stamp duty costs for first home owners from the commencement of 2004-05.

Item 28 Pensioner Concessions – Local Government and Water Rates

The original Budget forecast for 2003-04 was exceeded following increased cost indexation pressure (a higher outturn in 2002-03 was apparent after the original 2003-04 Budget estimate was finalised) and the number of eligible claims increased in the year.

Item 29 Provision for Unfunded Liabilities in the Government Insurance Fund

Eligible claims requiring reimbursement from the Consolidated Fund declined relative to the unusually large 2002-03 actual.

Item 31 Refund of Previous Years' Revenue Collections – Public Corporations

The National Tax Equivalent Regime (NTER) promotes competitive neutrality through application of income tax laws between public sector NTER agencies and their privately held counterparts. The 2002-03 year included a significant one-off item associated with the operations of the Western Australian Land Authority. The 2003-04 outturn more closely reflects underlying levels of overpayment.

Item 35 State Housing Commission – Indigenous Housing

Under the Indigenous Housing Agreement between the State, the Commonwealth and the Aboriginal and Torres Strait Islander Commission, the State was required to make an increased matching contribution over the previous arrangement. The increase on the 2002/03 outturn reflects that obligation.

Item 38 Water Corporation of Western Australia

The first full year of the State Water Strategy Rebates Scheme (Water Wise) is reflected in the 2003-04 outturn. The scheme provides rebates to consumers purchasing approved low water use devices.

Notes to the Financial Statements *(contd)*

Administered Capital

Item 127 Western Australian Government Railways (WAGR) Commission

As noted above (see Item 16), the Commission closed on 30 June 2003. Appropriation arrangements with the Public Transport Authority commenced from 1 July 2003, including Capital Contributions replacing the budgeted equity contribution to the WAGRC.

Financial Agreement Act 1995 – Sinking Fund

This item is for contributions to the State's account maintained in the Commonwealth Debt Retirement Reserve Trust Account, for the repayment of borrowings previously raised by the Commonwealth on behalf of the State under the *Financial Agreement Act 1995*. A negligible amount of Commonwealth debt covered by this arrangement matured in 2002-03. Almost all such remaining debt matured in 2003-04.

Western Australian Treasury Corporation Act 1986 – Capital Repayments

AlintaGas sale proceeds were applied to make unscheduled capital repayments to retire existing debt in amounts matching borrowings raised by various general government agencies, such as the Commissioner of Main Roads, the Department for Planning and Infrastructure and the Department of Education Services. This produced a net benefit, as new borrowings raised by these agencies attracted a much lower interest rate than the older debt that was retired. Repayments for 2003-04 were significantly lower following the last such payments in 2002-03.

ADMINISTERED REVENUE

Sale of goods and services

The procurement role was transferred to Treasury during the February 2003 Machinery of Government changes which resulted in the closure of the Department of Industry and Technology, with functions distributed across a number of other agencies, including Treasury and Finance. Procurement activities on behalf of public sector agencies are subject to recoup arrangements recorded against this item.

The first full year of Treasury and Finance's procurement role is reflected in the 2003-04 outturn, compared with four and a half months operations in 2002-03.

Taxation

Stamp duty - insurance

Stamp duty on insurance policies was \$58.4 million higher in 2003-04 than in 2002-03 mainly due to the increase in the rate of stamp duty on general insurance policies from 8% to 10% from 1 July 2003. Stamp duty on insurance policies was lower than estimated at the time of the 2003-04 Budget, mainly due to weaker than expected growth in insurance premiums.

Stamp duty - mortgages

The 2003-04 result was higher than both the 2002-03 actual and the estimate in the 2003-04 Budget, due largely to stronger than anticipated activity in the residential property market.

Stamp duty - motor vehicles

Stamp duty on motor vehicles was higher in 2003-04 than in 2002-03 and above the estimate in the 2003-04 Budget due to a substantial increase in motor vehicle transfers.

Notes to the Financial Statements *(contd)*

Stamp duty – conveyancing and transfers

The actual result for 2003-04 was significantly higher than the 2002-03 actual and the collections anticipated in the 2003-04 Budget. The increase in revenue was the result of continued high levels of activity in the residential property market, the 15% increase in conveyance duty rates from 1 July 2003, and a number of large, one-off commercial property transactions.

Stamp duty – shares and marketable securities

Relative to the original Budget projection, increase in 2003-04 outturn reflects the impact of a large, one-off transaction. Stamp duty on non-traded shares and marketable securities was abolished from 1 January 2004, rather than from 1 July 2003 as assumed in the 2003-04 Budget estimates.

Stamp duty – other

Other stamp duties, which include duty on leases and cheques, was less in 2003-04 relative to 2002-03 due to the abolition of these taxes from 1 January 2004 as part of the Review of State Business Taxes. However, actual revenue in 2003-04 was higher than estimated at the time of the 2003-04 Budget, as the 2003-04 Budget estimates assumed that cheque and lease duty would be abolished from 1 July 2003.

Payroll tax

The actual result for 2003-04 was higher than the 2002-03 actual, mainly as a result of strong growth in employment and average weekly earnings. As a result of stronger than expected wages and employment growth concentrated in industries that traditionally pay more payroll tax, the actual result for 2003-04 exceeded the Budget estimate.

Betting tax

The increase in TAB betting tax revenue relative to both the 2002-03 actual and 2003-04 Budget largely reflects a small increase in the number of TAB outlets and an increase in the underlying tax base.

Commonwealth grants

Competition Reform Payments

On 8 December 2003, the Commonwealth Treasurer announced that National Competition Grants to Western Australia would be reduced by \$41 million, reflecting the National Competition Council's assessment of the State's progress in implementing particular reforms.

First Home Owners Grant Scheme

The Commonwealth provided an extension to the First Home Owners Grants scheme during 2001-02. Some eligible claims occurring by 30 June 2002 were funded by the Commonwealth during 2002-03. The extension scheme has since ended, although the \$7000 First Home Owners Grant still operates, funded through Commonwealth Goods and Services Tax grants.

Non-Government Schools

The Commonwealth provides assistance for non-government schools via grants on-passed through the State. The Commonwealth increased the level of support it provides to schools during 2003-04, with the increase in non-government sector funding reflected in this item.

RFA Forest Industry Structural Adjustment Program (FISAP)

The Commonwealth was originally expected to contribute to joint State/Commonwealth assistance to forest industry workers and businesses adversely affected by the Regional Forests Agreement process. During 2003-04, the Commonwealth decided instead to distribute its funding through alternative means.

Notes to the Financial Statements *(contd)*

Other - Commonwealth grants

Commonwealth contributions to the Marine Industry Technology Park (Jervoise Bay) project ended in 2002-03, ending a stream of grants totalling \$80 million over the project's construction.

Revenue from public corporations

Dividends

Compared to the 2002-03 actual, dividend revenue was higher in 2003-04, due largely to remittances from the Water Corporation of Western Australia (higher profitability due to the impact of developers' contributions), the Western Australian Land Authority (higher profit in 2003-04 following a period of low land sales in 2002-03), and the Western Australian Treasury Corporation (a higher dividend return reflecting a transfer of excess capital).

Tax Equivalent Revenue

Higher profitability in 2003-04 for the Water Corporation of Western Australia (resulting from the higher developers' contributions), and Western Power (higher revenue from operations resulting in increased profitability) are the principal factors in higher outcomes compared with both the 2002-03 actual and 2003-04 Budget estimate.

Other Revenue

Capital User Charge

Capital User Charge (CUC) arrangements are levied on the net asset base of agencies funded from Output Appropriations. The objective of the CUC is to promote efficient allocation of resources in agencies. The increase in 2003-04 relative to 2002-03 reflects the growing value of net assets of agencies subject to CUC arrangements.

Interest

Balances in the Public Bank Account were higher than expected in the 2003-04 Budget and when compared with the previous twelve month period. Accordingly, interest earned on these balances were higher during the year, compared with both the original 2003-04 Budget estimate and interest revenue in the previous year. Interest rate changes through 2003-04 also contributed to the increase relative to both the 2002-03 actual and 2003-04 Budget forecast.

Pension Recoups

The 2003-04 outturn was lower relative to the 2002-03 actual and 2003-04 Budget estimate due mainly to the transfer of remaining Metropolitan (Perth) Transport Trust superannuation liabilities to the Treasurer during 2003-04 (the 2003-04 actual being down \$4.4 million and \$3.7 million respectively). All other movements are attributable to minor variations in all other agencies' recoup payments.

Other

A range of unexpected one-off revenue items occurred during 2003-04. These included the transfer of accumulated cash reserves from the Water and Rivers Commission for unfunded superannuation liabilities assumed by the Treasurer (\$7 million), a reduction in the provision for doubtful debts for State taxation (\$5 million), the refund of unused appropriations for the Government Insurance Fund and Forest Products Commission (\$5 million), and a range of small revenue items (totalling around \$2 million). By their nature, these items were unexpected in the original 2003-04 Budget estimates.

Notes to the Financial Statements *(contd)*

Supplementary Funding

Supplementary funding approved and expended during 2003-04 was as follows.

Item Number	Description	Amount	Amount
		Approved	Expended
		\$'000	\$'000
13	Electricity Corporation	6,273	6,272
15	Water Corporation of Western Australia	1,318	1,318
17	Western Australian Land Authority	10,336	7,128
24	Midland Redevelopment Authority	300	300
26	On Road Diesel Subsidies	2,101	2,101
27	Pensioner Concessions - Emergency Services Levy	150	150
28	Pensioner Concessions - Local Government and Water Rates	5,927	5,927
31	Refunds of Past Years Revenue Collections - Public Corporations	959	604
32	Refunds of Past Years Revenue Collections - All Other	3,189	3,189
34	State Housing Commission - General Housing Funding	1,000	1,000
38	Water Corporation of Western Australia	9,200	7,770
124	Fremantle Port Authority	703	700
N/A	Ex gratia Payment- Refund of Stamp Duty	10	10
N/A	Western Australian Gas Disputes Arbitrator	20	20
N/A	Western Power Corporation Land Sale Proceeds	158	0
N/A	Government Equity contributions - East Perth Redevelopment Authority	3,020	3,020
N/A	Government Equity contributions – Western Power	1,470	1,415

The reasons for supplementary funding were:

Electricity Corporation

Pensioner and senior concession payments to Western Power Corporation exceeded the budget estimate. Additional funding was approved for the cost of L2 tariff migration.

Water Corporation of Western Australia

Increases in subsidies provided to the Corporation for rural irrigation and the in-fill sewerage schemes were partially offset by lower country water, drainage and sewerage and pensioner concession requirements.

Western Australian Land Authority

Movement in the subsidy included the purchase of core land at the Kemerton Industrial Estate, development of the Kalgoorlie North West sector and holding costs for the Australian Marine Complex common user facility at Jervoise Bay.

Midland Redevelopment Authority

Funding to meet operational costs associated with the security and maintenance of the Midland Railway Workshops.

Notes to the Financial Statements *(contd)*

On Road Diesel Subsidies

The number of litres claimed by major oil companies increased above original estimate. A number of small eligible back claims also emerged through the year.

Pensioner Concession Assistance – Emergency Services Levy

Higher than expected numbers of eligible claims emerged in the first year of operation of this concession assistance. The concession offsets the cost of increases due to new emergency services funding arrangements which commenced in 2003-04.

Pensioner Concession Assistance – Local Government and Water Rates

Additional funding was required for cost indexation and an increase in eligible claims.

Refund of Past Years' Revenue Collections – Public Corporations

The National Tax Equivalent Regime (NTER) promotes competitive neutrality through application of income tax laws between public sector NTER agencies and their privately held counterparts. Some agencies made excess NTER instalments and were eligible for a refund.

Refund of Past Years' Revenue Collections – All Other

Additional funding was provided after the assessment of eligible claims, mainly for payroll and land tax.

State Housing Commission – General Housing Funding

Funding to reimburse the Department of Consumer and Employment Protection for costs incurred in administering the Rental Accommodation Fund.

Water Corporation of Western Australia

Additional monies to support the State Water Strategy Rebates Scheme (Water Wise), with more than expected eligible claims, and extension of the scheme for a further year.

Fremantle Port Authority

Funding in support of a direct rail loop to the North Quay in Fremantle.

Ex-Gratia Payment – Refund of Stamp Duty

An ex-gratia refund of \$10,262 in stamp duty was granted on compassionate grounds.

Western Australian Gas Disputes Arbitrator

Funding for the additional costs of hearings for the Western Australian Gas Disputes Arbitrator.

Western Power Corporation Land Sale Proceeds

Following the sale of a Crown land reserve vested with the Corporation, part proceeds were returned to the agency under revenue sharing arrangements encouraging agencies to rationalise such asset holdings.

Government Equity Contributions – East Perth Redevelopment Authority

Funding provided to facilitate environmental remediation and building stabilisation of the East Perth Power Station.

Government Equity Contributions – Western Power

Funding provided to facilitate the Australian Greenhouse Office Grant - Esperance Wind Farm.

Appendices

Appendix A: Legislation Administered

The following is a list of the Acts of Parliament administered by Treasury and Finance during 2003-04, which are the responsibility of the Treasurer.

Advance Bank (Merger with St George Bank) Act 1998

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

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

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

Anzac Day Act 1960

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

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

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

Appropriation (Consolidated Fund) Acts (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 Authorisation Act*.

Bank Mergers Act 1997

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

Bank Mergers (Taxing) Act 1997

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

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.

Debits Tax Act 2002

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

Debits Tax Assessment Act 2002

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

Economic Regulation Authority Act 2003

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

Financial Administration and Audit Act 1985

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

Financial Agreement Act 1928

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

Financial Agreement Act 1995

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

Financial Institutions Duty Act 1983

To provide for the collection and administration of duty payable by financial institutions for certain dutiable transactions made prior to 1 July 2001.

Financial Relations Agreement (Consequential Provisions) Act 1999

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

First Home Owner Grant Act 2000

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

Government Financial Responsibility Act 2000

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

Appendix A: Legislation Administered (contd)

Judges' Salaries and Pensions Act 1950

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

Land Tax Act 2002

To impose a land tax in respect of certain land.

Land Tax Assessment Act 2002

To provide for the collection and administration of land tax.

Land Tax Relief Act 1991

To make special provision for the valuations to be used for the assessment of land tax and metropolitan region improvement tax for the 1991-92 land tax assessment year.

Land Tax Relief Act 1992

To make special provision for the valuations to be used for the assessment of land tax and metropolitan region improvement tax for the 1992-93 land tax assessment year.

Limitation Act 1935

Provides a limited time period for commencing actions and suits.

Loan Act

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

Northern Mining Corporation (Acquisition) Act 1983

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

Pay-roll Tax Act 2002

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

Pay-roll Tax Assessment Act 2002

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

Railways (Access) Act 1998

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

Rates and Charges (Rebates and Deferments) Act 1992

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

State Bank of South Australia (Transfer of Undertaking) Act

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

Stamp Act 1921

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

State Enterprises (Commonwealth Tax Equivalent) Act 1996

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

State Entities (Payments) Act 1999

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

State Trading Concerns Act 1916

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

Taxation Administration Act 2003

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

Taxation (Reciprocal Powers) Act 1989

To provide for reciprocal arrangements to enforce taxation laws within the Australian jurisdictions.

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.

Appendix A: Legislation Administered(contd)

Unclaimed Money (Superannuation and RSA Providers) Act 2003

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

WADC and WA Exim Corporation Repeal Act 1998

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

WAGH Financial Obligations Act 1990

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

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.

Appendix B: Amendments to Legislation Administered

The following is a summary of legislative changes assented to in 2003-04 in respect of the legislation we administer within the Treasurer's portfolio.

Anzac Day Trust 1960

Amendments were made to allow racing on a Sunday when Anzac Day falls on that day.

Business Tax Review (Assessment) Act (No. 2) 2003 and Business Tax Review (Taxing) Act (No. 2) 2003

These Acts represent the second tranche of Business Tax Review legislation and give effect to the stamp duty and debits tax recommendations of the Review. Specifically, the Acts include amendments to:

- abolish stamp duty on cheques, leases, unlisted marketable securities, life insurance policies, Workers Compensation Insurance (from 1 July 2004) and debits tax (from 1 July 2005);
- replace the current rental business duty regime with a broader based hire of goods regime;
- narrow the mortgage duty base and simplify the mortgage duty sharing arrangements;
- bring the Stamp Act more in line with modern business practices by addressing the use of put and call options to avoid or delay conveyance duty, exempting mining tenement farm-ins, providing relief for private unit trusts intending to float, and providing relief for wholesale unit trusts;
- increase the property value thresholds for the conveyance duty rebate for first home buyers;
- broaden the scope of the corporate reconstruction provisions; and
- broaden the conveyance duty base, by:
 - reducing the threshold of the land rich company provisions from 80 per cent to 60 per cent;
 - applying conveyance duty to chattels transferred with any type of dutiable property;
 - applying duty on intellectual property transferred in conjunction with a business;
 - including certain undocumented transfers of goodwill that currently do not attract duty;
 - including certain changes in beneficial ownership arising through court orders, schemes of arrangement, mergers and statutory vestings; and
 - applying duty to dispositions of units in public unit trusts which become private following such dispositions.

As a result of the Business Tax Review package, minor consequential amendments have been made to the *Taxation Administration Act 2003* and the *Land Tax Assessment Act 2003*.

Appendix B: Amendments to Legislation Administered (contd)

The Acts also implement changes that were not part of the Business Tax Review. These relate to the:

- nexus provision of the private unit trust provisions;
- ability to seek a determination under the land rich provisions;
- ability for the Commissioner to withdraw an assessment; and
- calculation of stamp duty on the issue of certain new motor vehicle licences.

Judges' Salaries and Pensions Act 1950

The Act was amended by the Acts Amendment and Repeal (Courts and Legal Practice) Bill 2002 to allow judges to commute part of their pensions in order to pay the superannuation surcharge tax that will become payable as a lump sum at the time of their retirement.

Other amendments stipulate:

- that a judge who has been removed from his or her office is not entitled to a pension unless the Governor decides otherwise;
- the consumer price index for Perth as the annual rate of increase in judicial pensions (removing the need for the Treasurer to determine the percentage increase); and
- the frequency for payments of pensions and allowances as monthly, or at such other frequency as is agreed between the Minister and the person entitled to the pension.

Revenue Laws Amendment Act 2004

The Act implements the stamp duty and land tax revenue relief measures announced as part of the 2004-05 State Budget. These relate to:

- providing stamp duty relief to eligible first home buyers;
- reducing stamp duty rates on conveyance of property; and
- creasing the lowest three thresholds of the land tax scale.

It also ensures that stamp duty is paid on the acquisition of a 90 per cent interest in a listed company that would otherwise be land rich.

Revenue Laws Amendment and Repeal Act 2004

The Act provides administrative support for the stamp duty and land tax revenue relief measures announced as part of the 2004-05 State Budget. The Act also increases the upper threshold for the concessional rate of duty for purchases of principal places of residence and low value business property from \$135,000 to \$200,000 and provides an exemption from land tax for land that is subject to a conservation covenant, which were also part of the 2004-05 Budget.

The Act also contains a number of other amendments which include:

- inserting new arrangements for the lodgement and payment of stamp duty on certain classes of conditional contracts;
- amending the mortgage duty provisions to recognise the abolition of mortgage duty in Victoria;
- extending the family farm conveyance duty exemption in limited circumstances;
- removing nominal duty from leases and mortgages executed as a deed;
- allowing a unit trustee applying for registration as an equity trust to hold options to acquire shares;
- repealing four redundant taxation Acts; and
- a number of other minor technical amendments.

Appendix C: Other Legislation

The Department of Treasury and Finance collected taxes, duties and fees and paid subsidies and rebates on behalf of other departments during 2003-04, in accordance with the legislation listed below.

Agriculture and Related Resources Protection Act 1976

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

Cattle Industry Compensation Act 1965

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

Indian Ocean Territories (Administration of Laws) Act 1992

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

Metropolitan Region Improvement Tax Act 1959

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

Metropolitan Region Town Planning Scheme Act 1959

To provide for the planning and development of land within the metropolitan region, and the collection and administration of a metropolitan region improvement tax.

Perth Parking Management Act 1999

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

Perth Parking Management (Taxing) Act 1999

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

Pig Industry Compensation Act 1942

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

Racing and Wagering Western Australia Act 2003

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

Racing and Wagering Western Australia Tax Act 2003

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

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

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

Appendix D: Publications

The Department of Treasury and Finance produced a number of publications in 2003-04, 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

Government of Western Australia Consolidated Financial Statements for the Year Ended 30 June 2003

Monthly Reports of General Government Finances

2004-05 Budget Speech – Budget Paper No. 1

2004-05 Budget Statements – Vols 1, 2 & 3 – Budget Paper No. 2

2004-05 Economic and Fiscal Outlook – Budget Paper No. 3

2004-05 Budget Overview

2004-05 Budget electronic version

Reader's Guide to the 2004-05 Budget Statements

2002-03 Government Financial Results Report

Quarterly Financial Results Reports

Accrual Appropriations and Capital User Charge – A User Manual – Second Edition

2003-04 Government Mid-Year Financial Projections Statement

Guide to Tendering with the Department of Treasury and Finance

Common Use Contract Guide

Procurement Matters Newsletter

Savings on Common Use Contracts

SPIRIT Project News

Western Australia's Final Submission to the Commonwealth Grants Commission 2004 Review
Progress Report: Implementing National Competition Policy in Western Australia – Report to the National Competition Council

Submission to the Review of the *Trade Practices Act 1974*

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

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

Quarterly Economic Brief

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

Reforming Western Australia's Taxation System

Overview of State Taxes

Land Tax General Information Brochure

Stamp Duty Fact Sheets

Stamp Duty on Rental Business Brochure

Special Tax Return Arrangements Brochure

Pay-roll Tax General Information Brochure

Pay-roll Tax Wages Definition Brochure

Pay-roll Tax Revenue Online Brochure

Pay-roll Tax Grouping Provisions Brochure

Pay-roll Tax Superannuation Brochure

Pay-roll Tax Fringe Benefits Brochure

Pay-roll Tax Calculation of Tax Payable Brochure

Treasury and Finance 2002-03 Annual Report

Treasury and Finance News

Appendix E: Freedom of Information

General Information

Agencies are required to publish annual information statements either as stand-alone documents or in agencies' annual reports. We have chosen to incorporate our Freedom of Information data in our Annual Report.

Formal Application

Where possible, information we hold will be made available on an informal basis and at no charge. Appendix D provides information on publications we released during 2003-04.

Individuals may make a formal application under the *Freedom of Information Act* for access to documents of ours that are not publicly available. Most of our corporate information is managed in paper format and is held in departmental files. However, we are in the process of moving to an electronic document management system.

A formal application for information must be:

- in writing;
- give enough information to enable the requested documents to be identified;
- give an Australian address to which notices can be sent;
- 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 one of our three Freedom of Information Coordinators.

For Treasury matters, applications should be directed to:

Mary Walton
FOI Coordinator
Treasury and Finance
13th Floor
197 St George's Terrace
PERTH WA 6000

Matters relating to the business of the Office of State Revenue (eg administration of a State tax/duty, the First Home Owner Grant) should be directed to:

Kristy Young
FOI Coordinator
Office of State Revenue
1st floor
200 St George's Terrace
PERTH WA 6000

For government procurement matters (eg common use contracts, tenders) applications should be directed to:

Eilishia Bardoe
FOI Coordinator
Government Procurement
6th Floor, Dumas House
2 Havelock Street
WEST PERTH WA 6005

Before lodging a formal application we suggest you discuss the matter with one of our Freedom of Information officers. Mary Walton can be contacted on (08) 9222 171, Kristy Young on (08) 9262 1319 and Eilishia Bardoe on (08) 9222 5349.

Under the *Freedom of Information Act 1992*, we are required to respond to applications for information within 45 days of receipt, unless an extension of time is granted. The average elapsed time to process applications during 2003-04 was 39 days.

Access to Information

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

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.

For more information and access to our Freedom of Information Application Form refer to our Internet website at www.dtf.wa.gov.au

Appendix E: Freedom of Information (contd)

2003-04 Applications

We received 17 Freedom of Information Act applications during 2003-04. Edited access was allowed for six of these applications, six applications were refused and one application was withdrawn. Two applications were subject to internal review, with both decisions being confirmed. Four applications were under consideration at 30 June 2004.

The applications covered a range of topics including pay-roll tax, the first home owners grant, mineral royalties, electricity reform and gaming machines.

Appendix F: Recordkeeping Plan

In March 2004 we submitted our Recordkeeping Plan to the State Records Commission for approval. Under the Plan, our recordkeeping systems will be evaluated every three years for efficiency and effectiveness.

We have in place a mandatory recordkeeping training program as part of our induction process for new employees. In addition, existing staff are invited to attend training on compliance with the Recordkeeping Plan.

Our recordkeeping program was reviewed at the beginning of 2004. As a result of the review, the induction program was amended to incorporate recordkeeping responsibilities, obligations and document management business rules, together with hands-on training on the Electronic Document and Records Management System (EDRMS) and an Individual Feedback Evaluation form. A committee has been established for ongoing improvements to this program.

The introduction of the new EDRMS included compulsory training on recordkeeping practices and application to business processes. The EDRMS has been implemented across 75 per cent of the Department, complete coverage is expected by the end of September 2004.

Appendix G: Human Resource Policies and Standards

Equal Opportunity/Diversity

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

We have policies and procedures in place in relation to equal opportunity and diversity, consistent with the general public sector standards. Specific strategies focusing on areas we would like to improve are covered in our Equity and Diversity Plan and related policies. These policies apply to all staff and can be accessed by staff through our Intranet facility.

Through our Employee Assistance Program we make available to staff and their immediate families the services of qualified external consultants to provide professional and confidential counselling services.

Disability Services

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

- 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 2003-04, there were no approaches made from the public for services to be modified to meet the needs of persons with disabilities.

Our Disability Services Plan was reviewed in January 2004 and modified slightly to ensure it remained current. The Plan is accessible to all staff through our intranet facility and to the public through our Internet site www.dtf.wa.gov.au

Public Sector Standards

We conduct ourselves and our activities in accordance with the Human Resource Procedures and Standards that we have developed internally. The Procedures and Standards are consistent with the Public Sector Standards and associated guidelines issued by the Office of the Public Sector Standards Commissioner. The Standards and Procedures, which are available for viewing on our Intranet, cover:

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

There were five breach of standard claims lodged during 2003-04. Three of these claims related to the Recruitment, Selection and Appointment Standard, and two related to the Grievance Standard. Three claims were withdrawn and the remaining two were resolved at departmental level, following an external review by an independent reviewer.

We have procedures in place to ensure compliance with the Public Sector Standards in Human Resource Management, Code of Ethics and the Department's Code of Conduct. Human Resource staff regularly assess human resource related activities against each of the Standards and Codes.

Code of Conduct

Treasury and Finance 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 undertaking their day to day duties. It also serves as a public demonstration by the Department and its officers of a commitment to professional integrity and accountability when conducting Treasury and Finance business.

Appendix G: Human Resource Policies and Standards (contd)

It also serves as a public demonstration by the Department and its officers of a commitment to professional integrity and accountability when conducting Treasury and Finance business.

Our Code of Conduct covers the following key areas:

- ethical behaviours;
- personal behaviour;
- business protocols;
- customer relations;
- communications protocols;
- use of departmental property;
- occupational health matters; and
- human resource matters.

The Code of Conduct applies to all officers, including those contracted or seconded to the Department. There is an ongoing awareness campaign in respect to our Code of Conduct amongst staff. The Code forms part of our induction process and is available for staff to view on our Intranet facility.

Compliance Statement

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



Timothy Marney

ACTING UNDER TREASURER

Appendix H: Disclosures

Public Interest Disclosure

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

In July 2003 we developed a set of procedures which outline the manner in which DTF will comply with its obligations under the Act. An internal briefing on Public Interest Disclosure was held for staff and the procedures are posted on our Intranet facility for staff to view. The Director Corporate Services was established as the Public Interest Disclosure Officer for Treasury and Finance.

There were no disclosures made during 2003-04.

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 2004 we incurred the following amounts:

- \$77,614 to advertise staff vacancies and \$160,072 to advertise the 2004-05 State Budget;
- \$4,000 to advertise unclaimed monies;
- \$90,000 to advertise taxation administration matters; and
- \$13,629 on customer satisfaction surveys.

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 have no such interests to disclose with respect to 2003-04.

Appendix I: Government Purchasing Charter

Under the *State Supply Commission Act* we are required to report our progress in complying with the Government Purchasing Charter.

Treasury and Finance has in place a purchasing policy which provides a formal framework and reference point to assist our officers to undertake purchasing in an appropriate and compliant manner.

All aspects of the procurement function are covered by the Policy, including detailed procedural and processing information, supported by a series of standard forms and pro-forma documents, through to the monitoring and reporting of our procurement activities.

The Policy closely follows the recommended procurement and contracting requirements promoted by the State Supply Commission in its *Buy Wisely Policy and Guidelines*. It has been adapted to meet our procurement activities and to take advantage of the administrative efficiencies of those goods and services offered through Common Use Contracts.

The main purpose of the Policy is to provide a comprehensive guide to Treasury and Finance officers when entering into purchasing arrangements. It outlines the need to test the market and to be in an informed position to make a value for money decision when committing departmental funds in the purchasing of goods and services. Built into the Policy is a level of practical flexibility while at the same time it addresses the issues of risk management.

The Policy represents a management system through which we can fulfil our commitment to the Government's Purchasing Charter.

Appendix J: Waste Paper Recycling

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

During 2003-04 there was 54.6 tonnes of waste paper collected from our Department for recycling. This waste paper was collected and recycled at no cost to the Department.

Appendix K: Energy Saving Initiatives

In accordance with the Government's Energy Smart Policy we undertook an audit of our energy consumption practices in June 2003. This assisted us to develop a set of strategies to help us to meet the Government's energy target savings of a 12 per cent reduction in energy usage by 2006-07 (compared with 2001-02).

Energy saving strategies recommended in the audit have been implemented in 2003-04 including:

- trialling the use of triphospher light tubes as a replacement for standard fluorescent tubes. In the trial area 64 standard tubes were replaced with 42 triphospher tubes resulting in a savings of 880 watts per hour or \$422.40 per year;
- having staff set their computers to the 'restart' mode and turn off their monitor when leaving the Office. This decreases the operating power of a computer to 7% and also reduces air conditioning energy consumption; and
- putting posters on noticeboards and stickers on light switches urging staff to 'turn off before they take off'.

Resource levels and floor area to accommodate the procurement function, which became a part of Treasury and Finance business in February 2003, continued to impact on our energy consumption.

Energy Smart Government Program	2001-02	2002-03	2003-04	Variation 2002-03 to 2003-04
Energy Consumption (GJ)	4,045	4,286	4,348	1.4
Energy Cost (\$)	182,952	181,646	187,318	3.1
Greenhouse Gas Emissions (tonnes of CO ₂)	1,034	1,095	1,090	-0.5
Performance indicators				
MJ/sqm	316	336	327	-2.7
MJ/FTE	22.45	21.97	22.51	2.5

Appendix L: Regional Policy Implementation

The Department of Treasury and Finance is represented on the Regional Policy Implementation Group, which is responsible for the implementation of the Regional Development Policy. We have been assigned responsibility for implementing specific outcomes of the Policy and to report our progress in our annual report. The following is a report against each of the Outcomes.

Outcome 1

Ensure the Public Interest Test for the National Competition Policy fully takes into account regional issues, views and potential impacts in every case.

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

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

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

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

Outcome 3

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

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

Outcome 5

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

We collected information relating to regional procurement activity and developed recommendations, which were incorporated into a report titled 'Procurement Reform within the Western Australian Government Sector'. Cabinet endorsed this report for implementation in December 2003. Since this time we have met with agency representatives to conduct workshops to facilitate the creation of regional Centres of Procurement Expertise in Bunbury, Kalgoorlie and Geraldton.

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Other Grants

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