

Part 19

Treasurer; Minister for Finance; Energy

Summary of Portfolio Appropriations

Agency	2016-17 Budget \$'000	2016-17 Estimated Actual '000	2017-18 Budget Estimate '000
Treasury			
– Delivery of Services	77,805	60,409	65,318
– Administered Grants, Subsidies and Other Transfer Payments	3,868,951	3,568,464	4,043,545
– Capital Appropriation	-	-	10
– Administered Capital Appropriation	1,055,412	915,970	1,217,679
Total	5,002,168	4,544,843	5,326,552
Economic Regulation Authority			
– Delivery of Services	2,704	2,704	2,640
Total	2,704	2,704	2,640
Office of the Auditor General			
– Delivery of Services	7,181	7,181	7,639
– Capital Appropriation	250	250	300
Total	7,431	7,431	7,939
Finance			
– Delivery of Services	154,361	159,047	152,507
– Administered Grants, Subsidies and Other Transfer Payments	277,888	237,046	259,682
– Capital Appropriation	29,109	28,763	15,932
Total	461,358	424,856	428,121
GRAND TOTAL			
– Delivery of Services	242,051	229,341	228,104
– Administered Grants, Subsidies and Other Transfer Payments	4,146,839	3,805,510	4,303,227
– Capital Appropriation	29,359	29,013	16,242
– Administered Capital Appropriation	1,055,412	915,970	1,217,679
Total.....	5,473,661	4,979,834	5,765,252

Division 33 Treasury

Part 19 Treasurer; Minister for Finance; Energy

Appropriations, Expenses and Cash Assets ^(a)

	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
DELIVERY OF SERVICES							
Item 49 Net amount appropriated to deliver services	86,699	76,423	59,027	63,936	60,453	56,002	53,507
Amount Authorised by Other Statutes - Salaries and Allowances Act 1975	1,382	1,382	1,382	1,382	1,382	1,382	1,382
Total appropriations provided to deliver services.....	88,081	77,805	60,409	65,318	61,835	57,384	54,889
ADMINISTERED TRANSACTIONS							
<i>Operating Subsidy Payments</i>							
Item 50 Bunbury Water Corporation	811	672	703	666	678	690	701
Item 51 Busselton Water Corporation.....	492	646	552	647	659	672	687
Item 52 Electricity Generation and Retail Corporation (Synergy)	379,194	386,467	326,391	249,004	106,663	112,761	113,952
Item 53 Mid West Ports Authority.....	-	5,445	5,445	4,994	-	-	-
Item 54 Public Transport Authority	776,829	806,180	798,772	838,550	858,405	898,431	925,559
Item 55 Regional Power Corporation (Horizon Power).....	31,386	44,128	48,892	20,200	10,039	9,768	9,900
Item 56 Southern Ports Authority.....	705	590	562	439	300	161	89
Item 57 Water Corporation of Western Australia	546,813	486,076	464,225	468,778	469,257	297,936	220,145
Item 58 Western Australian Land Authority... Forest Products Commission	33,467	36,279	39,294	45,305	35,428	25,423	25,496
	-	1,451	1,451	-	-	-	-
<i>Grants, Subsidies and Transfer Payments</i>							
Item 59 Bell Group Administration Wind-up and Associated Costs ^(b)	-	-	6,754	1,305	-	-	-
Item 60 Department of Justice ^(c)	16,004	33,278	22,434	11,509	11,997	11,683	14,616
Item 61 Goods and Services Tax (GST) Administration Costs	73,215	74,700	73,945	66,800	63,300	49,900	50,100
Item 62 Health and Disability Services Complaints Office.....	2,637	2,701	2,701	2,797	2,845	2,884	2,923
Item 63 Metropolitan Redevelopment Authority	10,231	26,105	13,196	37,288	10,101	-	-
Item 64 Provision for Unfunded Liabilities in the Government Insurance Fund.....	1,989	2,913	3,238	3,246	3,234	3,364	3,165
Item 65 Provision for Voluntary Targeted Separation Scheme ^(d)	-	-	-	300,000	-	-	-
Item 66 Refund of Past Years Revenue Collections – Public Corporations.....	93,252	10,000	6,456	10,000	10,000	10,000	10,000
Item 67 Royalties for Regions ^(e)	600,177	449,883	419,020	491,841	540,202	697,169	763,612
Item 68 Service Priority Review - Provision for Senior Executive Service Compensation Payments ^(f)	-	-	-	13,000	-	-	-
Item 69 State Property – Emergency Services Levy	16,000	16,000	16,000	16,000	16,630	16,793	16,723
Item 70 All Other Grants, Subsidies and Transfer Payments ^(g)	5,897	6,012	5,821	18,836	7,186	7,286	7,286
<i>Comprising:</i>							
Acts of Grace.....	-	5	200	300	300	300	300
First Home Owners Boost Recoveries	60	120	14	-	-	-	-
Incidentals	466	375	-	240	240	240	240
Interest on Public Moneys Held in Participating Trust Fund Accounts.....	4,541	4,585	4,677	5,510	5,610	5,710	5,710
Administration Costs – National Tax Equivalent Regime Scheme ^(h)	-	-	-	100	100	100	100
Town of Cambridge.....	-	-	-	11,750	-	-	-
Western Australian Treasury Corporation Management Fees.....	830	927	930	936	936	936	936

	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
National Disability Insurance Scheme							
Trial Sites ^(l)	47,705	64,160	44,600	-	-	-	-
Resolution of Native Title in the South West of Western Australia (Settlement) ^(l)	-	60,000	-	-	82,340	81,570	75,386
Western Australia Police ^(k)	-	-	-	-	11	25	352
<i>Authorised by Other Statutes</i>							
Judges' Salaries and Pensions Act 1950.....	14,074	15,680	15,526	16,478	17,346	18,262	19,225
<i>Comprising:</i>							
Benefit Payments	13,904	15,444	15,339	16,262	17,123	18,031	18,987
Administration Expenses ^(l)	170	236	187	216	223	231	238
Parliamentary Superannuation Act 1970	8,805	13,570	12,891	10,184	10,491	10,807	11,132
<i>Comprising:</i>							
Benefit Payments.....	8,597	13,293	12,665	9,931	10,229	10,536	10,852
Administration Expenses ^(l)	208	277	226	253	262	271	280
State Superannuation Act 2000.....	622,804	645,778	569,399	649,733	626,929	611,354	603,227
<i>Comprising:</i>							
Pension Scheme	208,462	194,792	191,396	185,826	177,342	168,579	159,968
<i>Comprising:</i>							
Benefit Payments	206,738	192,712	189,644	184,037	175,571	166,828	158,250
Administration Expenses ^(l)	1,724	2,080	1,752	1,789	1,771	1,751	1,718
Gold State Super	354,877	391,664	318,668	404,803	390,717	384,155	384,907
<i>Comprising:</i>							
Benefit Payments	349,807	385,670	313,309	399,195	385,204	378,742	379,566
Administration Expenses ^(l)	4,791	5,595	5,083	5,193	5,086	4,975	4,891
Government Services ^(m)	279	399	276	415	427	438	450
West State Super.....	59,465	59,322	59,335	59,104	58,870	58,620	58,352
Western Australian Health Promotion							
Foundation Act 2016.....	22,492	23,037	23,037	23,614	24,204	24,809	25,069
Unclaimed Money Act 1990.....	1,174	1,200	1,331	1,331	1,331	1,331	1,331
Unclaimed Money (Superannuation and RSA Providers) Act 2003.....	190	-	-	-	-	-	-
Loan Acts - Interest.....	542,451	656,000	645,828	741,000	873,000	1,021,000	1,168,000
TOTAL RECURRENT ADMINISTERED	3,848,794	3,868,951	3,568,464	4,043,545	3,782,576	3,914,079	4,068,676
CAPITAL							
Item 108 Capital Appropriation.....	-	-	-	10	-	-	-
<i>Government Equity Contributions</i>							
Item 109 Animal Resources Authority	-	500	800	1,320	-	-	-
Item 110 Department of Education ⁽ⁿ⁾	-	31,700	-	51,400	69,500	35,900	27,000
Item 111 Department of Finance ^(o)	-	-	-	1,200	5,200	-	-
Item 112 Department of Justice ^(e)	-	10,383	4,008	25,560	-	-	-
Item 113 Electricity Networks Corporation (Western Power).....	201,701	96,384	51,607	182,684	110,849	100,158	93,546
Item 114 Independent Market Operator ^(p)	-	-	-	40	-	-	-
Item 115 Pilbara Ports Authority	38,739	25,497	5,112	53,703	29,225	18,981	3,850
Item 116 Regional Power Corporation (Horizon Power).....	7,618	1,118	1,638	32,918	1,118	1,118	1,118
Item 117 Royalties for Regions ^(e)	317,429	353,545	329,259	403,512	396,927	268,338	215,838
Item 118 Southern Ports Authority.....	2,081	2,210	2,210	2,346	2,346	1,625	640
Item 119 WA Health ^(q)	31,782	34,656	11,287	55,616	46,465	10,372	48,653
Kimberley Ports Authority.....	10,575	-	-	-	-	-	-
Metropolitan Redevelopment Authority.....	63,000	2,420	-	-	-	2,420	-
Mid West Ports Authority	70,944	-	-	-	-	-	-
Provision for the Metropolitan Redevelopment Authority ^(r)	-	-	-	-	163,000	-	-
Water Corporation of Western Australia.....	14,036	-	-	-	-	-	-
Western Australian Land Authority.....	-	-	-	-	40,000	6,522	27,154
Western Australia Police ^(k)	-	-	-	-	5,229	11,975	24,168
<i>Other</i>							
Item 120 Perth Stadium Account.....	265,000	370,000	370,000	122,226	-	-	-
Item 121 Western Australian Future Fund ...	-	38,400	38,400	52,100	48,600	45,400	46,800
Perth Children's Hospital Account.....	44,000	-	-	-	-	-	-
<i>Authorised by Other Statutes</i>							
Loans (Co-operative Companies) Act 2004	31,600	-	13,050	3,400	-	-	-
Loan Acts – Repayment of Borrowings	-	88,599	88,599	229,654	35,600	35,255	37,509
TOTAL CAPITAL ADMINISTERED	1,098,505	1,055,412	915,970	1,217,679	954,059	538,064	526,276
GRAND TOTAL.....	5,035,380	5,002,168	4,544,843	5,326,552	4,798,470	4,509,527	4,649,841

	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES							
Total Cost of Services.....	92,816	85,808	61,791	74,435	71,409	67,090	64,171
Net Cost of Services ^(s)	92,725	85,410	61,641	73,941	70,570	66,341	64,073
CASH ASSETS ^(t).....	23,788	14,376	26,904	18,117	18,471	18,808	19,145

- (a) The 2015-16 Actual, 2016-17 Budget and 2016-17 Estimated Actual financial data has been recast for comparative purposes due to Machinery of Government changes to transfer out Strategic Projects and transfer in the Economic Reform Unit and the Public Utilities Office to/from the Department of Finance on 1 July 2017.
- (b) Reflects funding to wind up the operations of the Western Australian Bell Companies Administrator Authority, and meet outstanding Bell Group litigation related costs, primarily relating to the legal costs of the High Court of Australia and examination summons proceedings.
- (c) Reflects funding to be applied to the Custodial Infrastructure Program to be undertaken by the Department of Justice. The Department of Justice is required to submit business cases and planning details for Government approval to access these funds. The recurrent item also includes (in the 2015-16 Actual, 2016-17 Budget and 2016-17 Estimated Actual) provisions for the costs associated with the relocation of the Supreme Court (Civil) and office accommodation for the former Department of the Attorney General, to the David Malcolm Justice Centre.
- (d) The Voluntary Targeted Separation Scheme seeks to deliver ongoing savings estimated at around \$185 million per annum from 2018-19 by reducing public sector employee numbers by 3,000 full-time equivalents during 2017-18. The cost of separation payments for employees that accept an offer under the Scheme will be met by the Consolidated Account and is estimated at a total cost of \$300 million if the Scheme is fully subscribed. Further information on the Voluntary Targeted Separation Scheme is included in Budget Paper No. 3: Economic and Fiscal Outlook.
- (e) Appropriations to the Royalties for Regions Special Purpose Account are split between payments for recurrent and capital purposes (based on project information). Further detail on the Royalties for Regions program is available in Budget Paper No. 3: Economic and Fiscal Outlook.
- (f) Senior Executive Service numbers are to be reduced by 20% from current levels, with separation costs across the sector to be funded by the Consolidated Account (where agencies cannot meet compensation payments from existing Budget parameters). Ongoing savings of around \$26 million per annum from 2018-19 are expected to be achieved from this initiative.
Further detail of the Service Priority Review and other Budget repair measures is contained in Budget Paper No. 3: Economic and Fiscal Outlook.
- (g) All other items include all Administered Grants, Subsidies and Transfers not covered elsewhere by individual Acts.
- (h) Reflects National Tax Equivalent Regime administration costs charged by the Australian Taxation Office. The costs were reclassified from a Treasury controlled item to a Treasury administered item from 2017-18 onwards.
- (i) Amounts represent payments to the National Disability Insurance Agency (NDIA) to meet the State's funding contribution for the NDIA-operated National Disability Insurance Scheme trials. The 2016-17 Estimated Actual includes a credit of approximately \$20 million following the reconciliation of the State's 2015-16 payments.
- (j) Reflects funding held as a provision until the finalisation of the Settlement, which is expected in late 2018. Funding will be then transferred to relevant parties to execute the agreement.
- (k) Provision for the construction and associated project costs for a new Armadale Courthouse and Police Complex. The provision will be released to the Western Australia Police upon Government approval of a project definition plan.
- (l) Superannuation scheme administration expense reflects the costs of administering an unfunded defined benefit superannuation/pension scheme by an appropriation from the Consolidated Account.
- (m) Reflects the costs for regulatory support of State superannuation schemes where GESB or Treasury incurs these costs on behalf of the general government sector.
- (n) Reflects funding to be applied to the Department of Education's Asset Investment Program for the construction of North Butler Senior High School and expansion and redevelopment of Balcatta Senior High School and John Forrest Secondary College following the Government's approval of project definition plans for each project. The provision also includes funds for the construction of additional accommodation facilities at Shenton College following the Government's approval of a business case as well as the acquisition of land for North Butler Senior High School following the provision of a land valuation by the Valuer-General.
- (o) Provision of \$6 million allocated for the procurement of an asset management system to facilitate the delivery of Government office accommodation reforms. The provision will be released to the Department of Finance upon Government approval of a business case. Also includes provision of \$400,000 to upgrade the revenue collection information system, as part of the introduction of the point of consumption wagering tax.
- (p) Reflects costs associated with winding up the Independent Market Operator that cannot be attributed to industry participants.
- (q) Reflects funding applied to major health initiatives as part of WA Health's Asset Investment Program. WA Health is required to submit business cases and planning details for Government approval to access these funds.
- (r) Provision of an equity injection which can be drawn down by the Metropolitan Redevelopment Authority upon Government approval of project specific exit strategies and savings plans for various areas of its operations. The equity injection will reduce the Authority's borrowings associated with the Midland, Yagan Square and Riverside projects (by \$125 million) and regulatory planning and other corporate costs (by \$38 million).
- (s) Represents Total Cost of Services (expenses) less retained revenues applied to the agency's services. Reconciliation to the 'Total appropriations provided to deliver services' includes adjustments related to movements in cash balances and other accrual items such as resources received free of charge, receivables, payables and superannuation.
- (t) As at 30 June each financial year.

Spending Changes

Recurrent spending changes, other than cashflow timing changes and non-discretionary accounting adjustments, impacting on the agency's Income Statement since the publication of the 2016-17 Pre-election Financial Projections Statement on 9 February 2017, are outlined below:

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
2017-18 Streamlined Budget Process Incentive Funding	-	384	-	-	-
Freeze Salaries and Allowances Tribunal Determined Salaries	-	(25)	(51)	(77)	(104)
Revision to Indexation for Non-Salary Expenses	-	-	(289)	(408)	(527)

Significant Issues Impacting the Agency

Economic Outlook

- Western Australia's economic growth as measured by Gross State Product is expected to have bottomed in 2016-17 (with growth of just 0.25%), with forecast growth of 3% in 2017-18 underpinned by a strong rise in net exports. In contrast, the State's domestic economy (as measured by State Final Demand) is expected to contract for a fifth consecutive year in 2017-18, as business investment continues to fall (albeit at a much slower rate) from exceptionally strong peak levels in 2012-13.
- Income growth in the State remains weak. Record low wage growth and an expected third consecutive year of modest decline in the Perth median house price are projected to affect household budgets and contain growth in spending on consumption goods and residential property in 2017-18.
- An expected recovery in employment growth is underpinned by smaller taxpaying industries, while at the same time, weakness in wages is concentrated in payroll tax-intensive industries (like mining). This has resulted in weaker than anticipated underlying payroll tax collections.
- Population growth is anticipated to remain subdued, gradually lifting from just 0.7% in 2016-17 to 1.8% by 2020-21, well below the recent peak of 3.1% in 2012-13. Moderating population growth (due largely to falls in net overseas migration) has resulted in soft property market turnover and weaker than expected land tax collections.
- Volatility in international commodity markets remains a significant issue in terms of revenue forecasting. Treasury continues to devote significant attention to monitoring and analysing developments, particularly in the iron ore market.

State Finances

- The ongoing weakness in the domestic economy continues to impact on growth in taxation revenue, such as payroll tax and transfer duty. Volatility in commodity markets and a slower than previously expected recovery in the State's GST share are also contributing to a subdued revenue outlook.
- As a result, the fiscal outlook continues to be very challenging, with general government operating deficits forecast over the next three years before an expected return to an operating surplus in 2020-21.
- Total public sector net debt is forecast to increase to \$43.6 billion by 30 June 2021, up from an estimated \$32.5 billion at 30 June 2017. This includes the impact of significant revenue write-downs since the Pre-election Financial Projections Statement (PFPS), totalling \$5 billion over the period 2016-17 to 2019-20.
- The Government has implemented a new financial target as part of the 2017-18 Budget to reduce the proportion of total public sector net debt held by the non-income producing general government sector. The reduction in the general government revenue estimates since the PFPS has made this target difficult to achieve. However, the Budget repair measures implemented by the Government (see below) are expected to result in this target (and all of the Government's other financial targets) being met by the end of the forward estimates period.

Budget Repair

- The impact of lower revenue projections on the State's fiscal outlook has been largely offset by a range of Budget repair measures in this Budget. These measures are projected to deliver \$3.5 billion in net debt savings across the forward estimates period, and contribute to a projected return to an operating surplus in 2020-21. These measures include:
 - implementation of the Government's new \$1,000 Wages Policy and a freeze on salaries set by the Salaries and Allowances Tribunal (impacting Parliamentarians, judges and senior public servants), as well as savings expected from Machinery of Government changes and a reduction in Senior Executive Service numbers by 20%;
 - a new temporary progressive payroll tax scale for large employers;
 - an increase in the gold royalty rate;
 - the removal of indexation on non-salary costs for general government agencies; and
 - a range of efficiency savings to be applied to Government Trading Enterprises.
- The Government has also established a Debt Repayment Account through which repayments of central borrowings will occur. As part of this Budget, \$169.4 million from a large one-off stamp duty assessment in 2016-17, and \$168.6 million in surplus RiskCover funds, will be appropriated to this Account for the repayment of debt.

Commonwealth-State Financial Relations

- A high priority for Western Australia continues to be the development of proposals to promote opportunities for reform of the GST distribution. Treasury will continue to engage in the Productivity Commission's inquiry into horizontal fiscal equalisation (due to report in January 2018) and the Commonwealth Grants Commission's review of its methods for distributing GST revenue among jurisdictions (due to report in 2020).
- Treasury will support work through the Council on Federal Financial Relations on a range of initiatives to improve housing supply and affordability, including finalising a new National Housing and Homelessness Agreement with the Commonwealth Government.
- Treasury will work with the Commonwealth and other State Treasuries to investigate a nationally harmonised point of consumption wagering tax and will support the implementation of a new competition and productivity enhancing reform agreement.

Economic Reform

- Treasury is working with other government agencies to develop a new regulatory and red tape reform agenda for consideration by the Government. A key focus is to identify reforms that support jobs and economic growth. The proposed reform agenda is expected to include an expanded program of red tape reduction, including improvements to the regulatory impact assessment program, and a communication and engagement strategy to ensure the Government is responsive to industry and community concerns on red tape.

Public Utilities Office

- The Public Utilities Office, subject to Government approvals, will progress reforms to improve the efficiency and effectiveness of institutional arrangements and governance structures in the electricity market in the South West of the State, and enhance the efficiency of the Wholesale Electricity Market.
- The Public Utilities Office will undertake the scoping and design of an appropriate regulatory framework and system operator for the North West Interconnected System in the Pilbara region. The principal objective of this work will be to establish a light-handed regulatory arrangement that will enable a more coordinated and cost effective development of the region's electricity system. It will also facilitate third party access to promote competition in retail services to energy consumers in the Pilbara region.

Resource Agreement

The following performance information (financial and non-financial) is the subject of a Resource Agreement signed by the Accountable Authority and Treasurer under Part 3, Division 5 of the *Financial Management Act 2006*.

Outcomes, Services and Key Performance Information

The Outcomes, Services and Key Performance Information reflect Machinery of Government changes to transfer out Strategic Projects and transfer in the Economic Reform Unit and the Public Utilities Office to/from the Department of Finance on 1 July 2017. Where practical, the 2015-16 Actual, 2016-17 Budget and 2016-17 Estimated Actual have been recast for comparative purposes.

Relationship to Government Goals

Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the agency's services and desired outcomes, and the government goal it contributes to. The key effectiveness indicators measure the extent of impact of the delivery of services on the achievement of desired outcomes. The key efficiency indicators monitor the relationship between the service delivered and the resources used to produce the service.

Government Goal	Desired Outcomes	Services
Sustainable Finances: Responsible financial management and better service delivery.	Sustainable and transparent public sector finances.	1. Financial Management and Reporting
	A strong and competitive State economy.	2. Economic and Revenue Forecasts and Policy Development
	Value for money outcomes in service delivery and infrastructure provision.	3. Evaluation and Planning of Government Service Delivery and Infrastructure Provision
	A sustainable, efficient, secure and affordable energy sector.	4. Development and Implementation of Energy Policy

Service Summary

Expense	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual \$'000	Budget \$'000	Estimated Actual \$'000	Budget Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000
1. Financial Management and Reporting	9,881	9,260	9,238	10,203	9,459	9,535	9,552
2. Economic and Revenue Forecasts and Policy Development	8,711	9,608	8,957	10,459	9,639	9,207	9,226
3. Evaluation and Planning of Government Service Delivery and Infrastructure Provision	49,882	37,738	27,888	27,179	24,160	24,371	24,415
4. Development and Implementation of Energy Policy.....	24,342	29,202	15,708	26,594	28,151	23,977	20,978
Total Cost of Services	92,816	85,808	61,791	74,435	71,409	67,090	64,171

Outcomes and Key Effectiveness Indicators ^(a)

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Outcome: Sustainable and transparent public sector finances:					
Status of the State's credit rating.....	AA+/Aa2	AA+/Aa2	AA+/Aa2	AA+/Aa2	1
Unqualified audit opinion on the Annual Report on State Finances	Yes	Yes	Yes	Yes	
Outcome: A strong and competitive State economy:					
Accuracy of key general government revenue forecasts:					
Tax revenue ^(b)	-7%	+/-5%	-4%	+/-5%	
Mining revenue ^(c)	7.6%	+/-5%	36.2%	+/-5%	2
Accuracy of key economic forecasts (percentage point difference):					
Employment growth ^(d)	-1.6	+/-0.5	-0.7	+/-0.5	3
Real State Final Demand (SFD) growth ^(e)	-2.8	+/-2	-3.3	+/-2	4
Outcome: Value for money outcomes in service delivery and infrastructure provision:					
Percentage of the Department's material resource allocation recommendations complying with the service provision analysis framework...	100%	100%	100%	100%	
Percentage of highest value agencies complying with the Strategic Asset Management Framework or equivalent accredited mechanism	85%	100%	8%	100%	5
Outcome: A sustainable, efficient, secure and affordable energy sector:					
The extent to which policy and program development objectives for the year are achieved.....	92%	100%	83%	100%	6

(a) Further detail in support of the key effectiveness indicators is provided in the agency's Annual Report.

(b) The 2016-17 Actual for tax revenue will be released in the 2016-17 Annual Report on State Finances in late September 2017.

(c) The 2015-16 Actual for mining revenue differs from Treasury's 2015-16 Annual Report, as it has been updated to reflect the final outcome reported in the 2015-16 Annual Report on State Finances. The 2016-17 Actual for mining revenue will be released in the 2016-17 Annual Report on State Finances in late September 2017.

(d) The employment growth actuals used in calculating the accuracy of the employment forecasts differ from Treasury's estimates of the 2016 Census adjusted growth figures for 2015-16 and 2016-17 (as reported in Budget Paper No. 3). This reflects that the original forecasts were based on employment series that are not adjusted for the 2016 Census.

(e) The 2015-16 Actual for Real SFD growth differs from Treasury's 2015-16 Annual Report due to the revision of the historical series from the ABS. The 2016-17 Actual for Real SFD growth will be released by the ABS on 6 September 2017.

Explanation of Significant Movements

(Notes)

- During 2016-17, Western Australia's credit ratings remained unchanged from 2015-16. The prevailing challenges to the State's financial outlook are expected to take some time to resolve but are being actively managed by the State Government (details of the Government's Budget repair initiatives are available in the 2017-18 Budget Paper No. 3). Although the Government is seeking to address challenges to the financial outlook, an improvement in credit ratings is unlikely in 2017-18, with the current credit ratings forecast to be preserved over the coming financial year.
- Mining revenue was significantly higher than initially anticipated in 2016-17. This was primarily driven by an increase in Chinese demand, supported by policy stimulus, which increased prices for construction and industrial commodities, in particular iron ore.
- Employment growth was significantly lower than projected in 2016-17, largely due to a decline in full-time employment. This was in line with weaker than expected domestic economic conditions.
- The 2016-17 Estimated Actual for State Final Demand is expected to be 3.3 percentage points lower than the 2016-17 Budget forecast due to larger than expected weaknesses in the domestic economy, especially household consumption and business investment.
- The percentage of highest value agencies complying with the Strategic Asset Management Framework declined between the 2015-16 Actual and 2016-17 Estimated Actual. Although 46% of highest value agencies submitted a Ministerially endorsed Strategic Asset Plan to Treasury in 2016-17, only 8% of these were received within the required deadline to comply with the Strategic Asset Management Framework. In many instances, the delay in receiving Ministerial endorsement was attributable to the 2017 State Election.
- The 2016-17 Estimated Actual is less than the 2016-17 Budget as the Network Regulation Reform Bills did not pass through Parliament before the end of the Parliamentary term. The future direction of the network reform package is subject to consideration by the new Government.

Services and Key Efficiency Indicators

1. Financial Management and Reporting

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

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Total Cost of Service.....	\$'000 9,881	\$'000 9,260	\$'000 9,238	\$'000 10,203	
Less Income.....	7	8	10	9	
Net Cost of Service.....	9,874	9,252	9,228	10,194	
Employees (Full Time Equivalents).....	46	48	44	45	
Efficiency Indicator					
Percentage of Financial Reports Released as per Agreed Timeframes.....	100%	100%	100%	100%	

2. Economic and Revenue Forecasts and Policy Development

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

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Total Cost of Service.....	\$'000 8,711	\$'000 9,608	\$'000 8,957	\$'000 10,459	
Less Income.....	4	8	5	5	
Net Cost of Service.....	8,707	9,600	8,952	10,454	
Employees (Full Time Equivalents).....	42	50	44	50	
Efficiency Indicators					
Number of Ministerials, Briefings or Reports Provided on Economic Issues	597	350	314	350	1
Percentage of Regulatory Impact Statements Assessed within Agreed Timeframes.....	100%	90%	96%	90%	2

Explanation of Significant Movements

(Notes)

1. Ministerial correspondence on economic and revenue policy issues has reduced by 47% between the 2015-16 Actual and the 2016-17 Estimated Actual. This movement was driven by an abnormally high number of general public enquiries on land tax assessment changes in 2015-16, as well as a low number of briefings and reports prepared in the latter half of 2016-17 due to the 2017 State Election and associated Caretaker period.
2. An ongoing focus on customer service has continued to enable the achievement of higher results than targeted for this indicator. In 2016-17 one response to an agency on its Regulatory Impact Statement was one day over the ten day response target, leading to a result below 100%.

3. Evaluation and Planning of Government Service Delivery and Infrastructure Provision

This service involves investigating agencies' operations in respect of efficiency and effectiveness and advising Government on the allocation of taxpayer resources. It includes the analysis, evaluation and planning of government services to ensure value for money outcomes in key areas like Health, Justice, Education and infrastructure delivery.

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
	\$'000	\$'000	\$'000	\$'000	
Total Cost of Service.....	49,882	37,738	27,888	27,179	1
Less Income.....	43	25	35	438	
Net Cost of Service.....	49,839	37,713	27,853	26,741	
Employees (Full Time Equivalents).....	150	148	139	133	2
Efficiency Indicator					
Number of Expenditure Review Committee Papers on Service Delivery and Infrastructure Advice.....	67	100	65	100	3

Explanation of Significant Movements

(Notes)

1. The 2016-17 Estimated Actual is less than the 2016-17 Budget primarily due to the cessation of the Asset Sales Program.
2. Full Time Equivalents declined in 2016-17 as a result of a voluntary separation scheme undertaken as part of the Agency Expenditure Review process, as well as the cessation of several finite programs such as the Asset Sales Program.
3. The 2016-17 Estimated Actual is less than the 2016-17 Budget as a result of fewer issues being considered in the 2016-17 Mid-year Review than originally anticipated.

4. Development and Implementation of Energy Policy

This service was created following the transfer of the Public Utilities Office from the Department of Finance on 1 July 2017. The service encompasses the delivery of energy policy and programs to meet the State's energy needs.

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
	\$'000	\$'000	\$'000	\$'000	
Total Cost of Service.....	24,342	29,202	15,708	26,594	1
Less Income.....	37	357	100	42	
Net Cost of Service.....	24,305	28,845	15,608	26,552	
Employees (Full Time Equivalents).....	63	67	56	66	
Efficiency Indicator					
Average Cost of Policy/Project Development.....	\$27,675	\$22,687	\$20,831	\$33,043	2

Explanation of Significant Movements

(Notes)

1. The 2016-17 Estimated Actual was considerably less than the 2016-17 Budget as a result of delays in expenditure for the Electricity Market Review, and a carry forward of State Underground Power Program grant expenditure to the forward estimates.
2. A reduction in resources undertaking the policy and project development work has driven up the unit cost of each project activity. In addition, there has been a significant increase in the number of policy and project activities during 2016-17. This increase in activity numbers primarily relates to the Network Regulation Reform Bills that did not pass through Parliament before the end of the Parliamentary term. A decision on the network reform package is subject to consideration by the new Government.

Asset Investment Program

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-17 \$'000	2016-17 Estimated Expenditure \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
NEW WORKS							
Information and Communications Technology Replacement - 2017-18 Program.....	10	-	-	10	-	-	-
Total Cost of Asset Investment Program.....	10	-	-	10	-	-	-
FUNDED BY							
Capital Appropriation			-	10	-	-	-
Total Funding.....			-	10	-	-	-

Financial Statements

The 2015-16 Actual, 2016-17 Budget and 2016-17 Estimated Actual financial data has been recast for comparative purposes due to Machinery of Government changes to transfer out Strategic Projects and transfer in the Economic Reform Unit and the Public Utilities Office to/from the Department of Finance on 1 July 2017.

Income Statement

Expenses

The 2017-18 Budget Estimate includes a carryover of expenditure relating to the Electricity Market Review (\$4.9 million) and the State Underground Power Program (\$3.1 million).

Income

The reduction in service appropriation for the 2017-18 Budget Estimate is primarily attributable to the end of the Asset Sales Program.

Statement of Financial Position

The cash balance increased slightly between the 2016-17 Estimated Actual and 2017-18 Budget Estimate, primarily reflecting the cash carry-over for the Electricity Market Review.

INCOME STATEMENT ^(a)
(Controlled)

	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
COST OF SERVICES							
Expenses							
Employee benefits ^(b)	41,043	43,829	40,376	42,126	39,175	39,100	39,262
Grants and subsidies ^(c)	3,831	5,318	435	3,434	7,965	4,125	1,097
Supplies and services.....	40,682	29,108	13,989	21,293	16,630	16,232	16,187
Accommodation.....	4,056	5,101	3,976	5,274	5,340	5,321	5,313
Depreciation and amortisation.....	1,028	1,013	1,023	1,012	999	997	997
Other expenses.....	2,176	1,439	1,992	1,296	1,300	1,315	1,315
TOTAL COST OF SERVICES	92,816	85,808	61,791	74,435	71,409	67,090	64,171
Income							
Sale of goods and services.....	1	-	-	-	-	-	-
Other revenue ^(d)	90	398	150	494	839	749	98
Total Income	91	398	150	494	839	749	98
NET COST OF SERVICES	92,725	85,410	61,641	73,941	70,570	66,341	64,073
INCOME FROM STATE GOVERNMENT							
Service appropriations.....	88,081	77,805	60,409	65,318	61,835	57,384	54,889
Resources received free of charge.....	9,425	7,786	8,211	8,837	9,022	9,243	9,469
Royalties for Regions Fund:							
Regional and State-wide Initiatives.....	123	127	127	130	130	133	134
TOTAL INCOME FROM STATE GOVERNMENT	97,629	85,718	68,747	74,285	70,987	66,760	64,492
SURPLUS/(DEFICIENCY) FOR THE PERIOD	4,904	308	7,106	344	417	419	419

(a) Full audited financial statements are published in the agency's Annual Report.

(b) The Full Time Equivalents for 2015-16 Actual, 2016-17 Estimated Actual and 2017-18 Budget Estimate are 301, 283 and 294 respectively. In some cases the figures for 2015-16 and 2016-17 may differ from previously published figures due to changes in calculation methodology.

(c) Refer to the Details of Controlled Grants and Subsidies table below for further information.

(d) Other revenue in 2018-19 and 2019-20 includes \$1.4 million funding from the Department of Finance for the State Underground Power Program.

DETAILS OF CONTROLLED GRANTS AND SUBSIDIES

	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
Contributions to the Aboriginal Affairs							
Coordinating Committee.....	18	32	-	33	34	35	35
Contributions to the Australian Accounting Standards Board.....	49	51	49	52	53	54	54
Contributions to the Australian Energy Market Commission.....	85	85	119	85	85	85	85
Contributions to the Council of Australian Governments Energy Council Work Program.	17	150	267	150	150	150	150
State Contributions to the Underground Power Program.....	3,652	5,000	-	3,114	7,643	3,801	773
Contribution to Leadership WA.....	10	-	-	-	-	-	-
TOTAL	3,831	5,318	435	3,434	7,965	4,125	1,097

(a) Grant expenditure associated with the State Underground Power Program was re-positioned to 2018-19 and 2019-20 following the 2016-17 Budget.

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
CURRENT ASSETS							
Cash assets	23,788	14,262	26,790	17,889	18,129	18,349	18,567
Receivables	1,695	1,917	6,393	8,682	8,745	8,827	8,909
Other.....	54	2,774	4	4	4	4	4
Total current assets	25,537	18,953	33,187	26,575	26,878	27,180	27,480
NON-CURRENT ASSETS							
Holding account receivables.....	10,161	11,174	11,184	12,196	13,195	14,192	15,189
Property, plant and equipment.....	68	31	34	24	18	14	10
Intangibles	6,229	5,236	5,236	4,243	3,250	2,257	1,264
Restricted cash	-	114	114	228	342	459	578
Total non-current assets	16,458	16,555	16,568	16,691	16,805	16,922	17,041
TOTAL ASSETS	41,995	35,508	49,755	43,266	43,683	44,102	44,521
CURRENT LIABILITIES							
Employee provisions	7,437	7,661	7,437	7,437	7,437	7,437	7,437
Payables.....	5,073	515	1,493	5,683	5,683	5,683	5,683
Other.....	17	1,458	4,251	1,428	1,428	1,428	1,428
Total current liabilities	12,527	9,634	13,181	14,548	14,548	14,548	14,548
NON-CURRENT LIABILITIES							
Employee provisions	3,277	3,082	3,277	3,277	3,277	3,277	3,277
Other.....	4	4	4	4	4	4	4
Total non-current liabilities	3,281	3,086	3,281	3,281	3,281	3,281	3,281
TOTAL LIABILITIES.....	15,808	12,720	16,462	17,829	17,829	17,829	17,829
EQUITY							
Contributed equity	62,711	62,711	62,711	54,511	54,511	54,511	54,511
Accumulated surplus/(deficit).....	(36,524)	(39,923)	(29,418)	(29,074)	(28,657)	(28,238)	(27,819)
Total equity	26,187	22,788	33,293	25,437	25,854	26,273	26,692
TOTAL LIABILITIES AND EQUITY	41,995	35,508	49,755	43,266	43,683	44,102	44,521

(a) Full audited financial statements are published in the agency's Annual Report.

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
CASHFLOWS FROM STATE GOVERNMENT							
Service appropriations.....	87,053	76,792	59,386	64,306	60,836	56,387	53,892
Capital appropriation.....	-	-	-	10	-	-	-
Royalties for Regions Fund:							
Regional and State-wide Initiatives.....	123	127	127	130	130	133	134
Receipts paid into Consolidated Account.....	-	-	-	(8,200)	-	-	-
Net cash provided by State Government.....	87,176	76,919	59,513	56,246	60,966	56,520	54,026
CASHFLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee benefits.....	(41,101)	(42,632)	(39,517)	(42,126)	(39,175)	(39,100)	(39,262)
Grants and subsidies.....	(3,823)	(5,318)	(435)	(3,434)	(7,965)	(4,125)	(1,097)
Supplies and services.....	(31,105)	(29,671)	(15,125)	(12,363)	(7,514)	(6,896)	(6,625)
Accommodation.....	(4,004)	(5,101)	(3,976)	(5,274)	(5,340)	(5,321)	(5,313)
Other payments.....	(2,176)	(4,207)	(502)	(6,316)	(5,453)	(5,486)	(5,486)
Receipts ^(b)							
GST receipts.....	841	200	2,969	3,996	3,996	3,996	3,996
Other receipts.....	166	398	189	494	839	749	98
Net cash from operating activities.....	(81,202)	(86,331)	(56,397)	(65,023)	(60,612)	(56,183)	(53,689)
CASHFLOWS FROM INVESTING ACTIVITIES							
Purchase of non-current assets.....	(29)	-	-	(10)	-	-	-
Net cash from investing activities.....	(29)	-	-	(10)	-	-	-
NET INCREASE/(DECREASE) IN CASH HELD							
.....	5,945	(9,412)	3,116	(8,787)	354	337	337
Cash assets at the beginning of the reporting period.....	17,843	23,788	23,788	26,904	18,117	18,471	18,808
Cash assets at the end of the reporting period.....	23,788	14,376	26,904	18,117	18,471	18,808	19,145

(a) Full audited financial statements are published in the agency's Annual Report.

(b) A determination by the Treasurer, pursuant to section 23 of the *Financial Management Act 2006*, provides for the retention of some cash receipts by the Department. Refer to the Net Appropriation Determination table below for further information. Other receipts are retained under the authority of other relevant Acts of Parliament.

NET APPROPRIATION DETERMINATION ^(a)

	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
GST Receipts							
GST Input Credits.....	785	200	200	3,996	3,996	3,996	3,996
GST Receipts on Sales.....	56	-	2,769	-	-	-	-
Other Receipts							
Receipts from Senior Officer Vehicle Scheme....	67	65	64	64	66	68	68
Receipts from Department of Finance for the State Underground Power Program.....	-	-	-	-	743	651	-
Other Receipts.....	99	333	125	430	30	30	30
TOTAL.....	1,007	598	3,158	4,490	4,835	4,745	4,094

(a) The moneys received and retained are to be applied to the Department's services as specified in the Budget Statements.

DETAILS OF ADMINISTERED TRANSACTIONS

	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
INCOME							
Commonwealth Grants							
Compensation for Crude Oil Excise							
Condensate	29,206	25,139	34,481	29,616	28,142	27,126	26,257
GST Grants	1,880,697	2,035,400	1,944,335	2,229,200	3,030,200	3,966,600	4,651,700
Local Government (Financial Assistance Grants).....	85,363	176,764	261,901	89,693	186,973	197,029	199,135
Local Government (Road Funding)	53,771	107,556	163,171	55,617	115,415	121,071	121,809
Non-Government Schools.....	1,125,451	1,207,763	1,187,830	1,250,918	1,317,886	1,392,048	1,470,343
North West Shelf Grants.....	616,244	457,078	626,930	538,481	511,671	493,191	477,409
Other.....	2,412,774	2,355,045	2,056,794	2,744,780	2,227,422	2,298,061	3,820,061
Total Commonwealth Grants.....	6,203,506	6,364,745	6,275,442	6,938,305	7,417,709	8,495,126	10,766,714
GOVERNMENT ENTERPRISES							
Dividends							
Bunbury Water Corporation	1,218	1,807	1,983	1,914	2,011	2,037	1,998
Busselton Water Corporation.....	1,435	843	1,464	1,025	949	973	942
Electricity Generation and Retail Corporation (Synergy).....	70,331	2,786	-	144,208	1,282	23,199	62,010
Electricity Networks Corporation (Western Power).....	400,988	95,633	101,947	307,956	166,039	154,571	116,012
Forest Products Commission.....	562	501	2,530	1,901	-	477	2,094
Fremantle Port Authority.....	29,431	25,137	12,361	48,831	31,871	34,575	37,055
Gold Corporation.....	10,544	12,969	22,155	16,275	17,588	20,186	21,144
Insurance Commission of Western Australia ...	131,821	41,679	116,943	68,060	70,736	72,203	65,111
Kimberley Ports Authority	449	-	2,561	329	-	-	-
Land Information Authority.....	5,120	510	1,309	6,624	3,988	13,101	24,207
Mid West Ports Authority	11,485	4,174	5,293	14,382	10,691	9,890	9,972
Pilbara Ports Authority.....	100,464	101,791	13,085	209,442	144,994	140,262	131,696
Regional Power Corporation (Horizon Power) ...	32,159	18,760	16,389	47,186	21,121	21,093	22,977
Southern Ports Authority.....	15,661	14,522	6,279	44,798	29,028	30,655	32,037
Water Corporation of Western Australia	566,685	546,231	483,484	589,443	683,906	714,003	793,842
Western Australian Land Authority.....	31,653	31,069	43,219	59,947	31,069	31,069	31,069
Western Australian Treasury Corporation	10,496	7,460	7,297	12,155	16,061	18,401	21,048
Provision for Western Power ^(a)	-	78,639	-	81,582	75,688	77,888	81,229
Total Dividends	1,420,502	984,511	838,299	1,656,058	1,307,022	1,364,583	1,454,443
Income Tax Equivalent Regime							
Bunbury Water Corporation	1,935	1,677	1,665	1,571	1,591	1,562	1,881
Busselton Water Corporation.....	1,527	711	713	1,227	811	813	810
Electricity Generation and Retail Corporation (Synergy).....	39,154	5,515	13,360	4,609	7,246	4,426	34,319
Electricity Networks Corporation (Western Power).....	-	-	-	-	14,025	12,666	-
Forest Products Commission.....	4,052	-	366	-	273	1,196	1,258
Fremantle Port Authority.....	14,827	19,321	17,122	18,572	20,345	22,149	23,756
Gold Corporation.....	11,733	8,362	9,296	10,046	11,531	12,078	13,016
Insurance Commission of Western Australia ...	99,579	18,061	55,550	37,977	28,009	32,329	36,707
Kimberley Ports Authority	1,783	-	-	-	-	-	-
Land Information Authority.....	2,408	8,894	8,236	5,720	10,206	14,127	13,553
Mid West Ports Authority	7,522	1,090	3,931	3,037	5,202	4,046	4,508
Pilbara Ports Authority.....	66,152	71,229	55,197	66,385	85,055	78,625	74,114
Regional Power Corporation (Horizon Power) ...	12,518	13,608	14,011	48,248	10,398	12,608	13,304
Southern Ports Authority.....	11,316	9,632	10,089	12,286	12,712	13,500	14,065
Water Corporation of Western Australia	335,787	305,855	292,212	328,421	381,808	431,974	438,471
Western Australian Land Authority.....	14,073	19,046	5,351	9,291	9,493	10,858	19,214
Western Australian Treasury Corporation	4,871	6,322	6,946	9,178	10,515	12,027	12,479
Total Income Tax Equivalent Regime.....	629,237	489,323	494,045	556,568	609,220	664,984	701,455

	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
Local Government Rates Equivalent							
Bunbury Water Corporation	43	64	69	70	71	72	73
Busselton Water Corporation.....	54	27	27	59	62	66	69
Electricity Generation and Retail Corporation (Synergy).....	721	690	721	721	721	721	721
Electricity Networks Corporation (Western Power).....	1,330	1,627	1,627	1,668	1,710	1,710	1,761
Forest Products Commission.....	308	35	332	332	332	332	332
Fremantle Port Authority.....	732	762	768	807	847	889	934
Gold Corporation.....	1,095	1,033	1,049	1,080	1,112	1,146	1,180
Kimberley Ports Authority	148	106	151	158	161	164	168
Mid West Ports Authority	768	693	796	812	828	845	862
Pilbara Ports Authority	1,658	866	1,685	1,723	1,766	1,810	1,856
Regional Power Corporation (Horizon Power) ...	211	259	192	266	274	283	292
Southern Ports Authority.....	518	557	654	662	665	669	672
Water Corporation of Western Australia.....	6,244	5,949	5,861	5,993	6,143	6,296	6,454
Western Australian Land Authority.....	6,638	6,248	6,500	6,308	6,373	6,344	6,000
Total Local Government Rates Equivalent.....	20,468	18,916	20,432	20,659	21,065	21,347	21,374
Total Government Enterprises	2,070,207	1,492,750	1,352,776	2,233,285	1,937,307	2,050,914	2,177,272
Other							
Consolidated Account Revenue Received from Agencies.....	12,771,026	12,475,529	13,126,027	13,376,549	13,412,855	13,533,534	14,585,964
Gold State Superannuation Reimbursement ...	140,468	123,841	126,457	112,773	99,793	88,721	79,142
Interest.....	133,037	105,397	139,417	131,669	134,772	141,661	150,642
Loan Guarantee Fees.....	134,844	151,199	140,841	147,004	158,829	165,747	170,925
Pension Recoups	14,375	12,474	11,092	11,208	11,390	11,574	11,762
Other Revenue.....	35,688	19,607	19,994	17,425	17,425	17,425	17,425
Total Other Revenue	13,229,438	12,888,047	13,563,828	13,796,628	13,835,064	13,958,662	15,015,860
TOTAL ADMINISTERED INCOME	21,503,151	20,745,542	21,192,046	22,968,218	23,190,080	24,504,702	27,959,846
EXPENSES							
Superannuation (b).....	1,011,005	512,955	(198,581)	489,662	503,377	502,980	520,156
Interest.....	632,261	730,285	731,604	834,710	976,110	1,131,210	1,279,210
Appropriations for:							
Operating Subsidies	1,769,697	1,769,874	1,731,855	1,630,476	1,483,317	1,345,840	1,296,532
Services	15,464,510	15,896,091	16,042,564	16,567,638	16,309,611	16,494,953	16,497,741
Salaries and Allowances.....	105,199	109,800	109,394	107,102	107,614	107,679	109,642
Other Appropriations.....	2,152,530	2,320,259	2,182,388	2,141,060	2,199,293	2,284,250	2,348,008
Total Appropriations	19,491,936	20,096,024	20,066,201	20,446,276	20,099,835	20,232,722	20,251,923
All Other Expenses							
Commonwealth Grants On-Passed to Agencies.....	1,922,457	2,354,845	2,056,551	2,725,510	2,207,485	2,277,434	3,210,734
Local Government Financial Assistance Grants.....	85,363	176,764	261,901	89,693	186,973	197,029	199,135
Local Government Road Funding	53,771	107,556	163,171	55,617	115,415	121,071	121,809
Non-Government Schools.....	1,125,451	1,207,763	1,187,830	1,250,918	1,317,886	1,392,048	1,470,343
Royalties for Regions (c).....	698,245	439,421	462,387	521,186	564,881	741,444	781,877
Other Expenses.....	665	-	-	8,275	-	-	-
Total All Other Expenses	3,885,952	4,286,349	4,131,840	4,651,199	4,392,640	4,729,026	5,783,898
TOTAL ADMINISTERED EXPENSES	25,021,154	25,625,613	24,731,064	26,421,847	25,971,962	26,595,938	27,835,187

(a) The Budget incorporates a provision for Western Power to undertake capital expenditure of \$227.3 million in 2017-18 related to capacity enhancements and customer driven works. This provision recognises the inherent uncertainty of forecasting customer demand requirements. This provision will be transferred to Western Power's budget upon demonstration of project commitments. Release of the provision will see changes in dividends paid by Western Power.

(b) Includes non-cash costs (including actuarial valuation changes) that are not reflected in cash appropriations.

(c) Represents the expensing of Royalties for Regions (RfR) moneys to agencies. As well as these expenses, there are also capital payments made by the RfR program. For accounting purposes, these capital costs are not reflected in the schedule of administered operating transactions.

Division 34 Economic Regulation Authority

Part 19 Treasurer; Minister for Finance; Energy

Appropriations, Expenses and Cash Assets

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
DELIVERY OF SERVICES							
Item 71 Net amount appropriated to deliver services	2,438	2,704	2,704	2,640	2,059	1,619	1,683
Total appropriations provided to deliver services.....	2,438	2,704	2,704	2,640	2,059	1,619	1,683
TOTAL APPROPRIATIONS	2,438	2,704	2,704	2,640	2,059	1,619	1,683
EXPENSES							
Total Cost of Services.....	11,469	11,814	11,814	13,779	13,627	13,435	13,702
Net Cost of Services ^(a)	2,386	2,959	3,589	2,831	2,250	1,808	1,872
CASH ASSETS ^(b)	3,365	2,256	2,617	2,605	2,671	2,717	2,744

(a) Represents Total Cost of Services (expenses) less retained revenues applied to the agency's services. Reconciliation to the 'Total appropriations provided to deliver services' includes adjustments related to movements in cash balances and other accrual items such as resources received free of charge, receivables, payables and superannuation.

(b) As at 30 June each financial year.

Spending Changes

Recurrent spending changes, other than cashflow timing changes and non-discretionary accounting adjustments, impacting on the agency's Income Statement since the publication of the 2016-17 Pre-election Financial Projections Statement on 9 February 2017, are outlined below:

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
2017-18 Streamlined Budget Process Incentive Funding	-	21	-	-	-
Agency Expenditure Review Savings Measure - Reduction in Corporate Services Staff.....	-	(91)	(93)	(94)	(96)
Revision to Indexation for Non-Salary Expenses	-	-	(18)	(24)	(30)
Transfer of Independent Market Operator Functions to the Authority	-	2,477	2,404	2,032	2,069

Significant Issues Impacting the Agency

- Ongoing reform of the State's energy and water markets may have implications for the functions of the Authority.
- The Authority will continue to engage with the Australian Competition Tribunal and the Supreme Court of Western Australia over the appeal of the Authority's final decisions on the access arrangements for the Dampier to Bunbury Natural Gas Pipeline and the Goldfields Gas Pipeline.
- The Authority will undertake the review of proposed revisions to Western Power's access arrangement commencing in October 2017. Western Power's network charges were due to be reset on 1 July 2017. However, as proposed reforms to transfer gas and electricity third party access regulation to the Australian Energy Regulator did not eventuate, Western Power's network charges will remain unchanged until the proposed revisions are determined.
- The Authority is required to review its rate of return guidelines that will apply to future access arrangement reviews under the National Gas Law and National Gas Rules. The guidelines will be completed in the first half of 2018.
- The Authority is working with stakeholders to determine its reference (Inquiries) program for 2017-18.
- Collaboration with the Department of Treasury on the introduction of funding regulations for rail access.

Resource Agreement

The following performance information (financial and non-financial) is the subject of a Resource Agreement signed by the Minister, Accountable Authority and Treasurer under Part 3, Division 5 of the *Financial Management Act 2006*.

Outcomes, Services and Key Performance Information

Relationship to Government Goals

Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the agency's service and desired outcome, and the government goal it contributes to. The key effectiveness indicators measure the extent of impact of the delivery of services on the achievement of desired outcomes. The key efficiency indicators monitor the relationship between the service delivered and the resources used to produce the service.

Government Goal	Desired Outcome	Service
Better Places: A quality environment with liveable and affordable communities and vibrant regions.	The efficient, safe and equitable provision of utility services in Western Australia.	1. Submissions to the Economic Regulation Authority Governing Body

Service Summary

Expense	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual \$'000	Budget \$'000	Estimated Actual \$'000	Budget Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000
1. Submissions to the Economic Regulation Authority Governing Body	11,469	11,814	11,814	13,779	13,627	13,435	13,702
Total Cost of Services	11,469	11,814	11,814	13,779	13,627	13,435	13,702

Outcomes and Key Effectiveness Indicators (a)

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Outcome: The efficient, safe and equitable provision of utility services in Western Australia:					
Number of submissions made to the Authority's Governing Body	241	195	212	280	1
Rating by the Authority's Governing Body as to the content, accuracy and presentation of these submissions ^(b)	4.1	4	4.1	4	
Number (percentage) of submissions provided by the required deadline	90	100	94	100	2
Rating by the Authority's Governing Body as to their perception of the timeliness of submissions ^(b)	4.1	4	4.1	4	

(a) Further detail in support of the key effectiveness indicators is provided in the agency's Annual Report.

(b) Performance is rated as follows by the Authority's Governing Body: 1 = well below expectations; 2 = below expectations; 3 = satisfactory; 4 = above expectations; 5 = well above expectations.

Explanation of Significant Movements

(Notes)

- The number of submissions is expected to increase in 2017-18. The Authority will be undertaking the review of Western Power's access arrangement, revising the rate of return guidelines, and there will be increased activity with revising components of the Part V instruments (relating to rail access) for all of the railway operators. The Authority is also anticipating an increase in submissions due to an investigation of Synergy's pricing behaviour in the wholesale electricity market and for the additional review function transferred from the Independent Market Operator.
- The estimated percentage of submissions that met legislative deadlines in the 2016-17 Estimated Actual is 94%. This is less than the 2016-17 Budget target of 100% as two licence applications were not completed within 90 days.

Services and Key Efficiency Indicators

1. Submissions to the Economic Regulation Authority Governing Body

The Authority regulates monopoly aspects of the gas, electricity and rail industries and licenses providers of gas, electricity and water services. The Authority also enquires into matters referred to it by the State Government. In addition, the Authority has a range of responsibilities in the retailing of gas and surveillance of the wholesale electricity market in Western Australia.

The Authority's functions are designed to maintain a competitive, efficient and fair commercial environment, particularly where businesses operate as natural monopolies. In making its decisions, the Authority strives to benefit the Western Australian community by promoting an efficient and customer focused economy.

The requirement for the Authority to prepare performance indicators is limited to its management functions under section 23 of the *Economic Regulation Authority Act 2003*. As such, the quantity, quality and cost per submission that is prepared by the Authority Secretariat for consideration by the Governing Body is used to determine the Authority's performance and service efficiency.

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
	\$'000	\$'000	\$'000	\$'000	
Total Cost of Service.....	11,469	11,814	11,814	13,779	
Less Income.....	9,083	8,855	8,225	10,948	
Net Cost of Service.....	2,386	2,959	3,589	2,831	
Employees (Full Time Equivalents).....	50	52	52	58	
Efficiency Indicator					
Cost per Submission Made to the Economic Regulation Authority Governing Body.....	47,585	60,584	52,396	49,210	1

Explanation of Significant Movements

(Notes)

- While 2017-18 estimated expenditure is higher than in 2016-17, the target number of submissions is significantly higher which has reduced the cost per submission for the 2017-18 Budget Target compared to the 2016-17 Estimated Actual.

Asset Investment Program

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-17 \$'000	2016-17 Estimated Expenditure \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
COMPLETED WORKS							
Computer Hardware and Software Replacement.....	272	272	9	-	-	-	-
NEW WORKS							
Computer Hardware and Software Replacement.....	305	-	-	-	-	295	-
Office Equipment Replacement.....	20	-	-	-	-	20	-
Total Cost of Asset Investment Program.....	597	272	9	-	-	315	-
FUNDED BY							
Drawdowns from the Holding Account.....			9	-	-	315	-
Total Funding.....			9	-	-	315	-

Financial Statements

Income Statement

Expenses

The increase in Total Cost of Services in 2017-18 is a result of functions, previously undertaken by the Independent Market Operator, being transferred to the Authority. In addition, the Western Power access arrangement review will take place in 2017-18, which may incur consultancy costs.

Income

The amount the Authority receives in regulatory fees is affected by total expenditure and the amount of staff time spent on industry funded functions. The transfer of functions from the Independent Market Operator will increase the regulatory fees that the Authority receives from the wholesale electricity market. In addition, the costs associated with the review of Western Power's access arrangement will be recouped from Western Power.

Statement of Cashflows

The Statement of Cashflows generally reflects movements as per the Income Statement.

INCOME STATEMENT ^(a) (Controlled)

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
COST OF SERVICES							
Expenses							
Employee benefits ^(b)	7,490	8,372	8,372	9,406	9,481	9,622	9,765
Supplies and services	2,396	1,719	1,719	2,700	2,478	2,038	2,203
Accommodation	1,164	1,214	1,214	1,171	1,173	1,203	1,234
Depreciation and amortisation	49	49	49	55	55	55	55
Other expenses.....	370	460	460	447	440	517	445
TOTAL COST OF SERVICES	11,469	11,814	11,814	13,779	13,627	13,435	13,702
Income							
Regulatory fees and fines.....	8,966	8,775	8,145	10,866	11,294	11,544	11,745
Other revenue	117	80	80	82	83	83	85
Total Income.....	9,083	8,855	8,225	10,948	11,377	11,627	11,830
NET COST OF SERVICES	2,386	2,959	3,589	2,831	2,250	1,808	1,872
INCOME FROM STATE GOVERNMENT							
Service appropriations.....	2,438	2,704	2,704	2,640	2,059	1,619	1,683
Resources received free of charge	282	264	264	266	266	266	266
TOTAL INCOME FROM STATE GOVERNMENT	2,720	2,968	2,968	2,906	2,325	1,885	1,949
SURPLUS/(DEFICIENCY) FOR THE PERIOD.....	334	9	(621)	75	75	77	77

(a) Full audited financial statements are published in the agency's Annual Report.

(b) The Full Time Equivalents for 2015-16 Actual, 2016-17 Estimated Actual and 2017-18 Budget Estimate are 50, 52 and 58 respectively. In some cases the figures for 2015-16 and 2016-17 may differ from previously published figures due to changes in calculation methodology.

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
CURRENT ASSETS							
Cash assets	3,353	2,205	2,575	2,545	2,581	2,597	2,594
Restricted cash	12	21	12	-	-	-	-
Holding account receivables	9	-	-	-	315	-	-
Receivables	3,216	3,284	3,294	3,273	3,320	3,389	3,389
Other	187	116	187	187	187	187	187
Total current assets	6,777	5,626	6,068	6,005	6,403	6,173	6,170
NON-CURRENT ASSETS							
Holding account receivables	447	552	552	607	292	292	342
Property, plant and equipment	200	117	158	136	114	397	397
Intangibles	19	14	14	10	6	-	-
Restricted cash	-	30	30	60	90	120	150
Total non-current assets	666	713	754	813	502	809	889
TOTAL ASSETS	7,443	6,339	6,822	6,818	6,905	6,982	7,059
CURRENT LIABILITIES							
Employee provisions	1,666	1,426	1,610	1,610	1,547	1,547	1,547
Payables	685	568	685	606	618	618	618
Other	26	242	26	26	26	26	26
Total current liabilities	2,377	2,236	2,321	2,242	2,191	2,191	2,191
NON-CURRENT LIABILITIES							
Employee provisions	342	351	398	398	461	461	461
Other	1	1	1	1	1	1	1
Total non-current liabilities	343	352	399	399	462	462	462
TOTAL LIABILITIES	2,720	2,588	2,720	2,641	2,653	2,653	2,653
EQUITY							
Contributed equity	725	773	725	725	725	725	725
Accumulated surplus/(deficit)	3,998	2,978	3,377	3,452	3,527	3,604	3,681
Total equity	4,723	3,751	4,102	4,177	4,252	4,329	4,406
TOTAL LIABILITIES AND EQUITY	7,443	6,339	6,822	6,818	6,905	6,982	7,059

(a) Full audited financial statements are published in the agency's Annual Report.

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
CASHFLOWS FROM STATE GOVERNMENT							
Service appropriations.....	2,334	2,599	2,599	2,585	2,059	1,619	1,633
Holding account drawdowns.....	17	9	9	-	-	315	-
Receipts paid into Consolidated Account.....	(48)	-	-	-	-	-	-
Net cash provided by State Government.....	2,303	2,608	2,608	2,585	2,059	1,934	1,633
CASHFLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee benefits.....	(7,419)	(8,353)	(8,353)	(9,406)	(9,519)	(9,660)	(9,804)
Supplies and services.....	(2,055)	(1,751)	(1,751)	(2,695)	(2,445)	(1,994)	(2,172)
Accommodation.....	(955)	(993)	(993)	(961)	(950)	(981)	(1,004)
Other payments.....	(1,179)	(693)	(693)	(727)	(700)	(809)	(738)
Receipts ^(b)							
Regulatory fees and fines.....	8,894	8,736	8,106	10,827	11,255	11,505	11,738
GST receipts.....	432	267	267	293	293	293	300
Other receipts.....	141	70	70	72	73	73	74
Net cash from operating activities.....	(2,141)	(2,717)	(3,347)	(2,597)	(1,993)	(1,573)	(1,606)
CASHFLOWS FROM INVESTING ACTIVITIES							
Purchase of non-current assets.....	(95)	(9)	(9)	-	-	(315)	-
Net cash from investing activities.....	(95)	(9)	(9)	-	-	(315)	-
NET INCREASE/(DECREASE) IN CASH HELD.....	67	(118)	(748)	(12)	66	46	27
Cash assets at the beginning of the reporting period.....	3,298	2,374	3,365	2,617	2,605	2,671	2,717
Cash assets at the end of the reporting period.....	3,365	2,256	2,617	2,605	2,671	2,717	2,744

(a) Full audited financial statements are published in the agency's Annual Report.

(b) A determination by the Treasurer, pursuant to section 23 of the *Financial Management Act 2006*, provides for the retention of some cash receipts by the Authority. Refer to the Net Appropriation Determination table below for further information. Other receipts are retained under the authority of other relevant Acts of Parliament.

NET APPROPRIATION DETERMINATION ^(a)

	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
Regulatory Fees and Fines							
Industry Funding.....	8,894	8,736	8,106	10,827	11,255	11,505	11,738
GST Receipts							
GST Input Credits.....	432	267	267	293	293	293	300
Other Receipts							
Other Receipts.....	141	70	70	72	73	73	74
TOTAL.....	9,467	9,073	8,443	11,192	11,621	11,871	12,112

(a) The moneys received and retained are to be applied to the Authority's services as specified in the Budget Statements.

Insurance Commission of Western Australia

Part 19

Treasurer; Minister for Finance; Energy

Asset Investment Program

The Commission's Asset Investment Program for 2017-18 and across the forward estimates period totals \$19.7 million. The major components include:

- information and communications technology (ICT) hardware to replace network and server infrastructure, desktop workstations, storage, ICT security, enhanced disaster recovery capability, and imaging and workflow facilities; and
- ICT software incorporating systems developed for use by the Commission's customers, application development software, performance monitoring applications, core insurance system enhancements, general desktop applications and expenditure on the upgrade of a range of systems identified in the Commission's ICT strategic planning.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-17 \$'000	2016-17 Estimated Expenditure \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
COMPLETED WORKS							
Information Technology Hardware - 2016-17 Program.....	1,180	1,180	1,180	-	-	-	-
Information Technology Software - 2016-17 Program.....	3,080	3,080	3,080	-	-	-	-
Motor Vehicles - 2016-17 Program.....	559	559	559	-	-	-	-
Plant and Equipment - 2016-17 Program.....	127	127	127	-	-	-	-
Telephone and Communication Equipment 2016-17 Program.....	20	20	20	-	-	-	-
NEW WORKS							
Information Technology Hardware							
2017-18 Program.....	1,065	-	-	1,065	-	-	-
2018-19 Program.....	1,190	-	-	-	1,190	-	-
2019-20 Program.....	950	-	-	-	-	950	-
2020-21 Program.....	865	-	-	-	-	-	865
Information Technology Software							
2017-18 Program.....	2,695	-	-	2,695	-	-	-
2018-19 Program.....	2,895	-	-	-	2,895	-	-
2019-20 Program.....	3,490	-	-	-	-	3,490	-
2020-21 Program.....	3,120	-	-	-	-	-	3,120
Motor Vehicles							
2017-18 Program.....	500	-	-	500	-	-	-
2018-19 Program.....	500	-	-	-	500	-	-
2019-20 Program.....	800	-	-	-	-	800	-
2020-21 Program.....	800	-	-	-	-	-	800
Plant and Equipment							
2017-18 Program.....	185	-	-	185	-	-	-
2018-19 Program.....	220	-	-	-	220	-	-
2019-20 Program.....	200	-	-	-	-	200	-
2020-21 Program.....	180	-	-	-	-	-	180
Telephone and Communication Equipment							
2017-18 Program.....	20	-	-	20	-	-	-
2018-19 Program.....	20	-	-	-	20	-	-
2019-20 Program.....	20	-	-	-	-	20	-
2020-21 Program.....	20	-	-	-	-	-	20
Total Cost of Asset Investment Program.....	24,701	4,966	4,966	4,465	4,825	5,460	4,985
FUNDED BY							
Internal Funds and Balances.....			4,966	4,465	4,825	5,460	4,985
Total Funding.....			4,966	4,465	4,825	5,460	4,985

Division 35 Office of the Auditor General

Part 19 Treasurer; Minister for Finance; Energy

Appropriations, Expenses and Cash Assets

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
DELIVERY OF SERVICES							
Item 72 Net amount appropriated to deliver services	6,310	6,428	6,428	6,886	7,007	7,381	7,783
Amount Authorised by Other Statutes							
- Salaries and Allowances Act 1975	734	753	753	753	753	753	753
Total appropriations provided to deliver services.....	7,044	7,181	7,181	7,639	7,760	8,134	8,536
CAPITAL							
Item 122 Capital Appropriation.....	300	250	250	300	300	300	300
TOTAL APPROPRIATIONS	7,344	7,431	7,431	7,939	8,060	8,434	8,836
EXPENSES							
Total Cost of Services.....	24,331	25,298	25,298	26,105	26,583	27,219	27,861
Net Cost of Services ^(a)	5,985	7,612	7,612	8,074	8,197	8,571	8,973
CASH ASSETS ^(b)	4,886	2,695	3,661	3,175	2,689	2,712	2,735

(a) Represents Total Cost of Services (expenses) less retained revenues applied to the Office's services. Reconciliation to the 'Total appropriations provided to deliver services' includes adjustments related to movements in cash balances and other accrual items such as resources received free of charge, receivables, payables and superannuation.

(b) As at 30 June each financial year.

Spending Changes

Recurrent spending changes, other than cashflow timing changes and non-discretionary accounting adjustments, impacting on the agency's Income Statement since the publication of the 2016-17 Pre-election Financial Projections Statement on 9 February 2017, are outlined below:

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
2017-18 Streamlined Budget Process Incentive Funding	-	51	-	-	-
Freeze Salaries and Allowances Tribunal Determined Salaries	-	(11)	(23)	(34)	(46)
Local Governments and Regional Councils Performance Auditing.....	-	1,011	1,357	1,708	2,063
Revision to Indexation for Non-Salary Expenses	-	-	(46)	(65)	(84)

Significant Issues Impacting the Agency

- The Local Government Amendment (Auditing) Bill 2017 (the Bill) once passed, will make the Auditor General responsible for financial and performance audits of 148 local governments and regional councils. This will represent about an 80% increase in the number of entities the Office audits. To successfully complete these audits, the Office anticipates an additional Full Time Equivalents (FTEs) requirement of about 15-20%. About half of these staff will be required initially for performance audits with the remainder required progressively for financial audits over the proposed three year transition period. A high proportion of the financial audits is expected to be contracted out and will require additional contract management staff to oversee the quality of the audits. Preparation for this undertaking is continuing to ensure a seamless transition.
- The 1 July 2017 Machinery of Government changes may result in an increased audit effort to evaluate the controls and key performance indicators of the new agencies and to verify the transfer of asset and liability account balances.
- Changes to accounting and auditing standards continue to affect the Office's business environment. These changes add to the complexity of audit tasks and directly impact the level of work conducted by audit staff.

Outcomes, Services and Key Performance Information

Relationship to Government Goals

The Office is a public sector department established to support the Auditor General. The Auditor General is an independent officer of the Parliament and as such reports directly to Parliament and ultimately the people of Western Australia, providing assurance about the efficient and effective delivery of services and the responsible management of the State's finances.

Desired Outcome	Service
An informed Parliament on public sector accountability and performance.	1. Public Sector Auditing

Service Summary

Expense	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual \$'000	Budget \$'000	Estimated Actual \$'000	Budget Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000
1. Public Sector Auditing	24,331	25,298	25,298	26,105	26,583	27,219	27,861
Total Cost of Services	24,331	25,298	25,298	26,105	26,583	27,219	27,861

Outcomes and Key Effectiveness Indicators ^(a)

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Outcome: An informed Parliament on public sector accountability and performance:					
The extent that the Office of the Auditor General is effective in informing the Parliament about the public sector accountability and performance is measured by the number of tabled reports compared to targets for each of the following categories of audit matter:					1
Service Delivery - reports tabled.....	7	5	4	8	
Economic Development - reports tabled	3	3	1	2	
Social and Environment - reports tabled	2	3	1	5	
Governance - reports tabled.....	17	16	20	13	

(a) Further detail in support of the key effectiveness indicators is provided in the Office's Annual Report.

Explanation of Significant Movements

(Notes)

- The Office aims to provide Parliament with advice and assurance across all four categories of public sector activity. A crucial element of the key effectiveness indicator is the establishment of a three year target for each category of report. Targets are one factor in the selection of topics. Other factors include the significance of identified issues and regards for matters referred to the Office by Parliament. For this reason, category targets may not always be met in any one year. Accordingly, individual targets must be considered in conjunction with the three year target.

The current target over three years encompasses the 2015-16 to 2017-18 cycles.

	2012-13 to 2014-15 Three-year Actual	2015-16 to 2017-18 Three-year Budget Target	2015-16 to 2017-18 Three-year Estimated Actual
Reports Tabled:			
Service Delivery.....	13	15	19
Economic Development	8	9	6
Social and Environment	7	9	8
Governance.....	42	42	50

Services and Key Efficiency Indicators

1. Public Sector Auditing

The Office is responsible for undertaking the external audit of the Western Australian public sector. This is done through audits of controls, financial statements, key performance indicators, efficiency, effectiveness and the tabling of reports thereon to Parliament.

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Total Cost of Service.....	\$'000 24,331	\$'000 25,298	\$'000 25,298	\$'000 26,105	
Less Income.....	18,346	17,686	17,686	18,031	
Net Cost of Service.....	5,985	7,612	7,612	8,074	
Employees (Full Time Equivalents).....	132	135	135	137	
Efficiency Indicators					
Total Audit Cost per \$ Million of Gross Government Expenditure.....	\$479	\$483	\$483	\$495	
Attest Audit Cost per \$ Million of Gross Government Expenditure.....	\$354	\$338	\$338	\$347	
Performance Audit Cost per \$ Million of Gross Government Expenditure.....	\$125	\$145	\$145	\$149	
Average Number of Days Taken After Balance Date to Issue Financial Audit Opinions.....	66	68	66	68	

Asset Investment Program

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-17 \$'000	2016-17 Estimated Expenditure \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
COMPLETED WORKS							
Computer Hardware and Software							
2014-15 Program.....	445	445	125	-	-	-	-
2015-16 Program.....	614	614	614	-	-	-	-
2016-17 Program.....	640	640	640	-	-	-	-
NEW WORKS							
Computer Hardware and Software							
2017-18 Program.....	490	-	-	490	-	-	-
2018-19 Program.....	540	-	-	-	540	-	-
2019-20 Program.....	623	-	-	-	-	623	-
2020-21 Program.....	690	-	-	-	-	-	690
Total Cost of Asset Investment Program.....	4,042	1,699	1,379	490	540	623	690
FUNDED BY							
Capital Appropriation.....			250	300	300	300	300
Drawdowns from the Holding Account.....			390	190	240	323	390
Internal Funds and Balances.....			739	-	-	-	-
Total Funding.....			1,379	490	540	623	690

Financial Statements

INCOME STATEMENT ^(a)
(Controlled)

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
COST OF SERVICES							
Expenses							
Employee benefits ^(b)	15,808	15,587	15,587	16,042	16,354	16,877	17,449
Supplies and services	5,047	5,641	5,641	5,900	6,020	6,077	6,119
Accommodation	2,226	2,294	2,294	2,339	2,378	2,429	2,447
Depreciation and amortisation	391	721	721	721	721	721	721
Other expenses	859	1,055	1,055	1,103	1,110	1,115	1,125
TOTAL COST OF SERVICES	24,331	25,298	25,298	26,105	26,583	27,219	27,861
Income							
Other revenue	18,346	17,686	17,686	18,031	18,386	18,648	18,888
Total Income	18,346	17,686	17,686	18,031	18,386	18,648	18,888
NET COST OF SERVICES	5,985	7,612	7,612	8,074	8,197	8,571	8,973
INCOME FROM STATE GOVERNMENT							
Service appropriations	7,044	7,181	7,181	7,639	7,760	8,134	8,536
Resources received free of charge	521	467	467	467	467	467	467
TOTAL INCOME FROM STATE GOVERNMENT	7,565	7,648	7,648	8,106	8,227	8,601	9,003
SURPLUS/(DEFICIENCY) FOR THE PERIOD	1,580	36	36	32	30	30	30

(a) Full audited financial statements are published in the Office's Annual Report.

(b) The FTEs for 2015-16 Actual, 2016-17 Estimated Actual and 2017-18 Budget Estimate are 132, 135 and 137 respectively. In some cases the figures for 2015-16 and 2016-17 may differ from previously published figures due to changes in calculation methodology.

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
CURRENT ASSETS							
Cash assets	4,886	2,640	3,606	3,061	2,514	2,467	2,420
Holding account receivables	390	330	190	240	323	390	390
Receivables	7,984	8,858	8,561	9,474	10,387	10,800	11,213
Other	422	331	422	422	422	422	422
Total current assets	13,682	12,159	12,779	13,197	13,646	14,079	14,445
NON-CURRENT ASSETS							
Holding account receivables	2,419	2,810	2,950	3,431	3,829	4,160	4,491
Property, plant and equipment	191	426	191	194	245	257	237
Intangibles	193	286	851	617	385	275	264
Restricted cash	-	55	55	114	175	245	315
Other	5	-	5	5	5	5	5
Total non-current assets	2,808	3,577	4,052	4,361	4,639	4,942	5,312
TOTAL ASSETS	16,490	15,736	16,831	17,558	18,285	19,021	19,757
CURRENT LIABILITIES							
Employee provisions	2,823	2,801	2,823	2,823	2,823	2,823	2,823
Payables	791	534	791	1,127	1,463	1,799	2,135
Other	170	151	225	284	345	415	485
Total current liabilities	3,784	3,486	3,839	4,234	4,631	5,037	5,443
NON-CURRENT LIABILITIES							
Employee provisions	964	1,168	964	964	964	964	964
Total non-current liabilities	964	1,168	964	964	964	964	964
TOTAL LIABILITIES	4,748	4,654	4,803	5,198	5,595	6,001	6,407
EQUITY							
Contributed equity	8,081	8,179	8,331	8,631	8,931	9,231	9,531
Accumulated surplus/(deficit)	3,661	2,903	3,697	3,729	3,759	3,789	3,819
Total equity	11,742	11,082	12,028	12,360	12,690	13,020	13,350
TOTAL LIABILITIES AND EQUITY	16,490	15,736	16,831	17,558	18,285	19,021	19,757

(a) Full audited financial statements are published in the Office's Annual Report.

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
CASHFLOWS FROM STATE GOVERNMENT							
Service appropriations.....	6,323	6,460	6,460	6,918	7,039	7,413	7,815
Capital appropriation.....	300	250	250	300	300	300	300
Holding account drawdowns.....	314	390	390	190	240	323	390
Net cash provided by State Government.....	6,937	7,100	7,100	7,408	7,579	8,036	8,505
CASHFLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee benefits.....	(16,441)	(15,532)	(15,532)	(15,983)	(16,293)	(16,807)	(17,379)
Supplies and services.....	(4,815)	(5,289)	(5,289)	(5,548)	(5,668)	(5,725)	(5,767)
Accommodation.....	(1,723)	(1,843)	(1,843)	(1,888)	(1,927)	(1,978)	(1,996)
Other payments.....	(2,883)	(2,855)	(2,855)	(2,903)	(2,910)	(2,915)	(2,925)
Receipts ^(b)							
GST receipts.....	2,018	1,800	1,800	1,800	1,800	1,800	1,800
Other receipts.....	17,900	16,773	16,773	17,118	17,473	18,235	18,475
Net cash from operating activities.....	(5,944)	(6,946)	(6,946)	(7,404)	(7,525)	(7,390)	(7,792)
CASHFLOWS FROM INVESTING ACTIVITIES							
Purchase of non-current assets.....	(180)	(640)	(1,379)	(490)	(540)	(623)	(690)
Net cash from investing activities.....	(180)	(640)	(1,379)	(490)	(540)	(623)	(690)
NET INCREASE/(DECREASE) IN CASH HELD.....	813	(486)	(1,225)	(486)	(486)	23	23
Cash assets at the beginning of the reporting period.....	4,073	3,181	4,886	3,661	3,175	2,689	2,712
Cash assets at the end of the reporting period.....	4,886	2,695	3,661	3,175	2,689	2,712	2,735

(a) Full audited financial statements are published in the Office's Annual Report.

(b) A determination by the Treasurer, pursuant to section 23 of the *Financial Management Act 2006*, provides for the retention of some cash receipts by the Office. Refer to the Net Appropriation Determination table below for further information. Other receipts are retained under the authority of other relevant Acts of Parliament.

NET APPROPRIATION DETERMINATION ^(a)

	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
GST Receipts							
GST Input Credits.....	118	170	170	170	170	170	170
GST Receipts on Sales.....	1,900	1,630	1,630	1,630	1,630	1,630	1,630
Other Receipts							
Audit Fees.....	17,900	16,773	16,773	17,118	17,473	18,235	18,475
TOTAL.....	19,918	18,573	18,573	18,918	19,273	20,035	20,275

(a) The moneys received and retained are to be applied to the Office's services as specified in the Budget Statements.

Western Australian Treasury Corporation

Part 19

Treasurer; Minister for Finance; Energy

Asset Investment Program

The Corporation's Asset Investment Program is limited to an ongoing program to update information technology that supports the delivery of its services.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-17 \$'000	2016-17 Estimated Expenditure \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
COMPLETED WORKS							
Computer Hardware/Software - 2016-17 Program.....	1,748	1,748	1,748	-	-	-	-
NEW WORKS							
Computer Hardware/Software							
2017-18 Program.....	1,568	-	-	1,568	-	-	-
2018-19 Program.....	1,403	-	-	-	1,403	-	-
2019-20 Program.....	1,958	-	-	-	-	1,958	-
2020-21 Program.....	1,946	-	-	-	-	-	1,946
Total Cost of Asset Investment Program.....	8,623	1,748	1,748	1,568	1,403	1,958	1,946
FUNDED BY							
Internal Funds and Balances.....			1,748	1,568	1,403	1,958	1,946
Total Funding.....			1,748	1,568	1,403	1,958	1,946

Division 36 Finance

Part 19 Treasurer; Minister for Finance; Energy

Appropriations, Expenses and Cash Assets ^(a)

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
DELIVERY OF SERVICES							
Item 73 Net amount appropriated to deliver services ^(b)	161,422	152,760	157,446	150,906	155,499	165,400	153,518
Amount Authorised by Other Statutes - Salaries and Allowances Act 1975	1,601	1,601	1,601	1,601	1,601	1,601	1,601
Total appropriations provided to deliver services.....	163,023	154,361	159,047	152,507	157,100	167,001	155,119
ADMINISTERED TRANSACTIONS							
Item 74 Amount provided for Administered Grants, Subsidies and Other Transfer Payments.....	148,881	204,210	164,281	185,070	178,241	189,614	203,752
Amount Authorised by Other Statutes - First Home Owner Grant Act 2000	98,582	73,678	72,765	74,612	75,408	74,344	73,855
CAPITAL							
Item 123 Capital Appropriation.....	83,768	29,109	28,763	15,932	10,090	4,001	-
TOTAL APPROPRIATIONS	494,254	461,358	424,856	428,121	420,839	434,960	432,726
EXPENSES							
Total Cost of Services.....	1,373,600	1,563,299	1,536,368	1,435,195	1,367,081	1,099,865	1,063,766
Net Cost of Services ^(c)	204,036	165,146	195,969	151,322	156,853	169,264	155,563
CASH ASSETS ^(d)	150,702	98,893	103,666	133,899	148,553	163,099	178,115

- (a) The 2015-16 Actual, 2016-17 Budget and 2016-17 Estimated Actual financial data has been recast for comparative purposes due to Machinery of Government changes to transfer out the Public Utilities Office and Economic Reform Unit and transfer in Strategic Projects with the Department of Treasury on 1 July 2017.
- (b) The Department's net amount appropriated to deliver services for the 2015-16 Actual and 2016-17 Budget includes appropriation for staff subsequently reallocated from Government Procurement to various agencies in response to changes to government procurement policy.
- (c) Represents Total Cost of Services (expenses) less retained revenues applied to the agency's services. Reconciliation to the 'Total appropriations provided to deliver services' includes adjustments related to movements in cash balances and other accrual items such as resources received free of charge, receivables, payables and superannuation.
- (d) As at 30 June each financial year.

Spending Changes

Recurrent spending changes, other than cashflow timing changes and non-discretionary accounting adjustments, impacting on the agency's Income Statement since the publication of the 2016-17 Pre-election Financial Projections Statement on 9 February 2017, are outlined below:

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
2016-17 Estimated Outturn	(9,000)	-	-	-	-
Decentralisation of Office Accommodation to Joondalup	-	408	7,273	10,487	1,349
District Allowances.....	(16)	(20)	(23)	(28)	125
Freeze Salaries and Allowances Tribunal Determined Salaries	-	(24)	(49)	(74)	(100)
Government Office Accommodation Reform Initiatives	-	2,096	2,277	1,163	1,168
Relocation of Agencies to/from Gordon Stephenson House.....	-	-	-	(621)	2,053
Revised Capital Works Turnover Forecasts.....	(32,000)	45,000	143,000	70,000	70,000
Revision to Indexation for Non-Salary Expenses	-	(177)	(400)	(683)	(898)

Significant Issues Impacting the Agency

- On 1 July 2017, the Strategic Projects division transferred from the Department of Treasury (Treasury) to the Department as part of Machinery of Government changes. This brings the majority of non-residential building projects, outside of Transport infrastructure, under the Department's management. Throughout 2017-18, the Department will explore synergies and opportunities to improve efficiency and enhance the delivery of services by the Department flowing from the Machinery of Government changes.
- The Digital Finance Transition Program has been identified as a major program of work, aligned to the reforms proposed by the Office of the Government Chief Information Officer. The program encompasses 15 interdependent projects that will be executed over 2017-18 and 2018-19. Once complete, it will provide the Department with a secure, reliable, scalable, on-demand, consumption-based information and communications technology service model that achieves ongoing savings and efficiencies.

State Revenue

- In 2017-18, State Revenue will lead the planning and implementation of the Government's taxation schemes, including the Foreign Owner Duty Surcharge. In addition, State Revenue will be working closely with other agencies, including Treasury, to prepare advice for Government on changes to improve the efficacy of existing taxation, grant and subsidy settings.
- 2017-18 will see the continuation of the five year capital funded Revenue Systems Consolidation and Enhancement Program. The program will expand State Revenue's revenue collection and grants administration systems, including improvements to online services, duties lodgements and assessments and debt management processes, whilst also upgrading the system's underlying software.

Government Procurement

- Government Procurement is working with relevant government agencies to implement policies aimed at increasing the number of government contracts awarded to Aboriginal businesses and increasing local industry participation in government projects.
- Through its State Fleet unit, Government Procurement will continue to implement measures to reduce the size and cost of the State Government's vehicle fleet.
- A category management approach to the establishment and management of whole-of-government Common Use Arrangements will be leveraged to achieve greater value-for-money.
- Government Procurement is reviewing the use of contracts for service arrangements, with a view to support the direct employment of staff where it is appropriate.

Building Management and Works

- In recognition that office accommodation remains the second largest cost for many agencies, the Department is pursuing portfolio-based strategies that seek to reduce the Government's accommodation footprint and deliver bottom-line savings. This involves modernising the approach to office fit-outs and workplace design, which will in turn drive process and space efficiencies and better support service delivery to the community.
- On 1 July 2017, Building Management and Works (BMW) implemented a new funding model to recover the cost of delivering its maintenance service to government agencies State-wide. The new arrangements are more transparent and scalable, enabling the Department to better understand the cost of its services and drive greater efficiencies in both its operations and across the public sector.

Strategic Projects

- The Strategic Projects branch will continue to oversee the planning and delivery of the State's most significant non-residential building projects, working closely with the Department's BMW business, which will continue to provide project management and business systems support. Strategic Projects will also continue to monitor and report to Government on the performance of major building and infrastructure projects across the public sector, although ongoing delivery of this function will be reviewed for efficiencies in service delivery arising from Strategic Projects' integration into the Department.

- The size of the Strategic Projects capital works portfolio continues to trend downwards as projects are progressively completed and handed over to relevant service delivery/asset owner agencies. At the commencement of 2017-18, the active capital works portfolio comprises 10 projects with a total estimated value of more than \$4 billion. Three of these projects are operational (with a further two in pre-operational commissioning), four are under construction and one is in the planning phase.
- After a series of delays to construction and commissioning, the \$1.2 billion Perth Children's Hospital achieved Practical Completion on 13 April 2017, almost 18 months later than the project's original approved completion date. Clinical commissioning is now well advanced and, subject to resolution of ongoing water quality issues, on target for commencement of operations in 2017-18. This will include the Telethon Kids Institute facility, where fit-out works are progressing well as a separate project managed by Strategic Projects.
- The \$38 million Sarich Neurosciences Research Institute achieved Practical Completion on 23 March 2017 and will also commence operations in 2017-18.
- Four primary schools were delivered under the Western Australian Schools Public Private Partnership in 2016-17, with the schools commencing operations at the start of the 2017 school year. One secondary school will be delivered in 2017-18 with the school commencing operation at the start of the 2018 school year and construction of three further secondary schools will progress.
- Preliminary works for the \$433 million new Museum Project have been completed, including early conservation works on the heritage buildings at the Perth Cultural Centre (PCC) and the refurbishment of the Collection and Research Centre in Welshpool. Early works for the New Museum facility at the PCC are also well underway and construction activity at the PCC site will increase significantly during 2017-18. The project is well placed for opening in 2020 as scheduled.
- The \$207 million Karratha Health Campus is mid-way through construction and the project is on schedule for Practical Completion by 12 July 2018 for commencement of operations in the latter part of 2018.
- Construction of the Perth Stadium and Sports Precinct is now in its final stages, and remains on schedule to be operational by the start of the Australian Football League season in March 2018, notwithstanding the delayed completion of the Swan River Pedestrian Bridge.
- During 2017-18, the Old Treasury Buildings Redevelopment, Busselton Health Campus and Sarich Neurosciences Research Institute projects are all expected to be formally closed out and handed over to their respective asset owner agencies, ending the Strategic Projects' role in project management.

Resource Agreement

The following performance information (financial and non-financial) is the subject of a Resource Agreement signed by the Minister for Finance, Accountable Authority and Treasurer under Part 3, Division 5 of the *Financial Management Act 2006*.

Outcomes, Services and Key Performance Information

The Outcomes, Services and Key Performance Information reflect the Machinery of Government changes to transfer out the Public Utilities Office and Economic Reform Unit and transfer in Strategic Projects with Treasury on 1 July 2017. Where practical, the 2015-16 Actual, 2016-17 Budget and 2016-17 Estimated Actual has been recast for comparative purposes.

Relationship to Government Goals

Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the agency's services and desired outcomes, and the government goal it contributes to. The key effectiveness indicators measure the extent of impact of the delivery of services on the achievement of desired outcomes. The key efficiency indicators monitor the relationship between the service delivered and the resources used to produce the service.

Government Goal	Desired Outcomes	Services
Sustainable Finances: Responsible financial management and better service delivery.	Due and payable revenue is collected and eligible grants, subsidies and rebates paid.	1. Revenue Assessment and Collection and Grants and Subsidies Administration
	Value for money from public sector procurement.	2. Development and Management of Common Use Contract Arrangements, State Fleet Leasing and Disposal and Providing Facilitation Service for Agency Specific Contracts
	Efficient and effective Corporate Services to Client Agencies.	3. Corporate Services to Client Agencies
	Value for money from the management of the Government's non-residential buildings and public works.	4. Leads the Planning, Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation 5. Leads the Planning and Delivery of New Government Buildings

Service Summary

Expense	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual \$'000	Budget \$'000	Estimated Actual \$'000	Budget Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000
1. Revenue Assessment and Collection and Grants and Subsidies Administration.....	56,528	61,053	56,985	62,257	62,064	62,404	62,404
2. Development and Management of Common Use Contract Arrangements, State Fleet Leasing and Disposal and Providing Facilitation Service for Agency Specific Contracts.....	95,848	108,573	77,994	83,966	83,291	82,653	82,453
3. Corporate Services to Client Agencies	7,020	6,809	7,354	7,643	6,973	6,954	6,954
4. Leads the Planning, Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation.....	1,013,206	1,153,898	1,079,993	1,095,634	1,053,756	913,850	901,842
5. Leads the Planning and Delivery of New Government Buildings.....	200,998	232,966	314,042	185,695	160,997	34,004	10,113
Total Cost of Services	1,373,600	1,563,299	1,536,368	1,435,195	1,367,081	1,099,865	1,063,766

Outcomes and Key Effectiveness Indicators ^(a)

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Outcome: Due and payable revenue is collected and eligible grants, subsidies and rebates paid:					
Extent to which due revenue is collected.....	87%	87%	88%	88%	
Extent to which correct grants, subsidies and rebates are paid.....	100%	100%	99.9%	100%	
Outcome: Value for money from public sector procurement:					
Profitability of the State's light vehicle fleet (\$'000)	16,871	13,457	16,671	15,000	1
Extent to which client agencies agree that their agency contracts and common use contract arrangements achieved value for money	93%	90%	93%	92%	
Outcome: Value for money from the management of the Government's non-residential buildings and public works: ^(b)					
Percentage of significant projects in the New Buildings program delivered within 10% of approved budget.....	100%	100%	100%	100%	
Percentage of significant projects in the New Buildings program delivered within approved:					
Budget.....	100%	100%	91%	100%	
Timeframe	50%	100%	36%	100%	2

(a) Further detail in support of the key effectiveness indicators is provided in the agency's Annual Report.

(b) Following the Machinery of Government transfer of Strategic Projects from Treasury, two similar effectiveness indicators are in place for the value for money management of the Government's non-residential buildings and public works outcome. The first relates to BMW and the second to the major projects managed by Strategic Projects.

Explanation of Significant Movements

(Notes)

- State Fleet's profitability has improved compared to the 2016-17 Budget due mainly to Water Corporation's exit from the State Fleet arrangement, resulting in lower financing costs, and better than forecast revenues from the sale of State Fleet vehicles.
- Four of the 11 projects that were active during 2016-17 have been, or are expected to be, completed within approved timeframes. These projects include the Perth Stadium, Western Australian Schools Public Private Partnership, Queen Elizabeth II Central Plant and Midland Health Campus. The remaining projects have been subject to delays. Of particular note:
 - Perth Children's Hospital has been delayed due to significant construction and commissioning issues, but reached Practical Completion on 13 April 2017;
 - Eastern Goldfields Regional Prison and Busselton Health Campus were similarly delayed during construction and commissioning; and
 - the procurement process for Karratha Health Campus was delayed to ensure that there is a transition to operations after the 2017-18 wet season.

Services and Key Efficiency Indicators

1. Revenue Assessment and Collection and Grants and Subsidies Administration

The assessment and collection of a range of statutory based revenue, including duties, land tax and payroll tax, and those that are collected on behalf of other agencies (for example, Perth Parking Licence fees on behalf of the Department of Transport) or other jurisdictions (for example, collection of a range of taxes for the Commonwealth in the Indian Ocean Territories). State Revenue is also involved in 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, as well as concessions on water rates, local government rates and the emergency services levy for pensioners and seniors.

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
	\$'000	\$'000	\$'000	\$'000	
Total Cost of Service.....	56,528	61,053	56,985	62,257	1
Less Income.....	3,166	5,183	2,991	3,824	
Net Cost of Service.....	53,362	55,870	53,994	58,433	
Employees (Full Time Equivalents).....	310	360	318	329	
Efficiency Indicators					
Cost per \$100 of Revenue Raised.....	\$0.70	\$0.71	\$0.76	\$0.85	2
Average Cost per Application/Claim Processed.....	\$11.58	\$11.41	\$10.52	\$10.53	

Explanation of Significant Movements

(Notes)

- The 2016-17 Estimated Actual is below the 2016-17 Budget target primarily due to higher than anticipated levels of staff vacancies. The 2017-18 Budget Target reflects the increase in Full Time Equivalents associated with revenue initiatives, an increase in depreciation and forecast expenditure on digital service provision.
- The increase in the 2017-18 Budget Target against the 2016-17 Estimated Actual reflects reduced forecast revenue due to a decline in economic activity, an increase in depreciation and forecast expenditure on digital service provision and services provided free of charge from other government departments.

2. Development and Management of Common Use Contract Arrangements, State Fleet Leasing and Disposal and Providing Facilitation Service for Agency Specific Contracts

The Department provides a whole-of-government approach to procurement that efficiently meets the business needs of Government agencies, manages risk and delivers value-for-money.

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
	\$'000	\$'000	\$'000	\$'000	
Total Cost of Service.....	95,848	108,573	77,994	83,966	1
Less Income.....	80,339	85,200	71,760	82,511	
Net Cost of Service.....	15,509	23,373	6,234	1,455	2
Employees (Full Time Equivalents).....	227	295	174	230	
Efficiency Indicators					
Cost of Facilitating the Development and Management of Agency Specific Contracts as a Percentage of the Contract Award Value.....	1.9%	2%	2%	1.7%	3
Average Administrative Cost per Vehicle for Financing and Managing the State Fleet Service.....	\$94	\$102	\$104	\$118	4
Cost of Developing and Managing Whole-of-Government Common Use Contract Arrangements as a Percentage of the Total Annual Value of Purchases Through the Arrangements.....	1.4%	1.5%	1.5%	1.5%	

Explanation of Significant Movements

(Notes)

1. The 2016-17 Estimated Actual is below the 2016-17 Budget target due to the early achievement of Agency Expenditure Review savings targets, devolution of 34 staff to agencies and significantly higher staff vacancies during the Government Procurement transformation to the new business structure.
2. The 2017-18 Budget Target reflects a reduction in Net Cost of Services for State Fleet due to the implementation of the new motor vehicle leasing policy. However, this will be subject to review as part of the Mid-year Review process to reflect the outcome of Machinery of Government changes and other Government decisions impacting the size of the State Fleet.
3. The restructuring of the Government Procurement framework has resulted in the devolution of activity to agencies, thereby reducing the central agency costs managed by Finance in supporting agency specific contracts.
4. The exit of Water Corporation from the State fleet coupled with a general reduction in agency vehicle numbers has led to a significant reduction in the overall State fleet size during 2016-17. Over the coming year operations will be reviewed with an aim to identify efficiencies commensurate with the reduction in fleet numbers.

3. Corporate Services to Client Agencies

These services include corporate services directly provided by the Department to support the outcomes and activities of Treasury, the Office of the Government Chief Information Officer and the Government Employee Superannuation Board.

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Total Cost of Service.....	\$'000 7,020	\$'000 6,809	\$'000 7,354	\$'000 7,643	
Less Income.....	334	-	596	816	
Net Cost of Service.....	6,686	6,809	6,758	6,827	
Employees (Full Time Equivalents).....	31	33	32	36	

4. Leads the Planning, Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation

Leads the planning, delivery and management of a property portfolio that supports the delivery of government services to the community, including the delivery of new building works, maintenance programs for existing buildings and office accommodation.

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Total Cost of Service.....	\$'000 1,013,206	\$'000 1,153,898	\$'000 1,079,993	\$'000 1,095,634	1
Less Income.....	889,046	1,080,620	954,819	1,016,516	
Net Cost of Service.....	124,160	73,278	125,174	79,118	
Employees (Full Time Equivalents).....	409	397	391	415	
Efficiency Indicators					
Percentage of Significant Projects in New Buildings Program Delivered within Three Months of Approved Timeframe.....	100%	90%	100%	90%	
Percentage of Maintenance Services Delivered within 10% of Approved Timeframe.....	75.4%	80%	78.1%	80%	
Average Office Accommodation Floor Space per Work Point.....	15.2m ²	15m ²	15m ²	15m ²	

Explanation of Significant Movements

(Notes)

1. The 2016-17 Estimated Actual is below the 2016-17 Budget primarily due to a downturn in the Capital Works Turnover required by agencies. The 2017-18 Budget Target reflects an increase in activity aligned to the whole-of-government Asset Investment Program.

5. Leads the Planning and Delivery of New Government Buildings

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
	\$'000	\$'000	\$'000	\$'000	
Total Cost of Service.....	200,998	232,966	314,042	185,695	
Less Income.....	196,679	227,150	310,233	180,206	
Net Cost of Service.....	4,319	5,816	3,809	5,489	
Employees (Full Time Equivalents).....	57	59	55	65	
Efficiency Indicator					
Cost as a Percentage of the Total Annual Value of the Planning and Delivery of Capital Works Projects.....	0.6%	0.7%	0.5%	0.7%	1

Explanation of Significant Movements

(Notes)

1. The 2016-17 Estimated Actual is less than the 2016-17 Budget as a result of lower than anticipated operational costs associated with managing the capital works program. The reduction in the key performance indicator between the 2015-16 Actual and the 2016-17 Estimated Actual reflects a slight decrease in operational costs, as well as an increase in the total annual value of the capital works program (particularly for the Perth Stadium project).

Asset Investment Program

The Department's Asset Investment Program (AIP) in 2017-18 is \$164.9 million comprising mainly of:

- Major accommodation fit-out projects, on which planning has commenced, including decentralisation of government office accommodation to Fremantle and Joondalup.
- Lease Incentive Funded Office Fit-outs recognises the capital works associated with government accommodation leases that include fit-out funded through lease incentives from the landlord.
- The remaining funding for the Master Planning Strategy relates to the restoration work being conducted on Dumas House.
- The Revenue Systems Consolidation and Enhancement Program continues the work that commenced in 2014 to safeguard and improve the technology systems in State Revenue that manage the collection of a significant proportion of the State's revenue.
- Funding has been approved through the 2017-18 Budget for Government Office Accommodation Reform to achieve cost savings within office accommodation across Government.
- Funding for information and communications technology (ICT) and ServiceNet replacement will continue to be reviewed against changes to whole-of-government service delivery strategies.
- The Vehicle Acquisition Program is managed by State Fleet which facilitates the purchase, servicing and disposal of vehicles for the State Government.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-17 \$'000	2016-17 Estimated Expenditure \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
WORKS IN PROGRESS							
Accommodation Fit-out Projects							
Decentralisation of Office Accommodation to Joondalup	19,198	500	500	15,835	2,863	-	-
Lease Incentive Funded - Office Fit-outs.....	99,566	46,606	15,115	37,860	5,000	5,000	5,100
Master Planning Strategy - Government Office							
Accommodation.....	223,442	218,217	18,726	5,225	-	-	-
Software Development - Revenue Systems							
Consolidation and Enhancement	33,408	18,064	6,823	8,917	6,427	-	-
COMPLETED WORKS							
Accommodation Fit-out Projects							
151 Royal Street - Office Fit-out	115	115	115	-	-	-	-
Gordon Stephenson House - Office Fit-out.....	265	265	265	-	-	-	-
St Georges Cathedral Heritage Precinct - Office Fit-out.....	40,541	40,541	4,968	-	-	-	-
ICT Replacement - 2016-17 Program.....	100	100	100	-	-	-	-
Karratha Government Office Co-Location Project							
(The Quarter) ^(a)	5,995	5,995	5,423	-	-	-	-
New Public Sector Offices for Fremantle							
Project Management	467	467	467	-	-	-	-
Procurement Systems Replacement - 2016-17 Program	406	406	406	-	-	-	-
Relocation of Department of Commerce Project.....	5,725	5,725	1,801	-	-	-	-
ServiceNet Replacement - 2016-17 Program.....	264	264	264	-	-	-	-
Sunset Transformation Strategy.....	7,290	7,290	5,234	-	-	-	-
Vehicle Acquisitions - 2016-17 Program.....	88,940	88,940	88,940	-	-	-	-
NEW WORKS							
Accommodation Fit-out Projects - New Public Sector							
Offices for Fremantle.....	37,541	-	-	-	3,457	34,084	-
Government Office Accommodation Reform							
Provision for Systems.....	6,000	-	-	1,000	5,000	-	-
Reform Program.....	3,000	-	-	2,000	1,000	-	-
ICT Replacement							
2017-18 Program.....	2,076	-	-	2,076	-	-	-
2018-19 Program.....	808	-	-	-	808	-	-
2019-20 Program.....	909	-	-	-	-	909	-
2020-21 Program.....	909	-	-	-	-	-	909
Procurement Systems Replacement							
2017-18 Program.....	406	-	-	406	-	-	-
2018-19 Program.....	420	-	-	-	420	-	-
2019-20 Program.....	431	-	-	-	-	431	-
2020-21 Program.....	431	-	-	-	-	-	431
ServiceNet Replacement							
2017-18 Program.....	273	-	-	273	-	-	-
2018-19 Program.....	282	-	-	-	282	-	-
2019-20 Program.....	289	-	-	-	-	289	-
2020-21 Program.....	289	-	-	-	-	-	289
South West Native Title - Noongar Cultural Centre.....	300	-	-	300	-	-	-
Vehicle Acquisitions							
2017-18 Program.....	91,000	-	-	91,000	-	-	-
2018-19 Program.....	84,000	-	-	-	84,000	-	-
2019-20 Program.....	84,000	-	-	-	-	84,000	-
2020-21 Program.....	84,000	-	-	-	-	-	84,000
Total Cost of Asset Investment Program.....	923,086	433,495	149,147	164,892	109,257	124,713	90,729
Loan and Other Repayments.....			35,268	17,983	19,400	19,750	14,367
Total.....	923,086	433,495	184,415	182,875	128,657	144,463	105,096
FUNDED BY							
Capital Appropriation			28,763	15,932	10,090	4,001	-
Asset Sales.....			71,740	53,911	43,000	45,843	39,321
Drawdowns from the Holding Account.....			770	2,250	1,487	1,606	1,606
Internal Funds and Balances.....			75,367	103,582	62,880	87,013	58,169
Borrowings.....			7,530	6,000	6,000	6,000	6,000
Funding Included in Department of Treasury							
Administered Item.....			-	1,200	5,200	-	-
Drawdowns from Royalties for Regions Fund ^(b)			245	-	-	-	-
Total Funding.....			184,415	182,875	128,657	144,463	105,096

(a) Funded from the Royalties for Regions Fund.

(b) Regional Infrastructure and Headworks Fund.

Financial Statements

The 2015-16 Actual, 2016-17 Budget and 2016-17 Estimated Actual financial data has been recast for comparative purposes due to Machinery of Government changes to transfer out the Public Utilities Office and Economic Reform Unit and transfer in Strategic Projects with Treasury on 1 July 2017.

Income Statement

Expenses

Movements in supplies and services expenditure primarily relate to Capital Works Turnover activity for BMW, and Strategic Projects in line with the whole-of-government AIP.

Income

Movements in sale of goods and services revenue primarily relates to Capital Works Turnover activity for BMW, and Strategic Projects in line with the whole-of-government AIP. Turnover expenditure is recouped from the agency responsible for the Works program.

Statement of Cashflows

The same impacts outlined above for the Income Statement are also reflected in the movements in the Statement of Cashflows.

In addition the capital appropriation decreased between 2015-16 Actual and 2016-17 Estimated Actual reflecting the progress on major works undertaken as part of the St Georges Cathedral Heritage Project.

INCOME STATEMENT ^(a) (Controlled)

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
COST OF SERVICES							
Expenses							
Employee benefits ^(b)	120,853	142,991	115,185	135,421	133,557	135,852	136,850
Grants and subsidies ^(c)	8	1,073	-	1,073	-	-	-
Supplies and services.....	1,066,648	1,281,064	1,258,017	1,175,927	1,104,632	832,349	799,430
Accommodation.....	39,276	26,843	44,875	26,644	31,698	30,660	26,572
Depreciation and amortisation.....	79,030	93,155	72,265	82,634	83,613	87,472	87,460
Other expenses.....	67,785	18,173	46,026	13,496	13,581	13,532	13,454
TOTAL COST OF SERVICES	1,373,600	1,563,299	1,536,368	1,435,195	1,367,081	1,099,865	1,063,766
Income							
Sale of goods and services.....	834,052	1,060,360	1,003,559	927,004	857,393	580,537	556,630
Grants and subsidies.....	1,684	-	3,425	1,425	1,425	1,425	1,425
Other revenue.....	333,828	337,793	333,415	355,444	351,410	348,639	350,148
Total Income	1,169,564	1,398,153	1,340,399	1,283,873	1,210,228	930,601	908,203
NET COST OF SERVICES	204,036	165,146	195,969	151,322	156,853	169,264	155,563
INCOME FROM STATE GOVERNMENT							
Service appropriations.....	163,023	154,361	159,047	152,507	157,100	167,001	155,119
Resources received free of charge.....	14,195	14,765	14,422	14,646	14,676	14,676	14,676
Royalties for Regions Fund: Regional Community Services Fund.....	127	141	125	125	125	125	125
TOTAL INCOME FROM STATE GOVERNMENT	177,345	169,267	173,594	167,278	171,901	181,802	169,920
SURPLUS/(DEFICIENCY) FOR THE PERIOD	(26,691)	4,121	(22,375)	15,956	15,048	12,538	14,357

(a) Full audited financial statements are published in the agency's Annual Report.

(b) The Full Time Equivalents for 2015-16 Actual, 2016-17 Estimated Actual and 2017-18 Budget Estimate are 1,034, 970 and 1,075 respectively. In some cases the figures for 2015-16 and 2016-17 may differ from previously published figures due to changes in calculation methodology.

(c) Refer to the Details of Controlled Grants and Subsidies table below for further information.

DETAILS OF CONTROLLED GRANTS AND SUBSIDIES

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Other	8	-	-	-	-	-	-
Resolution of Native Title in the South West of Western Australia	-	1,073	-	1,073	-	-	-
TOTAL	8	1,073	-	1,073	-	-	-

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
CURRENT ASSETS							
Cash assets	137,719	93,862	96,750	127,198	141,967	156,513	171,529
Restricted cash	12,983	4,746	6,631	6,531	6,531	6,531	6,531
Holding account receivables	770	1,489	2,250	1,487	1,606	1,606	1,606
Receivables	73,485	49,571	85,143	56,240	51,409	47,862	47,877
Other	273,647	271,823	152,133	150,115	148,097	146,075	143,930
Total current assets	498,604	421,491	342,907	341,571	349,610	358,587	371,473
NON-CURRENT ASSETS							
Holding account receivables	410,944	463,190	461,646	521,375	581,964	616,444	650,912
Property, plant and equipment	706,135	786,169	691,569	707,093	697,022	702,635	674,983
Intangibles	29,516	18,496	22,345	22,115	21,885	21,885	21,885
Restricted cash	-	285	285	170	55	55	55
Other	32,734	31,532	21,520	39,531	46,628	43,122	39,628
Total non-current assets	1,178,568	1,299,672	1,197,365	1,290,284	1,347,554	1,384,141	1,387,463
TOTAL ASSETS	1,677,933	1,721,163	1,540,272	1,631,855	1,697,164	1,742,728	1,758,936
CURRENT LIABILITIES							
Employee provisions	29,323	31,215	29,296	29,268	29,240	29,240	29,240
Payables	273,425	256,843	107,997	123,195	161,480	168,145	172,446
Other	133,795	71,670	120,415	138,989	137,118	124,530	116,235
Total current liabilities	436,543	359,728	257,708	291,452	327,838	321,915	317,921
NON-CURRENT LIABILITIES							
Employee provisions	5,304	5,694	5,351	5,397	5,443	5,443	5,443
Borrowings	99,121	89,300	78,765	61,255	49,855	48,765	48,765
Other	85,878	42,059	87,057	89,378	92,782	93,737	94,582
Total non-current liabilities	190,303	137,053	171,173	156,030	148,080	147,945	148,790
TOTAL LIABILITIES	626,846	496,781	428,881	447,482	475,918	469,860	466,711
EQUITY							
Contributed equity	997,031	1,098,251	1,049,742	1,106,768	1,128,593	1,167,677	1,172,677
Accumulated surplus/(deficit)	54,056	77,498	31,681	47,637	62,685	75,223	89,580
Reserves	-	18,665	-	-	-	-	-
Other	-	29,968	29,968	29,968	29,968	29,968	29,968
Total equity	1,051,087	1,224,382	1,111,391	1,184,373	1,221,246	1,272,868	1,292,225
TOTAL LIABILITIES AND EQUITY	1,677,933	1,721,163	1,540,272	1,631,855	1,697,164	1,742,728	1,758,936

(a) Full audited financial statements are published in the agency's Annual Report.

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
CASHFLOWS FROM STATE GOVERNMENT							
Service appropriations.....	126,541	102,771	106,176	91,291	94,905	130,915	119,045
Capital appropriation.....	83,768	29,109	28,763	17,132	15,290	4,001	-
Holding account drawdowns.....	1,469	1,531	770	2,250	1,487	1,606	1,606
Royalties for Regions Fund:							
Regional Community Services Fund.....	127	141	125	125	125	125	125
Regional Infrastructure and Headworks Fund.....	5,750	250	245	-	-	-	-
Net cash provided by State Government.....	217,655	133,802	136,079	110,798	111,807	136,647	120,776
CASHFLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee benefits.....	(127,412)	(144,100)	(114,956)	(135,346)	(133,482)	(135,780)	(136,778)
Grants and subsidies.....	(10)	(1,073)	-	(1,073)	-	-	-
Supplies and services.....	(1,046,441)	(1,240,911)	(1,277,055)	(1,141,204)	(1,069,771)	(827,521)	(794,583)
Accommodation.....	(22,360)	(26,843)	(37,875)	(26,646)	(31,703)	(30,668)	(26,583)
Other payments.....	(150,299)	(166,264)	(166,879)	(165,786)	(163,776)	(151,047)	(148,705)
Receipts ^(b)							
Grants and subsidies.....	1,665	-	3,274	1,425	1,425	1,425	1,425
Sale of goods and services.....	855,448	1,060,448	977,614	949,072	857,440	580,584	556,677
GST receipts.....	148,534	150,044	154,351	152,021	149,554	136,854	134,464
Other receipts.....	359,916	344,559	346,602	363,230	359,217	356,446	357,955
Net cash from operating activities.....	19,041	(24,140)	(114,924)	(4,307)	(31,096)	(69,707)	(56,128)
CASHFLOWS FROM INVESTING ACTIVITIES							
Purchase of non-current assets.....	(185,968)	(118,718)	(149,147)	(164,892)	(109,257)	(124,713)	(90,729)
Proceeds from sale of non-current assets.....	40,212	45,000	71,740	53,911	43,000	45,843	39,321
Other receipts.....	-	4,444	28,620	40,695	8,457	35,083	5,000
Net cash from investing activities.....	(145,756)	(69,274)	(48,787)	(70,286)	(57,800)	(43,787)	(46,408)
CASHFLOWS FROM FINANCING ACTIVITIES							
Repayment of borrowings.....	(20,487)	(23,511)	(35,268)	(17,983)	(19,400)	(19,750)	(14,367)
Proceeds from borrowings.....	4,408	7,530	7,530	6,000	6,000	6,000	6,000
Other proceeds.....	598	3,789	789	5,143	5,143	5,143	5,143
Net cash from financing activities.....	(15,481)	(12,192)	(26,949)	(6,840)	(8,257)	(8,607)	(3,224)
NET INCREASE/(DECREASE) IN CASH HELD.....	75,459	28,196	(54,581)	29,365	14,654	14,546	15,016
Cash assets at the beginning of the reporting period.....	1,546	951	150,702	103,666	133,899	148,553	163,099
Net cash transferred to/from other agencies....	73,697	69,746	7,545	868	-	-	-
Cash assets at the end of the reporting period.....	150,702	98,893	103,666	133,899	148,553	163,099	178,115

(a) Full audited financial statements are published in the agency's Annual Report.

(b) A determination by the Treasurer, pursuant to section 23 of the *Financial Management Act 2006*, provides for the retention of some cash receipts by the Department. Refer to the Net Appropriation Determination table below for further information. Other receipts are retained under the authority of other relevant Acts of Parliament.

NET APPROPRIATION DETERMINATION ^(a)

	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
Grants and Subsidies							
Indian Ocean Territories Commonwealth Grant.....	1,665	-	3,274	1,425	1,425	1,425	1,425
Sale of Goods and Services							
Contract Services - BMW	656,077	829,311	678,229	764,839	697,775	547,914	547,914
Contract Services - Strategic Projects.....	196,653	227,040	295,972	180,136	155,568	28,573	4,666
Land Tax Liability Enquiry Fee.....	2,356	3,000	2,316	3,000	3,000	3,000	3,000
Merchant Fees.....	362	1,097	1,097	1,097	1,097	1,097	1,097
GST Receipts							
GST Input Credits	23,609	16,101	16,101	12,310	12,374	12,374	12,374
GST Receipts on Sales	124,925	133,943	138,250	139,711	137,180	124,480	122,090
Other Receipts							
Corporate Services Cost Recoup.....	313	250	596	816	402	402	402
Government Office Lease Receipts	247,119	258,054	272,054	275,904	272,884	272,864	272,864
Other Receipts	35,218	5,189	10,059	4,575	4,267	4,306	4,955
Procurement Services.....	12,866	11,966	12,421	11,996	11,971	12,021	12,021
Executive Vehicle Scheme	113	100	98	100	103	106	108
State Fleet	64,287	69,000	51,374	69,839	69,590	66,747	67,605
TOTAL	1,365,563	1,555,051	1,481,841	1,465,748	1,367,636	1,075,309	1,050,521

(a) The moneys received and retained are to be applied to the Department's services as specified in the Budget Statements.

DETAILS OF ADMINISTERED TRANSACTIONS

	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
INCOME							
Taxation							
Insurance Duty	591,502	655,887	641,372	644,951	673,929	713,306	756,104
Land Tax	945,532	893,176	873,746	843,916	843,915	862,976	884,571
Metropolitan Region Improvement Tax.....	97,870	97,960	95,959	94,572	99,879	102,377	104,937
Payroll Tax	3,492,369	3,524,426	3,255,594	3,223,117	3,434,435	3,594,804	3,822,369
Racing and Wagering Western Australia Tax	42,411	45,160	40,045	46,083	66,710	88,022	88,822
Transfer Duty.....	1,337,635	1,387,238	1,356,805	1,296,689	1,368,661	1,450,732	1,557,968
Landholder Duty	418,812	101,406	150,985	201,000	101,000	100,000	100,000
<i>Total Duty on Transfers</i>	<i>1,756,447</i>	<i>1,488,644</i>	<i>1,507,790</i>	<i>1,497,689</i>	<i>1,469,661</i>	<i>1,550,732</i>	<i>1,657,968</i>
Vehicle License Duty	345,655	350,367	344,133	347,572	351,741	356,814	363,237
Other Duties	6	1	34	1	1	1	1
Commonwealth Mirror Taxes.....	43,325	45,517	40,660	41,657	44,224	46,272	49,136
Other Revenue							
Office Lease Rental Revenue	41,623	39,000	40,086	41,240	39,700	39,700	39,700
Other Income.....	63,043	65,331	63,549	64,136	66,252	66,487	66,624
Appropriations							
First Home Owner Grant Act 2000.....	98,582	73,678	72,765	74,612	75,408	74,344	73,855
Administered Grants and Transfer Payments.....	148,881	204,210	164,281	185,070	178,241	189,614	203,752
TOTAL ADMINISTERED INCOME	7,667,246	7,483,357	7,140,014	7,104,616	7,344,096	7,685,449	8,111,076
EXPENSES							
Grants to Charitable and Other Public Bodies							
Energy Concession Extension Scheme.....	997	1,449	1,300	1,124	1,220	1,327	1,445
First Home Owner Scheme.....	98,582	73,678	72,765	74,612	75,408	74,344	73,855
First Home Owner Scheme - Extension	-	-	5,530	13,679	1,799	331	-
Life Support Equipment Subsidy Scheme ..	1,037	1,161	1,030	1,300	1,400	1,500	1,600
Payroll Tax Rebate Schemes.....	-	1,000	28	200	100	100	100
Pensioner Concessions - Emergency Services Levy	16,257	19,000	18,561	19,800	21,400	23,100	25,100
Pensioner Concessions - Local Government Rates.....	100,652	109,144	102,118	100,400	108,700	117,800	127,900
Thermoregulatory Dysfunction Energy Subsidy.....	1,549	1,526	1,715	2,000	2,200	2,300	2,500
Other							
Refund of Past Years Revenue.....	28,388	70,930	34,000	46,567	41,422	43,156	45,107
Doubtful Debts Expense	18,073	-	14,823	-	-	-	-
Other Expenses.....	63,043	65,331	63,549	64,136	66,252	66,487	66,624
Payments to Consolidated Account.....	7,417,577	7,140,138	6,697,830	6,780,798	7,024,195	7,355,004	7,766,845
TOTAL ADMINISTERED EXPENSES	7,746,155	7,483,357	7,013,249	7,104,616	7,344,096	7,685,449	8,111,076

Horizon Power

Part 19 Treasurer; Minister for Finance; Energy

Asset Investment Program

The investment that the State Government makes to regional Western Australia through Horizon Power contributes towards statutory and regulatory obligations and maintains the adequacy and quality of electricity supply to regional customers. Horizon Power will invest \$154.4 million during 2017-18 and a further \$202.5 million across the forward estimates.

Asset Management Plan

Horizon Power is forecast to invest \$36 million in 2017-18 and a further \$117.6 million over the forward estimates period to mitigate extreme and high risk energy assets. This investment contributes towards ensuring regulatory compliance, reliability and capacity of all of Horizon Power's systems to support the safety, development and enhancement of communities throughout regional Western Australia.

Pilbara Underground Power Project

The Pilbara Underground Power Project aims to provide cyclone-prone North West towns with a safer and more reliable power supply by replacing ageing overhead electricity infrastructure with underground networks in the areas of Karratha, South Hedland, Wedgefield, Onslow and Roebourne.

The project is a partnership between the State and local governments that is forecast to cost \$216.7 million. It is scheduled to be completed in 2017-18 with expenditure of \$22.9 million in this year.

Onslow Power

Horizon Power will spend \$52.8 million in 2017-18 and an additional \$50.8 million across the forward estimates to deliver the power infrastructure required to meet forecast demand in Onslow. This includes the construction of a gas/diesel fuelled power station and required network extensions. The power station will be modular and expandable along with the network, having the ability to accommodate energy contributions from distributed energy sources such as solar farms with battery storage technologies as well as from customer installed small scale domestic and commercial rooftop photo-voltaic and battery storage systems.

This will be largely supported by a grant from the Department of State Development, in turn funded by payments from Chevron Australia, as part of the Ashburton North (Wheatstone Project) State Development Agreement.

Pilbara Power Project

Horizon Power will invest \$6.2 million in 2017-18 to upgrade the transmission network to accommodate the increased electricity load generated by the new South Hedland Pilbara power station. Horizon Power has signed a 25 year Electricity Transfer Access Contract with the Fortescue Metals Group to allow it access to the new infrastructure.

Transmission Connection to Roy Hill's Facilities

Horizon Power has been awarded the contract to provide iron ore producer Roy Hill with energy to its Port Hedland port facility following a competitive tender process.

Early design and procurement work on the energy project has begun and up to 50 new jobs are expected to be created during the construction phase. Horizon Power will invest \$18.9 million in 2017-18 for the construction of the transmission line.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-17 \$'000	2016-17 Estimated Expenditure \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
WORKS IN PROGRESS							
Asset Management Plan							
Asset Replacement	112,052	53,216	11,999	14,043	14,542	14,851	15,400
Capacity	23,441	11,627	3,679	2,820	2,920	2,982	3,092
Knowledge and Technology Investment	35,564	14,597	3,855	4,821	5,242	5,353	5,551
Mobile Plant and Operational Fleet	37,105	21,189	2,601	3,136	4,149	4,237	4,394
Property Management	26,974	12,593	2,975	3,645	3,486	3,559	3,691
Regulatory Compliance	31,847	30,507	286	320	331	338	351
Reliability	35,175	28,372	2,680	1,624	1,681	1,717	1,781
Safety	119,396	95,771	6,696	5,639	5,839	5,963	6,184
Customer Funded Works	150,389	106,818	3,069	10,412	10,673	11,105	11,381
Major Projects							
Advanced Metering Infrastructure	34,137	33,939	4,695	198	-	-	-
Onslow Power Infrastructure Project - Power Station Upgrade	105,293	8,166	7,718	46,369	47,952	2,806	-
Onslow Power Station Network Connection	7,470	1,070	-	6,400	-	-	-
Pilbara Power Project	26,087	19,875	17,078	6,166	46	-	-
Pilbara Underground Power Project ^(a)	216,755	193,816	29,936	22,939	-	-	-
Transmission Connection to Roy Hill's Facilities	24,911	5,974	5,974	18,937	-	-	-
COMPLETED WORKS							
Major Projects							
Mid West and Norseman Network Augmentation	5,198	5,198	300	-	-	-	-
Murchison Radio Observatory Power Station ^(a)	15,295	15,295	4,132	-	-	-	-
Onslow Power Infrastructure Project	2,450	2,450	500	-	-	-	-
NEW WORKS							
Major Projects							
Electricity Infrastructure Upgrade for Onslow Salt	3,924	-	-	3,924	-	-	-
Perth Office Accommodation Project	3,875	-	-	3,000	875	-	-
Total Cost of Asset Investment Program	1,017,338	660,473	108,173	154,393	97,736	52,911	51,825
FUNDED BY							
Borrowings			48,399	70,749	39,111	39,000	40,950
Internal Funds and Balances			27,627	30,081	7,867	11,105	10,875
Other			7,718	46,369	47,952	2,806	-
Drawdowns from Royalties for Regions Fund ^(b)			24,429	7,194	2,806	-	-
Total Funding			108,173	154,393	97,736	52,911	51,825

(a) Funded either fully or partially from the Royalties for Regions Fund.

(b) Regional Infrastructure and Headworks Fund.

Synergy

Part 19 Treasurer; Minister for Finance; Energy

Asset Investment Program

In 2017-18 and over the forward estimates, Synergy will spend \$173.1 million on its Asset Investment Program, which is largely required to maintain the existing generation asset base.

Generation

Synergy's generation portfolio is comprised of coal, gas, liquid fuel and renewable energy assets. Expenditure to maintain the capacity and reliability of these assets amounts to a total of \$119.7 million in 2017-18 and over the forward estimates.

Major investments within this total include:

- \$40.9 million for various projects at Kwinana Power Station. Major works include:
 - \$32.7 million on compliance works for rehabilitation and relocation of shared services in order to support other generation infrastructure located at the Kwinana site following the retirement of the Kwinana Power Station; and
 - \$8.2 million on other projects including Kwinana electro chlorination plant replacement and ash dam relining, and civil and remediation works to cooling water systems.
- \$36.3 million for various projects to support safety, reliability, efficiency and environmental targets at Muja Stages C and D Power Station, which include:
 - \$10.2 million on replacement of step up transformers and switchboards for Stages C and D;
 - \$6.6 million towards replacement of sootblower piping and boiler drain piping critical to continuing operation of the plant;
 - \$4 million on the refurbishment of the Stage C turbine;
 - \$3.2 million on sustaining works for raising the fly ash dam wall; and
 - \$12.3 million on various other projects such as replacement of economiser elements, cylinder diaphragm and bottom ash hopper.
- \$27.1 million for works to improve gas turbine reliability and security of supply. Major items include:
 - \$16.5 million on the Cockburn Gas Turbine, mainly for the purchase and installation of parts required for planned maintenance and upgrade of fire protection systems; and
 - \$10.6 million for the Pinjar Gas Turbines, including the procurement and installation of a replacement turbine rotor for Unit 10 and the upgrade of Pinjar Gas Turbine Stage C.
- \$10 million for the Collie Power Station, mainly for upgrading the fire ring main, fly ash construction, major plant component replacement and various other ongoing expenditure associated with the continued safe and reliable operation of the plant.
- \$5.4 million is allocated to various smaller projects to deliver effective operations and management of Synergy's generation portfolio, of which a key project is \$1.5 million for the renewal of the Perron Quarry bore water supply pipeline.

Retail

A total of \$23.3 million for capability and systems enhancement works has been allocated in 2017-18 and over the forward estimates to various information technology projects to support the development of new products and services to appropriately manage and better serve Synergy's more than one million customers.

Corporate

A total of \$30.1 million has been allocated in 2017-18 and over the forward estimates for the replacement of a number of finance and human resources systems and processes to better manage its financial position, workforce planning and management requirements, as well ongoing information technology capital expenditure requirements.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-17 \$'000	2016-17 Estimated Expenditure \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
WORKS IN PROGRESS							
Corporate							
Business Systems Replacement	47,376	19,327	8,060	6,995	7,495	5,195	8,364
Property Plant and Equipment	3,222	1,170	660	610	560	560	322
Generation							
Cockburn Gas Turbine	35,549	19,080	2,995	3,188	100	5,050	8,131
Collie Power Station	27,856	17,813	5,246	7,505	776	675	1,087
Kwinana Power Station	48,986	8,091	4,394	14,451	19,016	3,612	3,816
Muja C and D Power Station	112,116	75,818	14,576	12,230	8,094	6,120	9,854
Other Generation Infrastructure Projects.....	54,635	49,201	15,719	5,252	50	51	81
Pinjar Gas Turbine	21,984	11,384	3,720	4,600	4,000	-	2,000
Retail - System Enhancements	42,745	19,450	2,165	7,050	4,500	4,500	7,245
Total Cost of Asset Investment Program.....	394,469	221,334	57,535	61,881	44,591	25,763	40,900
FUNDED BY							
Internal Funds and Balances.....			57,535	61,881	44,591	25,763	40,900
Total Funding.....			57,535	61,881	44,591	25,763	40,900

Western Power Networks

Part 19 Treasurer; Minister for Finance; Energy

Asset Investment Program

Western Power builds, maintains and operates the electricity network in the southwest of Western Australia. Electricity plays an essential role in the economic development of the State and improving the living standards of the community. Western Power's focus is to provide customers with access to safe, reliable and efficient supply of electricity.

Western Power's Asset Investment Program (AIP) is underpinned by its Asset Management Framework, designed to meet the requirements of Western Power's license obligations, good industry practice and relevant Australian Standards. The framework uses a risk-based approach coupled with a zone-based delivery to maximise the reduction in network risks for a given level of expenditure. Assets are given risk scores, based on likelihood and consequence of individual asset failure, which are used to prioritise asset replacements. In addition to zone based delivery, work is also delivered through targeting discrete high risk assets or standalone programs.

Safety – Our Most Important Priority

The safety of the community and its staff is Western Power's most important priority. In recognition of this, Western Power will commit \$285.4 million in 2017-18 to continue important safety programs including:

- pole management which includes \$205 million on:
 - replacement and reinforcement of wood poles, recognising the potential public safety and property risks associated with pole failures; and
 - replacement of wood pole cross arms to mitigate consequences of cross arm failure, including the ignition of pole top fires; and
- expenditure on conductor management, connection management and bushfire mitigation projects amounting to \$48.6 million, \$20.9 million and \$10.9 million respectively. Conductors pose a high public safety risk, as an incident where a wire is down has the potential to cause a fatality, electric shock and/or fire. This program will undertake priority maintenance, repair and replacement of aged and deteriorated overhead conductors and underground cables in order to address risk.

Enhancing the Customer Experience

A total of 17 Perth underground power projects will be delivered under round six of the State Underground Power Program (SUPP). SUPP is a partnership between the State Government, Western Power and participating local governments that will see Western Power replace overhead electricity distribution networks with underground systems in the suburbs of Floreat West, Floreat North, Floreat East, Kardinya South, Alfred Cove East, Melville North, South Perth, Collier, Manning, Victoria Park West, Victoria Park East, Carlisle North, Trigg, Menora, Maylands Central, South Lake East and Shelley West.

Future Network

Western Power recognises that as the energy needs of our customers change, we need to transform our network planning to deliver tailored energy solutions in partnership with the community. Western Power anticipates that in the medium-term, new technologies will see a shifting of value from the traditional electricity supply chain to providers of new products and potential modularisation of the network.

Western Power will develop scenarios of potential network configurations based on differing customer needs, and identify alternative solutions, including distributed energy resources and utilisation of emerging technology, for these local customer segments where they make sense economically or are fulfilling customer needs.

Western Power has embarked on a series of new technology trials with local partners to explore the potential of innovative network technologies to identify new expenditure efficiency opportunities and understand the issues, challenges and opportunities. Trials include a battery storage trial in Perenjori, a standalone power systems trial at edge-of-grid locations and partnering with other organisations to trial microgrids and to understand the commercial implications of integrating technologies (renewable energy, battery storage, smart grid, and electric vehicles) in an urban environment.

Western Power has also launched a feasibility study into improving the reliability of energy supply to Kalbarri through incorporation of renewable technologies and a network integrated battery. Western Power is also involved in trials of peer-to-peer trading, recognising the potential of this innovation to encourage continued grid connection.

New Access Arrangement

Western Power will submit its initial proposal for its fourth Access Arrangement (AA4) to the Economic Regulation Authority (ERA) by 2 October 2017. The AA4 period is for five years and commences on 1 July 2017, therefore AA4 will be partially backwards looking. As part of Western Power's Access Arrangement submission and approvals process, the ERA will undertake a rigorous review of Western Power's forecast expenditure. This process ensures that there is a demonstrable need for investment proposed by Western Power and that the investment is efficient. The final determination is due in mid-2018.

Western Power's AIP has been separated into the following tables in order to demonstrate:

- estimated expenditure during the third Access Arrangement (AA3) which ran from 1 July 2012 to 30 June 2017; and
- forecast expenditure during AA4 over the forward estimates period noting that:
 - expenditure in 2021-22 (i.e. the final year of AA4) is not included; and
 - this is subject to change to reflect Western Power's AA4 initial proposal and the subsequent ERA determination.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-17 \$'000	2016-17 Estimated Expenditure \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
COMPLETE WORKS – THIRD ACCESS ARRANGEMENT (AA3)							
Capitalised Borrowing Costs	59,249	59,249	850	-	-	-	-
Government Initiative - State Underground Power Program	87,519	87,519	11,666	-	-	-	-
Growth							
Distribution							
Capacity Expansion	176,313	176,313	35,000	-	-	-	-
Customer Access	814,824	814,824	149,679	-	-	-	-
Major Projects - Mid West Energy Project	415,923	415,923	17,350	-	-	-	-
Transmission							
Capacity Expansion	96,085	96,085	22,090	-	-	-	-
Customer Driven	101,271	101,271	14,240	-	-	-	-
Other Asset Investment							
Emerging Technology	3,364	3,364	1,850	-	-	-	-
Motor Vehicle Fleet and Mobile Plant	109,536	109,536	3,653	-	-	-	-
System Management	7,441	7,441	-	-	-	-	-
Safety							
Bushfire Mitigation	64,374	64,374	2,100	-	-	-	-
Conductor Management	444,520	444,520	95,000	-	-	-	-
Connection Management	156,703	156,703	2,240	-	-	-	-
Pole Management	1,140,491	1,140,491	119,050	-	-	-	-
Security							
Thermal Management	1,710	1,710	740	-	-	-	-
Voltage and Fault Level Management	4,500	4,500	4,500	-	-	-	-
Service							
Business Support and Information Technology	245,577	245,577	74,550	-	-	-	-
Corporate Real Estate	72,325	72,325	13,900	-	-	-	-
Metering	92,978	92,978	26,200	-	-	-	-
Regulatory Compliance	88,697	88,697	12,100	-	-	-	-
Reliability Driven Asset Replacement	293,544	293,544	61,100	-	-	-	-
Total Cost of Completed Works (AA3)	4,476,944	4,476,944	667,858	-	-	-	-

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-17 \$'000	2016-17 Estimated Expenditure \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
NEW WORKS – FOURTH ACCESS ARRANGEMENT (AA4)							
Capitalised Borrowing Costs	9,239	-	-	1,763	2,154	2,385	2,937
Government Initiative - State Underground Power Program	142,223	-	-	40,648	55,170	36,916	9,489
Other Asset Investment - Motor Vehicle Fleet and Mobile Plant	9,733	-	-	2,210	2,498	2,688	2,337
Safety							
Bushfire Mitigation	24,954	-	-	10,890	7,276	3,347	3,441
Conductor Management	364,986	-	-	48,572	84,663	109,754	121,997
Connection Management	93,422	-	-	20,949	22,537	24,168	25,768
Pole Management	739,189	-	-	204,986	182,798	173,476	177,929
Security							
Thermal Management	17,406	-	-	1,662	196	2,385	13,163
Voltage and Fault Level Management	35,191	-	-	8,174	21,174	5,493	350
Service							
Business Support and Information Technology	268,963	-	-	73,649	64,137	66,568	64,609
Corporate Real Estate	63,529	-	-	20,312	17,829	14,086	11,302
Metering	83,756	-	-	20,202	20,992	21,281	21,281
Regulatory Compliance	139,276	-	-	40,689	32,388	36,723	29,476
Reliability Driven Asset Replacement	482,996	-	-	114,706	108,148	108,699	151,443
Total Cost of New Works (AA4)	2,474,863	-	-	609,412	621,960	607,969	635,522
Total Cost of Asset Investment Program	6,944,366	4,476,944	667,858	609,412	621,960	607,969	635,522
FUNDED BY							
Borrowings			34,195	86,563	-	-	19,705
Internal Funds and Balances			633,663	522,849	621,960	607,969	615,817
Total Funding			667,858	609,412	621,960	607,969	635,522

Western Power Provisions

Part 19 Treasurer; Minister for Finance; Energy

Asset Investment Program

Western Power is required, under the Electricity Networks Access Code 2004, to use all reasonable endeavours to provide access to customers and fund augmentations where they meet specified investment criteria.

This provision is separate to the remainder of Western Power's Asset Investment Program in recognition of the inherent uncertainty in forecasting customer demand requirements. The allocation is transferred to Western Power's budget upon demonstration of project commitments, including either contractual commitments with customers or demonstrated receipts of customer contributions. Variations to forecast levels of expenditure will be met by bringing forward expenditure for future periods in line with the approved capital expenditure funding mechanisms or, if required, submitting a business case to the State Government to secure the required capital expenditure.

Western Power is committed to connecting customers and investing in infrastructure to support the State, with \$227.3 million allocated from the provision in 2017-18 for customer driven works.

Western Power is planning to invest \$64.5 million in capacity expansion to facilitate customers connecting to the transmission and distribution networks in 2017-18. These plans have been optimised to address both asset and growth drivers to ensure the most efficient solutions are proposed and developed for customers.

Distribution customer driven works typically reflect a large number of small projects to facilitate customer requests for connection to the network. Western Power is forecasting a spend of \$141.9 million in 2017-18 for meeting customer requests for new or modified distribution connections, network expansions, subdivisions and distribution asset relocations.

Transmission customer driven works include, expanding or reinforcing the network to connect new customer loads or generators. In 2017-18, Western Power is forecasting \$20.9 million for substation upgrades, new connections and line relocations.

Significant proposed distribution and transmission investment for capacity expansion includes the following:

- installation of two new transformers at Mandurah; the load supplied by the Mandurah substation has exceeded the substation planned capacity. This investment proposes a staged installation of two 66MVA transformers to address the substation capacity shortfall and facilitate future connections;
- installation of a new 132kV cable between the Hay Street substation and the Milligan Street substation, removing the risk of long outages during peak demand;
- installation of a new CBD substation will accommodate the decommissioning of several end of life assets at East Perth, Wellington Street and Forrest Avenue; and
- installation of a third transformer at the Black Flag substation in Eastern Goldfields; the peak demand at the Black Flag substation is forecast to exceed the substation planned capacity due to increases in mining activity in the area which is currently being driven by higher commodity prices.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-17 \$'000	2016-17 Estimated Expenditure \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
NEW WORKS - FOURTH ACCESS ARRANGEMENT (AA4)							
Growth							
Distribution							
Capacity Expansion.....	199,009	-	-	50,174	63,038	50,326	35,471
Customer Driven.....	598,887	-	-	141,912	147,473	152,611	156,891
Transmission							
Capacity Expansion.....	16,423	-	-	14,337	1,376	709	1
Customer Driven.....	88,050	-	-	20,868	21,682	22,435	23,065
Total Cost of Asset Investment Program.....	902,369	-	-	227,291	233,569	226,081	215,428
FUNDED BY							
Borrowings.....			-	227,291	233,569	226,081	215,428
Internal Funds and Balances.....			-	-	-	-	-
Total Funding.....			-	227,291	233,569	226,081	215,428

