

Part 3

Financial Administration

Summary of Portfolio Appropriations

Agency	2017-18 Budget \$'000	2017-18 Estimated Actual '000	2018-19 Budget Estimate '000
Treasury			
– Delivery of Services	65,318	55,857	62,506
– Administered Grants, Subsidies and Other Transfer Payments	4,043,545	3,679,700	3,766,691
– Capital Appropriation	10	10	-
– Administered Capital Appropriation	1,217,679	1,002,213	1,282,000
Total	5,326,552	4,737,780	5,111,197
Office of the Auditor General			
– Delivery of Services	7,639	7,584	7,711
– Capital Appropriation	300	300	300
Total	7,939	7,884	8,011
Finance			
– Delivery of Services	152,507	150,690	152,750
– Administered Grants, Subsidies and Other Transfer Payments	259,682	265,459	252,626
– Capital Appropriation	15,932	14,902	11,820
– Total	428,121	431,051	417,196
GRAND TOTAL			
– Delivery of Services	225,464	214,131	222,967
– Administered Grants, Subsidies and Other Transfer Payments	4,303,227	3,945,159	4,019,317
– Capital Appropriation	16,242	15,212	12,120
– Administered Capital Appropriation	1,217,679	1,002,213	1,282,000
Total	5,762,612	5,176,715	5,536,404

Division 12 Treasury

Part 3 Financial Administration

Appropriations, Expenses and Cash Assets

	2016-17 Actual \$'000	2017-18 Budget \$'000	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
DELIVERY OF SERVICES							
Item 15 Net amount appropriated to deliver services ^(a)	62,514	63,936	54,475	61,124	56,292	52,892	51,689
Amount Authorised by Other Statutes - Salaries and Allowances Act 1975 ^(a)	1,382	1,382	1,382	1,382	1,382	1,382	1,389
Total appropriations provided to deliver services ^(a)	63,896	65,318	55,857	62,506	57,674	54,274	53,078
ADMINISTERED TRANSACTIONS							
<i>Operating Subsidy Payments</i>							
Item 16 Bunbury Water Corporation.....	703	666	703	692	705	717	730
Item 17 Busselton Water Corporation.....	552	647	629	671	686	701	714
Item 18 Electricity Generation and Retail Corporation (Synergy).....	380,911	249,004	251,192	113,901	119,089	110,119	96,384
Item 19 Forest Products Commission.....	1,451	-	833	1,667	-	-	-
Item 20 Mid West Ports Authority.....	5,445	4,994	4,994	2,442	-	-	-
Item 21 Public Transport Authority.....	798,772	838,550	812,104	834,456	878,481	905,322	858,066
Item 22 Regional Power Corporation (Horizon Power).....	48,892	20,200	20,200	9,730	9,403	9,458	9,696
Item 23 Southern Ports Authority.....	560	439	439	295	159	88	-
Item 24 Water Corporation of Western Australia.....	464,225	468,778	408,928	464,299	281,792	197,579	161,601
Item 25 Western Australian Land Authority...	39,294	45,305	52,815	27,668	25,423	25,496	25,571
<i>Grants, Subsidies and Transfer Payments</i>							
Item 26 Goods and Services Tax (GST) Administration Costs.....	73,866	66,800	66,200	62,800	49,300	49,300	49,600
Item 27 Health and Disability Services Complaints Office.....	2,701	2,797	2,871	2,651	2,671	2,692	2,747
Item 28 Metropolitan Redevelopment Authority.....	13,195	37,288	45,666	10,351	-	-	-
Item 29 Minerals Research Institute ^(b)	-	-	-	1,000	1,500	1,500	1,500
Item 30 Provision for Unfunded Liabilities in the Government Insurance Fund.....	3,238	3,246	2,763	1,870	1,736	1,753	1,474
Item 31 Provision for Voluntary Targeted Separation Scheme ^(c)	-	300,000	42,054	55,820	15,520	11,640	5,820
Item 32 Refund of Past Years Revenue Collections - Public Corporations.....	6,456	10,000	10,000	10,000	10,000	10,000	10,000
Item 33 Resolution of Native Title in the South West of Western Australia (Settlement) ^(d)	-	-	-	60,000	83,428	83,196	76,796
Item 34 Royalties for Regions ^(e)	419,019	491,841	473,294	574,807	762,883	787,995	850,247
Item 35 State Property - Emergency Services Levy.....	16,000	16,000	17,539	19,187	19,663	19,717	19,594
Item 36 All Other Grants, Subsidies and Transfer Payments ^(f)	5,821	18,836	17,612	6,552	6,752	7,127	7,327
<i>Comprising:</i>							
Acts of Grace.....	200	300	300	300	300	300	300
First Home Owners Boost Recoveries.....	14	-	-	-	-	-	-
Incidentals.....	-	240	240	240	240	240	240
Interest on Public Moneys Held in Participating Trust Fund Accounts.....	4,677	5,510	4,370	5,060	5,260	5,635	5,835
Administration Costs - National Tax Equivalent Regime Scheme.....	-	100	100	100	100	100	100
Town of Cambridge.....	-	11,750	11,750	-	-	-	-
Western Australian Treasury Corporation Management Fees.....	930	936	852	852	852	852	852

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
Bell Group Administration Wind-up and							
Associated Costs ^(g)	6,754	1,305	2,875	-	-	-	-
Department of Justice ^(h)	22,434	11,509	1,389	-	-	-	-
National Disability Insurance Scheme							
Trial Sites ⁽ⁱ⁾	44,600	-	-	-	-	-	-
Service Priority Review - Provision for							
SES Compensation Payments ^(j)	-	13,000	-	-	-	-	-
<i>Authorised by Other Statutes</i>							
Judges' Salaries and Pensions Act 1950.....	15,526	16,478	16,484	17,352	18,258	19,224	20,235
<i>Comprising:</i>							
Benefit Payments.....	15,339	16,262	16,262	17,124	18,031	18,986	19,993
Administration Expenses ^(k)	187	216	222	228	227	238	242
Parliamentary Superannuation Act 1970.....	12,891	10,184	10,191	10,199	10,495	10,815	11,135
<i>Comprising:</i>							
Benefit Payments.....	12,665	9,931	9,931	9,931	10,229	10,536	10,851
Administration Expenses ^(k)	226	253	260	268	266	279	284
State Superannuation Act 2000.....	569,399	649,733	649,980	615,746	593,723	581,973	515,079
<i>Comprising:</i>							
Pension Scheme.....	191,396	185,826	185,825	177,255	160,697	152,580	144,395
<i>Comprising:</i>							
Benefit Payments.....	189,644	184,037	184,037	175,608	159,051	150,986	142,894
Administration Expenses ^(k)	1,752	1,789	1,788	1,647	1,646	1,594	1,501
Gold State Super.....	318,668	404,803	405,026	379,591	374,376	371,011	370,684
<i>Comprising:</i>							
Benefit Payments.....	313,309	399,195	399,195	374,234	369,246	366,053	365,967
Administration Expenses ^(k)	5,083	5,193	5,416	4,933	4,702	4,518	4,267
Government Services ^(l)	276	415	415	424	428	440	450
West State Super.....	59,335	59,104	59,129	58,900	58,650	58,382	-
Western Australian Health Promotion							
Foundation Act 2016.....	23,037	23,614	23,614	24,204	24,750	24,994	25,026
Unclaimed Money Act 1990.....	1,331	1,331	1,331	1,331	1,331	1,331	1,331
Loan Acts - Interest.....	645,828	741,000	743,000	837,000	956,000	1,064,000	1,135,000
TOTAL RECURRENT ADMINISTERED.....	3,622,901	4,043,545	3,679,700	3,766,691	3,873,748	3,926,737	3,885,673
CAPITAL							
Capital Appropriation.....	-	10	10	-	-	-	-
<i>Government Equity Contributions</i>							
Item 88 Animal Resources Authority.....	800	1,320	1,870	800	-	-	-
Item 89 Department of Education ^(m).....	-	51,400	43,400	38,400	48,500	28,000	21,300
Item 90 Department of Finance ⁽ⁿ⁾.....	-	1,200	1,200	5,200	-	-	-
Item 91 Department of Justice ^(h).....	4,009	25,560	11,682	52,119	42,904	-	-
Item 92 Department of Local Government,							
Sport and Cultural Industries ^(o)	-	-	-	6,500	-	-	-
Item 93 Department of Transport ^(p).....	-	-	-	200	1,700	1,700	-
Item 94 Electricity Networks Corporation							
(Western Power).....	51,628	182,684	168,584	109,235	100,525	95,451	99,037
Item 95 Kimberley Ports Authority.....	-	-	375	2,500	-	-	-
Item 96 Metropolitan Redevelopment							
Authority.....	-	-	-	100,224	2,420	-	-
Item 97 Pilbara Ports Authority.....	5,112	53,703	60,735	34,650	19,161	3,476	-
Item 98 Provision for the Metropolitan							
Redevelopment Authority ^(q)	-	-	-	62,776	-	-	-
Item 99 Regional Power Corporation							
(Horizon Power).....	1,638	32,918	32,918	1,118	1,118	1,118	-
Item 100 Royalties for Regions ^(e).....	329,259	403,512	357,495	360,011	232,860	195,584	108,886
Item 101 Southern Ports Authority.....	2,210	2,346	2,346	2,489	1,624	640	-
Item 102 WA Health ^(r).....	11,279	55,616	37,934	54,904	33,297	50,070	49,631
Item 103 Western Australian Land							
Authority.....	-	-	192	44,355	6,975	22,154	61,047
Forest Products Commission.....	2,100	-	1,300	-	-	-	-
Independent Market Operator ^(s).....	-	40	40	-	-	-	-
<i>Other</i>							
Item 104 Perth Stadium Account.....	370,000	122,226	127,920	739	-	-	-
Item 105 Western Australian Future Fund....	38,400	52,100	52,100	50,600	50,100	50,400	50,500

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
<i>Authorised by Other Statutes</i>							
Loans (Co-operative Companies) Act 2004....	13,050	3,400	4,400	-	-	-	-
Loan Acts - Repayment of Borrowings	88,599	229,654	97,722	355,180	62,106	41,548	38,412
TOTAL CAPITAL ADMINISTERED.....	918,084	1,217,679	1,002,213	1,282,000	603,290	490,141	428,813
GRAND TOTAL	4,604,881	5,326,552	4,737,780	5,111,197	4,534,712	4,471,152	4,367,564
EXPENSES							
Total Cost of Services ^(a)	62,248	74,435	63,870	71,739	65,623	61,573	60,379
Net Cost of Services ^{(a) (i)}	62,060	73,941	63,583	69,815	64,874	61,475	60,279
CASH ASSETS ^{(a) (u)}	26,904	18,117	8,016	8,370	8,707	9,044	9,381

- (a) The 2016-17 Actual has been recast for comparability purposes to account for Machinery of Government changes that took effect from 1 July 2017.
- (b) Reflects funding to be applied to the Mineral Research Institute of Western Australia to support a bid to host the Commonwealth's New Energy Industry Cooperative Research Centre headquarters. Funding will be released subject to the State succeeding in its bid.
- (c) The Voluntary Targeted Separation Scheme was announced in the 2017-18 Budget, and was estimated to deliver ongoing savings of around \$185 million per annum from 2018-19 by reducing public sector employee numbers by 3,000 Full Time Equivalents (at a cost of \$300 million which was budgeted to occur in 2017-18). The cost of separation payments for employees that accepted an offer under the Scheme and were finalised by the 9 April 2018 Budget cut-off date have been funded by the Consolidated Account and transferred to agency budgets. The remaining provision has been re-flowed across the forward estimates period. Further information on the Voluntary Targeted Separation Scheme is included in Budget Paper No. 3: Economic and Fiscal Outlook.
- (d) Reflects funding held as a provision until the finalisation of the Settlement, which is expected in late 2018. Funding will then be transferred to relevant parties to execute the agreement.
- (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) All other items include all Administered Grants, Subsidies and Transfers not covered elsewhere by individual Acts.
- (g) 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.
- (h) Reflects funding to be applied to the Department of Justice's Custodial Infrastructure Program. The recurrent item also includes, in the 2016-17 Actual, 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.
- (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.
- (j) A reduction of 20% in Senior Executive Service numbers was announced in the 2017-18 Budget with ongoing savings of around \$26 million per annum from 2018-19 expected to be achieved from this initiative. Separation costs across the sector were to be funded by the Consolidated Account (where agencies cannot meet compensation payments from existing budget parameters). At the time of finalising this Budget, no separation costs are expected to be funded from this item. Further detail of Budget repair measures is contained in Budget Paper No. 3: Economic and Fiscal Outlook.
- (k) Superannuation scheme administration expense reflects the costs of administering an unfunded defined benefit superannuation/pension scheme by an appropriation from the Consolidated Account.
- (l) Reflects the costs for regulatory support of State superannuation schemes where Government Employees Superannuation Board or Treasury incurs these costs on behalf of the general government sector.
- (m) 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 acquisition of land for future secondary schooling following valuation advice by the Valuer-General.
- (n) 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.
- (o) Reflects funding to be applied to the Department of Local Government, Sport and Cultural Industries for upgrades to the orchestra pit and front of house at His Majesty's Theatre. The funds will be released following Government approval of a business case.
- (p) Reflects funding to be applied to Driver and Vehicle Services facilities upgrades. The Department of Transport is required to submit business cases and planning details for Government approval to access these funds.
- (q) 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 non-commercial borrowings associated with its projects and regulatory planning and other corporate costs. Since the 2017-18 Budget, the Government has approved an equity injection of \$100.2 million in 2018-19 to repay the Authority's non-commercial debt associated with the Yagan Square project as at 30 June 2018. The \$100.2 million amount has been taken from this item (the \$163 million provision as reported in the 2017-18 Budget) and now appears in the Metropolitan Redevelopment Authority item.
- (r) 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.
- (s) Reflects costs associated with winding up the Independent Market Operator that cannot be attributed to industry participants.
- (t) 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.
- (u) 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 presentation of the 2017-18 Budget to Parliament on 7 September 2017, are outlined below:

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Election Commitments					
Public Sector Reform	-	1,590	1,604	1,335	1,346
Senior Executive Service Reduction	(500)	(1,000)	(1,000)	(1,000)	(1,000)
Other					
Government Office Accommodation Reform Program	(305)	(822)	(831)	(840)	(849)
New Public Sector Wages Policy	(181)	(453)	(728)	(1,009)	-
State Fleet Policy and Procurement Initiatives	(31)	(44)	(44)	(47)	(53)
Voluntary Targeted Separation Scheme ^(a)	449	(890)	(898)	(905)	(917)

(a) Cost and savings estimates of the Voluntary Targeted Separation Scheme as at 9 April 2018 Budget cut-off date. The costs and savings of the Scheme will be further updated in the 2017-18 Annual Report on State Finances and the 2018-19 Mid-year Review.

Significant Issues Impacting the Agency

Economic Outlook

- After contracting by 2.7% in 2016-17 - the first annual contraction on record - Western Australia's economy (as measured by Gross State Product) is expected to grow by an estimated 2.5% in 2017-18 and a further 3.25% in 2018-19. Exports, particularly of Liquefied Natural Gas (LNG), iron ore, lithium and gold, will continue to be the major driver of economic growth in the short-term.
- In contrast to the overall economy, the State's domestic economy (as measured by State Final Demand) is yet to trough, with business investment expected to return to growth from 2019-20, supported by projects needed to sustain current operations in the iron ore and LNG sectors. State Final Demand is expected to be supported by a gradual pick-up in household consumption over the medium term, resulting in steadier and more balanced economic growth.
- Employment in Western Australia has strengthened in 2017-18, with a return to annual growth underpinned by full-time hiring. Solid employment growth is again expected in 2018-19 (1.5% or 20,000 jobs), despite the winding down of labour-intensive construction on major LNG projects.
- The return to a more 'normal' phase of economic activity is expected to result in a stabilisation of the State's taxation revenue, with modest rates of growth over the Budget period. Modest growth reflects expectations for relatively low population growth and the continuation of subdued income and house price growth over the next few years.
- Volatility in international commodity markets remains a significant issue in terms of revenue forecasting, with mining royalties accounting for around 18% of total general government revenue. Treasury continues to devote significant attention to monitoring and analysing developments, particularly in the iron ore market. Treasury will also continue to implement the recommendations of the recently completed Review of Revenue Forecasting by Deloitte Access Economics.

State Finances

- Treasury's primary focus continues to be supporting the Government's priority for Budget repair and responsible financial management. This includes the key objective of returning the general government operating balance to surplus by 2020-21. The projected return to surplus is underpinned by low rates of expense growth, with general government expenses forecast to grow by an average of just 1.2% per annum over the forward estimates period.
- The forecast general government operating deficit for 2017-18 of \$1.3 billion has almost halved relative to the 2017-18 Budget forecast (\$2.3 billion). This reflects the inclusion of \$702 million in Commonwealth infrastructure grants as part of this Budget, and containing general government expense growth to an estimated 2.8%. Continued low expense growth of just 0.9% in 2018-19 has also contributed to a significantly lower operating deficit of \$906 million now forecast for 2018-19 relative to expectations in the 2017-18 Budget (\$1.6 billion).

- The improvement in the operating outlook has flowed through to lower than previously forecast levels of total public sector net debt, which is now projected to peak at \$40.9 billion at 30 June 2020 before reducing to \$39.7 billion by 30 June 2022. Nonetheless, the State's borrowing task remains significant, and Treasury continues to work closely with the Western Australian Treasury Corporation on the composition and timing of borrowings, investor marketing activities and liaison with the credit rating agencies.

Budget Repair

- Implementation of the Government's 2017-18 Budget repair measures has been a major focus of Treasury's, and remains largely on track. Savings from these measures have now been allocated to agency budgets, and the necessary legislative amendments are being progressed.

Public Sector Reform

- In line with the Government's commitment to responsible financial management, an additional \$5.9 million has been allocated over 2018-19 to 2021-22 to support Treasury in implementing the Government's public sector reform priorities. This includes:
 - the development and implementation of standardised governance arrangements for Government Trading Enterprises;
 - expanding Treasury's revenue forecasting capacity; and
 - enhancing Treasury's role across the public sector in terms of financial management capacity-building.
- These initiatives respond to the findings of the Service Priority Review and the Special Inquiry into Government Programs and Projects.

Commonwealth-State Financial Relations

- A high priority for the Government continues to be fighting for a fair share for Western Australia, in particular reform of the GST distribution. Treasury will continue to actively engage in the Productivity Commission's inquiry into horizontal fiscal equalisation (due to report in May 2018).
- Work is also being undertaken with other State agencies to harness specialist knowledge and expertise in advocating changes as part of the Commonwealth Grants Commission's review of its methods for distributing GST revenue among jurisdictions (due to report in February 2020).
- In addition, Treasury will support work through the Council on Federal Financial Relations on the development and finalisation of revised Commonwealth funding agreements relating to housing and homelessness services, schools, training, and health reform. Treasury will also support the Government's negotiations on continued Commonwealth funding support for remote housing.

Economic Reform

- Treasury is working with other government agencies to implement the Government's Microeconomic Reform Agenda. This includes prioritising reforms that support jobs, economic growth and diversification. As part of this, Treasury is reviewing rail access arrangements across the State and supporting agencies with regulatory reforms that benefit small business. Treasury will also lead new 90 Day Regulatory Mapping projects in priority sectors.
- Work is also continuing across government to improve the way in which regulations are developed and reviewed, including how to progress recommendations from the Government's Service Priority Review. Preparations are also underway to support the Government in reducing red tape and modernising legislation, including the development of a red tape reduction omnibus bill.

Energy Reform

- The electricity sector is undergoing a major transformation driven by rapidly falling costs for renewable energy generation, consumer driven self-supply options such as rooftop solar PVs and battery storage, and by new policy measures at the national level to meet Australia's international commitments to reduce carbon emissions. Treasury will conduct modelling and analysis through industry consultation on the likely impact of the changing electricity generation mix in Western Australia to help the Government steer policy and regulatory changes. This work aims to ensure that benefits offered by this transformation are captured and the risks to power system security, reliability and costs to electricity consumers are minimised.
- Treasury will progress reforms to improve the electricity market in the South West Interconnected System through the introduction of a constrained access model for the Western Power network. This reform aims to remove significant barriers for lower cost renewable generators in connecting to the network and improving the utilisation of existing network capacity.
- Work will also progress on a suite of reforms to the Wholesale Electricity Market arrangements to ensure a well-functioning power system and efficient market is maintained as the Western Power network transitions to a network constrained access model.

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

Where practical, key performance information for the 2016-17 Actual has been recast for comparability purposes to account for Machinery of Government changes that took effect from 1 July 2017.

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	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	Actual \$'000	Budget \$'000	Estimated Actual \$'000	Budget Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000
1. Financial Management and Reporting.....	9,692	10,203	10,710	10,546	10,824	10,411	10,406
2. Economic and Revenue Forecasts and Policy Development.....	9,250	10,459	10,223	9,732	9,664	9,606	9,602
3. Evaluation and Planning of Government Service Delivery and Infrastructure Provision.....	29,354	29,009	24,723	25,420	23,784	23,358	23,343
4. Development and Implementation of Energy Policy.....	13,952	24,764	18,214	26,041	21,351	18,198	17,028
Total Cost of Services.....	62,248	74,435	63,870	71,739	65,623	61,573	60,379

Outcomes and Key Effectiveness Indicators (a)

	2016-17 Actual	2017-18 Budget	2017-18 Estimated Actual	2018-19 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	
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).....	-4%	+/-5%	-1.3%	+/-5%	
Mining revenue (c).....	36.1%	+/-5%	4%	+/-5%	
Accuracy of key economic forecasts (percentage point difference):					
Employment growth (d).....	-1.2	+/-0.5	0.7	+/-0.5	1
Real State Final Demand (SFD) growth (e).....	-3.5	+/-2	1.2	+/-2	
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.....	8%	100%	13%	100%	2
Outcome: A sustainable, efficient, secure and affordable energy sector:					
The extent to which policy and program development objectives for the year are achieved.....	83%	100%	100%	100%	

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

(b) The 2017-18 Actual for tax revenue will be released in the 2017-18 Annual Report on State Finances in late September 2018. The estimated error for the 2017-18 Estimated Actual abstracts from the change in classification of the Building and Construction Industry Training Fund Levy from sales of goods and services revenue in the 2017-18 Budget to a tax in the 2018-19 Budget following advice from the Australian Bureau of Statistics (ABS).

(c) The 2016-17 Actual for mining revenue differs from Treasury's 2016-17 Annual Report, as it has been updated to reflect the final outcome reported in the 2016-17 Annual Report on State Finances. The 2017-18 Actual for mining revenue will be released in the 2017-18 Annual Report on State Finances in late September 2018. The 2017-18 estimated error excludes the forecast revenue from the proposed gold royalty rate increase included in the 2017-18 Budget, which was not passed by Parliament, and removes from the 2017-18 Estimated Actual additional revenue from an unforeseeable auditing adjustment.

(d) The employment growth actual used in calculating the accuracy of the employment forecasts for 2016-17 differs from that used for Treasury's 2016-17 Annual Report due to the ABS revising the historical series. The main revision was due to the ABS incorporating the impact of the 2016 Census into the labour force figures in December 2017, which resulted in a downward revision to employment growth in Western Australia in 2016-17. These revisions have resulted in a larger variance than was previously reported (-0.7 percentage points).

(e) The real SFD growth actual used in calculating the accuracy of the SFD forecast for 2016-17 differs from that used in calculating the accuracy of the forecast in Treasury's 2016-17 Annual Report, which was based on an estimated actual (as the 2016-17 Actual had not yet been released by the ABS at the time of production).

Explanation of Significant Movements

(Notes)

1. The 2017-18 Estimated Actual for employment growth is expected to be 0.75 percentage points higher than the 2017-18 Budget forecast, reflecting stronger than expected hiring during the year.
2. The requirement to provide Minister-endorsed Strategic Asset Plans to Treasury has proved challenging for agencies to meet in the context of the late presentation of the 2017-18 Budget, and the impacts to some agencies arising from Machinery of Government changes. Treasury has subsequently received draft or final Strategic Asset Plans from all but two agencies that are subject to this Key Performance Indicator.

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.

	2016-17 Actual	2017-18 Budget	2017-18 Estimated Actual	2018-19 Budget Target	Note
Total Cost of Service ^(a)	\$'000 9,692	\$'000 10,203	\$'000 10,710	\$'000 10,546	
Less Income	10	9	11	11	
Net Cost of Service	9,682	10,194	10,699	10,535	
Employees (Full Time Equivalents) ^(a)	46	48	50	54	
Efficiency Indicators					
Percentage of Financial Reports Released as per Agreed Timeframes	100%	100%	100%	100%	

(a) The 2016-17 Actual and 2017-18 Budget allocations have been recast, for comparability purposes, to reflect an internal restructure that occurred during 2017-18.

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.

	2016-17 Actual	2017-18 Budget	2017-18 Estimated Actual	2018-19 Budget Target	Note
Total Cost of Service ^(a)	\$'000 9,250	\$'000 10,459	\$'000 10,223	\$'000 9,732	
Less Income	65	5	6	6	
Net Cost of Service	9,185	10,454	10,217	9,726	
Employees (Full Time Equivalents) ^(a)	45	52	51	54	
Efficiency Indicators					
Number of Ministerials, Briefings or Reports Provided on Economic Issues ...	314	350	330	350	
Percentage of Regulatory Impact Statements Assessed within Agreed Timeframes	96%	90%	100%	90%	

(a) The 2016-17 Actual and 2017-18 Budget allocations have been recast, for comparability purposes, to reflect an internal restructure that occurred during 2017-18.

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, Education, Justice and infrastructure delivery.

	2016-17 Actual	2017-18 Budget	2017-18 Estimated Actual	2018-19 Budget Target	Note
	\$'000	\$'000	\$'000	\$'000	
Total Cost of Service ^(a)	29,354	29,009	24,723	25,420	1
Less Income	72	438	228	1,121	2
Net Cost of Service	29,282	28,571	24,495	24,299	
Employees (Full Time Equivalents) ^(a)	133	137	116	126	
Efficiency Indicators					
Number of Expenditure Review Committee Papers on Service Delivery and Infrastructure Advice	65	100	59	60	3

(a) The 2016-17 Actual and 2017-18 Budget allocations have been recast, for comparability purposes, to reflect an internal restructure that occurred during 2017-18.

Explanation of Significant Movements

(Notes)

- Total Cost of Service reduces between the 2017-18 Budget and the 2017-18 Estimated Actual primarily due to lower corporate overhead costs (including services provided free of charge by the Department of Finance, accommodation costs, vehicle costs and employee costs). Total Cost of Service increases between the 2017-18 Estimated Actual and the 2018-19 Budget Target, driven by an increase in Data Analytics and Service Redesign costs associated with the Activity Based Costing Model, Target 120 and Justice Pipeline Model projects.
- Income reduces between the 2017-18 Budget and the 2017-18 Estimated Actual due to a delay in the timing of income for the Target 120 project, offset by the recognition of income associated with the Strategic Assessment of the Perth and Peel Region project. Income increases between the 2017-18 Estimated Actual and 2018-19 Budget Target in line with expenditure associated with the Target 120 and Justice Pipeline Model projects.
- The number of papers submitted to the Expenditure Review Committee during 2017-18 is lower than expected in the 2017-18 Budget. This reflects the reduction in the number of government agencies (and corresponding decrease in the volume of individual agency submissions) following the Machinery of Government changes that took effect on 1 July 2017. In light of the Machinery of Government changes, the 2018-19 Budget Target has been reduced to 60.

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.

	2016-17 Actual	2017-18 Budget	2017-18 Estimated Actual	2018-19 Budget Target	Note
	\$'000	\$'000	\$'000	\$'000	
Total Cost of Service ^(a)	13,952	24,764	18,214	26,041	1
Less Income	41	42	42	786	2
Net Cost of Service	13,911	24,722	18,172	25,255	
Employees (Full Time Equivalents) ^(a)	41	57	50	51	
Efficiency Indicators					
Average Cost of Policy/Project Development	\$20,831	\$33,043	\$22,317	\$27,524	3

(a) The 2016-17 Actual and 2017-18 Budget allocations have been recast, for comparability purposes, to reflect an internal restructure that occurred during 2017-18.

Explanation of Significant Movements

(Notes)

- Total Cost of Service decreases for the 2017-18 Estimated Actual, and increases for the 2018-19 Budget Target, as Public Utilities Office expenditure has been repositioned from 2017-18 to 2018-19 and the forward estimate period.
- Income is higher for the 2018-19 Budget Target, reflecting funding to be transferred from the Department of Finance for the State Underground Power Program.
- The majority of policy/project development activities are undertaken upon direction from Government. The election of the Government in 2017, coupled with resourcing changes within the Public Utilities Office, led to fewer than anticipated policy and project development activities being undertaken in 2017-18 and a marked reduction in associated costs. Policy and project development activities (and costs) are expected to increase in 2018-19.

Asset Investment Program

The Department's Asset Investment Program for 2018-19 (\$0.8 million) primarily comprises the upgrade of the Strategic Information Management System, Investment Management Module.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-18 \$'000	2017-18 Estimated Expenditure \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
COMPLETED WORKS							
Information and Communications Technology (ICT)							
Replacement/Upgrade - 2017-18 Program	10	10	10	-	-	-	-
NEW WORKS							
ICT Replacement/Upgrade							
2018-19 Program	800	-	-	800	-	-	-
2019-20 Program	400	-	-	-	400	-	-
2020-21 Program	400	-	-	-	-	400	-
2021-22 Program	400	-	-	-	-	-	400
Total Cost of Asset Investment Program	2,010	10	10	800	400	400	400
FUNDED BY							
Capital Appropriation			10	-	-	-	-
Drawdowns from the Holding Account			-	800	400	400	400
Total Funding			10	800	400	400	400

Financial Statements

The 2016-17 Actual data has been recast for comparability purposes to account for Machinery of Government changes that took effect from 1 July 2017.

Income Statement

Expenses

The 2018-19 Budget Estimate reflects a reduction in Total Cost of Services due to the implementation of a number of Government savings measures, including the Voluntary Targeted Separation Scheme, Government Office Accommodation Reform Program, New Public Sector Wages Policy, Senior Executive Service reduction and State Fleet Policy and Procurement Initiatives.

The 2018-19 Budget Estimate also includes the repositioning of existing resources from 2017-18, and the addition of new resources in 2018-19, to facilitate Government priorities including continuing reforms in the energy policy and regulatory environment, as well as reforming the public sector in line with recommendations of the Service Priority Review and the Special Inquiry into Government Programs and Projects.

The additional resources will be directed towards the implementation of standardised governance legislation for Government Trading Enterprises, expanding the capacity of the economic and revenue forecasting function, and providing increased guidance and support across the sector on financial management issues.

The increase in grants and subsidies of \$4.5 million in 2018-19 is due to Round 6 of the State Underground Power Program.

Income

The increase in service appropriation for the 2018-19 Budget Estimate is primarily attributable to Round 6 of the State Underground Power Program.

Statement of Financial Position

Cash assets reduce substantially between the 2017-18 Budget and the 2017-18 Estimated Actual, reflecting the return of almost \$10.1 million in surplus cash to the Consolidated Account.

INCOME STATEMENT ^(a)
(Controlled)

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	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)	38,906	42,126	36,962	40,447	39,860	39,439	38,991
Grants and subsidies ^(c)	435	3,434	3,434	7,965	4,125	1,097	324
Supplies and services	15,247	21,293	16,261	16,539	14,825	14,204	14,206
Accommodation	4,645	5,274	4,969	4,518	4,490	4,473	4,464
Depreciation and amortisation	1,021	1,012	1,012	1,079	1,117	1,157	1,197
Other expenses	1,994	1,296	1,232	1,191	1,206	1,203	1,197
TOTAL COST OF SERVICES	62,248	74,435	63,870	71,739	65,623	61,573	60,379
Income							
Sale of goods and services	1	-	-	-	-	-	-
Other revenue	187	494	287	1,924	749	98	100
Total Income	188	494	287	1,924	749	98	100
NET COST OF SERVICES	62,060	73,941	63,583	69,815	64,874	61,475	60,279
INCOME FROM STATE GOVERNMENT							
Service appropriations	63,896	65,318	55,857	62,506	57,674	54,274	53,078
Resources received free of charge	8,179	8,837	7,940	7,596	7,486	7,486	7,486
Royalties for Regions Fund:							
Regional and State-wide Initiatives	127	130	130	130	133	134	134
TOTAL INCOME FROM STATE GOVERNMENT	72,202	74,285	63,927	70,232	65,293	61,894	60,698
SURPLUS/(DEFICIENCY) FOR THE PERIOD	10,142	344	344	417	419	419	419

(a) Full audited financial statements are published in the agencies' Annual Reports.

(b) The Full Time Equivalents for 2016-17 Actual, 2017-18 Estimated Actual and 2018-19 Budget Estimate are 265, 267 and 285 respectively.

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

DETAILS OF CONTROLLED GRANTS AND SUBSIDIES

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	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	-	33	33	34	35	35	35
Contributions to the Australian Accounting Standards Board							
	49	52	52	53	54	54	54
Contributions to the Australian Energy Market Commission							
	119	85	85	85	85	85	85
Contributions to the Council of Australian Governments Energy Council Work Program ..							
	267	150	150	150	150	150	150
State Contributions to the Underground Power Program							
	-	3,114	3,114	7,643	3,801	773	-
TOTAL	435	3,434	3,434	7,965	4,125	1,097	324

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2016-17 Actual \$'000	2017-18 Budget \$'000	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
CURRENT ASSETS							
Cash assets.....	26,781	17,889	7,787	8,027	8,247	8,465	8,681
Receivables.....	3,243	8,682	743	806	888	970	1,052
Other.....	446	4	541	541	541	541	541
Total current assets.....	30,470	26,575	9,071	9,374	9,676	9,976	10,274
NON-CURRENT ASSETS							
Holding account receivables.....	11,172	12,196	11,964	12,243	12,960	13,717	14,514
Property, plant and equipment.....	30	24	23	17	13	9	5
Intangibles.....	5,237	4,243	4,244	3,971	3,258	2,505	1,712
Restricted cash.....	123	228	229	343	460	579	700
Total non-current assets.....	16,562	16,691	16,460	16,574	16,691	16,810	16,931
TOTAL ASSETS.....	47,032	43,266	25,531	25,948	26,367	26,786	27,205
CURRENT LIABILITIES							
Employee provisions.....	7,702	7,437	6,693	6,693	6,693	6,693	6,693
Payables.....	1,420	5,683	476	476	476	476	476
Other.....	2,583	1,428	154	154	154	154	154
Total current liabilities.....	11,705	14,548	7,323	7,323	7,323	7,323	7,323
NON-CURRENT LIABILITIES							
Employee provisions.....	2,236	3,277	3,034	3,034	3,034	3,034	3,034
Other.....	4	4	4	4	4	4	4
Total non-current liabilities.....	2,240	3,281	3,038	3,038	3,038	3,038	3,038
TOTAL LIABILITIES.....	13,945	17,829	10,361	10,361	10,361	10,361	10,361
EQUITY							
Contributed equity.....	62,705	54,511	44,444	44,444	44,444	44,444	44,444
Accumulated surplus/(deficit).....	(29,618)	(29,074)	(29,274)	(28,857)	(28,438)	(28,019)	(27,600)
Total equity.....	33,087	25,437	15,170	15,587	16,006	16,425	16,844
TOTAL LIABILITIES AND EQUITY.....	47,032	43,266	25,531	25,948	26,367	26,786	27,205

(a) Full audited financial statements are published in the agencies' Annual Reports.

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	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	62,658	64,306	54,845	61,427	56,557	53,117	51,881
Capital appropriation	-	10	10	-	-	-	-
Holding account drawdowns	-	-	222	800	400	400	400
Royalties for Regions Fund:							
Regional and State-wide Initiatives	127	130	130	130	133	134	134
Receipts paid into Consolidated Account	-	(8,200)	(18,267)	-	-	-	-
Net cash provided by State Government	62,785	56,246	36,940	62,357	57,090	53,651	52,415
CASHFLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee benefits	(41,025)	(42,126)	(37,218)	(40,447)	(39,860)	(39,439)	(38,991)
Grants and subsidies	(430)	(3,434)	(3,434)	(7,965)	(4,125)	(1,097)	(324)
Supplies and services	(8,059)	(12,363)	(7,685)	(8,849)	(7,246)	(6,625)	(6,627)
Accommodation	(4,691)	(5,274)	(4,969)	(4,518)	(4,490)	(4,473)	(4,464)
Other payments	(4,751)	(6,316)	(5,080)	(3,629)	(3,662)	(3,659)	(3,653)
Receipts ^(b)							
GST receipts	3,957	3,996	2,281	2,281	2,281	2,281	2,281
Other receipts	286	494	287	1,924	749	98	100
Net cash from operating activities	(54,713)	(65,023)	(55,818)	(61,203)	(56,353)	(52,914)	(51,678)
CASHFLOWS FROM INVESTING ACTIVITIES							
Purchase of non-current assets	-	(10)	(10)	(800)	(400)	(400)	(400)
Net cash from investing activities	-	(10)	(10)	(800)	(400)	(400)	(400)
NET INCREASE/(DECREASE) IN CASH HELD	8,072	(8,787)	(18,888)	354	337	337	337
Cash assets at the beginning of the reporting period	18,832	26,904	26,904	8,016	8,370	8,707	9,044
Cash assets at the end of the reporting period	26,904	18,117	8,016	8,370	8,707	9,044	9,381

(a) Full audited financial statements are published in the agencies' Annual Reports.

(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)

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
GST Receipts							
GST Input Credits	3,957	3,996	2,281	2,281	2,281	2,281	2,281
Other Receipts							
Receipts from Senior Officer Vehicle Scheme ...	64	64	64	66	68	68	70
Receipts from Department of Finance for the State Underground Power Program	-	-	-	743	651	-	-
Other Receipts ^(b)	222	430	223	1,115	30	30	30
TOTAL	4,243	4,490	2,568	4,205	3,030	2,379	2,381

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

(b) The 2018-19 Budget Estimate includes receipts for the Target 120 and Justice Pipeline Model projects.

DETAILS OF ADMINISTERED TRANSACTIONS

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	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	31,377	29,616	39,095	44,063	37,159	30,047	25,379
GST Grants	1,944,334	2,229,200	2,219,200	3,254,900	4,077,100	4,555,200	5,135,700
Local Government (Financial Assistance Grants)	261,901	89,693	79,800	180,600	187,000	194,100	201,470
Local Government (Road Funding)	163,171	55,617	55,700	113,110	117,083	121,490	126,063
Non-Government Schools	1,187,830	1,250,918	1,247,193	1,319,798	1,400,735	1,488,625	1,582,228
North West Shelf Grants	608,508	538,481	710,818	801,144	675,626	546,317	461,433
Other	2,066,811	2,744,780	2,972,540	2,329,965	2,100,057	2,518,703	2,181,270
Total Commonwealth Grants	6,263,932	6,938,305	7,324,346	8,043,580	8,594,760	9,454,482	9,713,543
GOVERNMENT ENTERPRISES							
Dividends							
Bunbury Water Corporation	1,983	1,914	1,898	2,048	2,342	1,974	2,292
Busselton Water Corporation	1,464	1,025	1,409	1,130	1,222	1,129	1,022
Electricity Generation and Retail Corporation (Synergy)	-	144,208	174,897	3,558	9,584	74,136	77,286
Electricity Networks Corporation (Western Power)	101,947	307,956	418,897	254,871	231,012	192,514	153,703
Forest Products Commission	2,530	1,901	3,618	-	171	-	2,311
Fremantle Port Authority	12,362	48,831	59,277	29,727	29,446	31,401	34,713
Gold Corporation	22,154	16,275	12,752	6,324	16,110	17,766	18,514
Insurance Commission of Western Australia	116,943	68,060	100,376	73,135	73,759	64,116	52,610
Kimberley Ports Authority	2,561	329	-	-	435	655	688
Land Information Authority	1,309	6,624	6,060	1,295	9,152	22,386	26,814
Mid West Ports Authority	5,293	14,382	15,151	10,876	10,121	10,257	3,076
Pilbara Ports Authority	13,085	209,442	220,685	130,271	130,474	123,917	122,815
Regional Power Corporation (Horizon Power)	16,389	47,186	43,802	24,373	11,046	4,304	5,681
Southern Ports Authority	6,279	44,798	44,438	26,561	31,345	25,383	17,445
Water Corporation of Western Australia	483,485	589,443	528,417	618,478	681,974	727,883	771,174
Western Australian Land Authority	43,219	59,947	53,779	33,179	31,069	31,069	31,069
Western Australian Treasury Corporation	7,298	12,155	9,249	14,135	17,888	21,276	23,622
Provision for Western Power ^(a)	-	81,582	-	-	-	-	-
Total Dividends	838,301	1,656,058	1,694,705	1,229,961	1,287,150	1,350,166	1,344,835
Income Tax Equivalent Regime							
Bunbury Water Corporation	1,814	1,571	1,610	1,683	1,441	1,662	1,742
Busselton Water Corporation	1,177	1,227	1,222	779	793	844	894
Electricity Generation and Retail Corporation (Synergy)	26,531	4,609	27,589	-	4,607	50,150	36,592
Electricity Networks Corporation (Western Power)	8,487	-	48,500	52,885	35,301	12,031	-
Forest Products Commission	1,649	-	-	-	-	-	51
Fremantle Port Authority	19,752	18,572	20,434	18,554	19,110	20,481	22,719
Gold Corporation	7,473	10,046	3,525	9,202	10,148	10,575	11,823
Insurance Commission of Western Australia	45,391	37,977	64,475	39,506	23,251	30,955	40,019
Kimberley Ports Authority	-	-	-	-	203	260	266
Land Information Authority	8,110	5,720	2,939	6,720	12,782	14,140	18,215
Mid West Ports Authority	4,854	3,037	3,037	5,202	4,049	4,511	338
Pilbara Ports Authority	64,543	66,385	64,820	76,954	73,046	69,940	70,234
Regional Power Corporation (Horizon Power)	14,675	48,248	39,824	17,798	5,182	2,052	3,643
Southern Ports Authority	12,406	12,286	9,168	12,122	13,871	9,881	8,900
Water Corporation of Western Australia	297,614	328,421	295,878	360,740	381,504	405,040	426,284
Western Australian Land Authority	5,002	9,291	4,209	8,814	11,311	17,015	17,077
Western Australian Treasury Corporation	5,257	9,178	8,077	10,222	12,158	13,498	14,174
Total Income Tax Equivalent Regime	524,735	556,568	595,307	621,181	608,757	663,035	672,971

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	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	71	70	70	72	73	75	76
Busselton Water Corporation	56	59	59	62	65	68	72
Electricity Generation and Retail Corporation (Synergy)	696	721	1,579	1,606	1,644	1,683	1,742
Electricity Networks Corporation (Western Power)	1,255	1,668	1,668	1,710	1,710	1,761	1,805
Forest Products Commission	321	332	322	322	322	322	322
Fremantle Port Authority	629	807	665	737	774	813	853
Gold Corporation	1,103	1,080	1,119	1,153	1,187	1,223	1,259
Kimberley Ports Authority	118	158	158	152	155	158	161
Mid West Ports Authority	788	812	812	828	845	862	879
Pilbara Ports Authority	1,550	1,723	1,550	1,589	1,629	1,669	1,711
Regional Power Corporation (Horizon Power)	295	266	266	274	283	292	299
Southern Ports Authority	667	662	640	655	665	674	684
Water Corporation of Western Australia	6,499	5,993	6,564	6,663	6,796	6,966	7,140
Western Australian Land Authority	6,500	6,308	5,407	5,946	6,193	6,374	5,905
Total Local Government Rates Equivalent....	20,548	20,659	20,879	21,769	22,341	22,940	22,908
Total Government Enterprises	1,383,584	2,233,285	2,310,891	1,872,911	1,918,248	2,036,141	2,040,714
Other							
Consolidated Account Revenue Received from Agencies	13,245,557	13,376,549	13,959,618	13,711,152	14,093,634	14,653,840	14,871,892
Gold State Superannuation Reimbursement	125,479	112,773	110,304	98,069	86,846	76,707	68,582
Interest	139,287	131,669	114,238	95,949	101,146	108,342	118,059
Loan Guarantee Fees	140,841	147,004	144,518	155,670	163,331	170,868	173,814
Pension Recoups	13,767	11,208	11,274	11,441	11,618	11,803	12,028
Other Revenue	28,269	17,425	24,083	39,485	23,885	20,385	20,385
Total Other	13,693,200	13,796,628	14,364,035	14,111,766	14,480,460	15,041,945	15,264,760
TOTAL ADMINISTERED INCOME	21,340,716	22,968,218	23,999,272	24,028,257	24,993,468	26,532,568	27,019,017
EXPENSES							
Superannuation ^(b)	(300,038)	489,662	574,698	513,650	495,699	498,894	470,929
Interest	729,510	834,710	822,170	918,760	1,036,760	1,132,935	1,200,035
Appropriations for:							
Operating Subsidies	1,740,805	1,630,476	1,562,501	1,457,736	1,315,763	1,249,507	1,152,788
Services	16,044,866	16,567,638	16,306,861	16,277,475	16,321,593	16,189,263	16,504,751
Salaries and Allowances	110,340	107,102	104,701	104,788	104,495	106,458	104,810
Other Appropriations	2,188,607	2,141,060	2,104,069	2,135,300	2,219,310	2,284,283	2,330,933
Total Appropriations	20,084,618	20,446,276	20,078,132	19,975,299	19,961,161	19,829,511	20,093,282
Other							
Commonwealth Grants On-passed to Agencies	2,065,890	2,725,510	2,953,287	2,310,050	2,079,452	1,909,398	2,071,777
Local Government Financial Assistance Grants	261,901	89,693	79,800	180,600	187,000	194,100	201,470
Local Government Road Funding	163,171	55,617	55,700	113,110	117,083	121,490	126,063
Non-Government Schools	1,187,830	1,250,918	1,247,193	1,319,798	1,400,735	1,488,625	1,582,228
Royalties for Regions ^(c)	435,802	521,186	476,607	577,551	769,969	800,755	865,096
Other Expenses	515	8,275	8,275	-	-	-	-
Total Other	4,115,109	4,651,199	4,820,862	4,501,109	4,554,239	4,514,368	4,846,634
TOTAL ADMINISTERED EXPENSES	24,629,199	26,421,847	26,295,862	25,908,818	26,047,859	25,975,708	26,610,880

- (a) The 2017-18 Budget incorporated 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 has been transferred to Western Power's budget in 2017-18 (estimated actual) and onwards.
- (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.

Western Australian Treasury Corporation

Part 3 Financial Administration

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 30-6-18 \$'000	2017-18 Estimated Expenditure \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
COMPLETED WORKS							
Computer Hardware/Software - 2017-18 Program	1,569	1,569	1,569	-	-	-	-
NEW WORKS							
Computer Hardware/Software							
2018-19 Program	862	-	-	862	-	-	-
2019-20 Program	1,242	-	-	-	1,242	-	-
2020-21 Program	667	-	-	-	-	667	-
2021-22 Program	507	-	-	-	-	-	507
Total Cost of Asset Investment Program	4,847	1,569	1,569	862	1,242	667	507
FUNDED BY							
Internal Funds and Balances			1,569	862	1,242	667	507
Total Funding			1,569	862	1,242	667	507

Division 13 Office of the Auditor General

Part 3 Financial Administration

Appropriations, Expenses and Cash Assets

	2016-17 Actual \$'000	2017-18 Budget \$'000	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
DELIVERY OF SERVICES							
Item 37 Net amount appropriated to deliver services.....	6,428	6,886	6,831	6,958	7,245	7,620	7,665
Amount Authorised by Other Statutes							
- Salaries and Allowances Act 1975.....	753	753	753	753	753	753	755
Total appropriations provided to deliver services	7,181	7,639	7,584	7,711	7,998	8,373	8,420
CAPITAL							
Item 106 Capital Appropriation	250	300	300	300	300	300	300
TOTAL APPROPRIATIONS	7,431	7,939	7,884	8,011	8,298	8,673	8,720
EXPENSES							
Total Cost of Services	24,146	26,105	27,010	29,561	31,687	33,067	33,529
Net Cost of Services ^(a)	7,168	8,074	7,921	8,148	8,435	8,810	8,857
CASH ASSETS ^(b)	5,092	3,175	4,445	3,549	3,200	3,090	3,103

(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 Office's Income Statement since presentation of the 2017-18 Budget to Parliament on 7 September 2017, are outlined below:

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Election Commitment					
Senior Executive Service Reduction	(125)	(250)	(250)	(250)	(250)
Other					
2018-19 Streamlined Budget Process Incentive Funding.....	-	62	-	-	-
Local Government Financial Auditing	1,100	3,326	4,961	5,790	6,098
New Public Sector Wages Policy	(74)	(152)	(235)	(323)	-
State Fleet Policy and Procurement Initiatives	(6)	(8)	(8)	(11)	(15)

Significant Issues Impacting the Agency

- As per the *Local Government Amendment (Auditing) Act 2017*, the Office has taken on 46 local government financial audits for 2017-18. The Office will then conduct the financial audits of a further 65 local governments in 2018-19, 20 in 2019-20 and 17 in 2020-21. The financial audits of all 148 local governments and regional councils will be the responsibility of the Auditor General by 2020-21. This represents an 80% increase in the number of entities the Office audits. Recruitment and training strategies continue as the Office expands and prepares its workforce to take on the increased mandate. The cost of the financial audits are to be funded by local governments.
- The Auditor General has also expanded the performance audit program to include local government performance audits. The expanded program is proportional to the increase in appropriation.
- The Machinery of Government changes continue to be implemented by agencies. As a result, the Office's audit effort has increased to evaluate the controls and key performance indicators of the new agencies and to verify the transfer of assets and liabilities account balances.

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 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	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	Actual \$'000	Budget \$'000	Estimated Actual \$'000	Budget Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000
1. Public Sector Auditing	24,146	26,105	27,010	29,561	31,687	33,067	33,529
Total Cost of Services.....	24,146	26,105	27,010	29,561	31,687	33,067	33,529

Outcomes and Key Effectiveness Indicators ^(a)

	2016-17 Actual	2017-18 Budget	2017-18 Estimated Actual	2018-19 Budget Target	Note
Outcome: An informed Parliament on public sector accountability and performance:					
The extent that the Office 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.....	4	8	8	7	
Economic Development - reports tabled.....	1	2	2	2	
Social and Environment - reports tabled.....	1	5	5	5	
Governance - reports tabled.....	20	13	15	15	

(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 2018-19 to 2020-21 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	2018-19 to 2020-21 Three year Budget Target
Reports Tabled:				
Service Delivery.....	13	15	19	21
Economic Development.....	8	9	6	12
Social and Environment.....	7	9	8	12
Governance.....	42	42	52	45

Services and Key Efficiency Indicators

1. Public Sector Auditing

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

	2016-17 Actual	2017-18 Budget	2017-18 Estimated Actual	2018-19 Budget Target	Note
Total Cost of Service	\$'000 24,146	\$'000 26,105	\$'000 27,010	\$'000 29,561	
Less Income	16,978	18,031	19,089	21,413	
Net Cost of Service	7,168	8,074	7,921	8,148	
Employees (Full Time Equivalents)	135	137	140	144	
Efficiency Indicators					
Total Audit Cost per \$ Million of Gross Government Expenditure	\$449	\$495	\$522	\$546	
Attest Audit Cost per \$ Million of Gross Government Expenditure	\$328	\$347	\$372	\$401	
Performance Audit Cost per \$ Million of Gross Government Expenditure	\$121	\$149	\$150	\$145	
Average Number of Days Taken After Balance Date to Issue Financial Audit Opinions	65.5	68	68	68	

Asset Investment Program

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-18 \$'000	2017-18 Estimated Expenditure \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
WORKS IN PROGRESS							
Computer Hardware and Software - 2017-18 Program	490	490	490	-	-	-	-
NEW WORKS							
Computer Hardware and Software							
2018-19 Program	540	-	-	540	-	-	-
2019-20 Program	623	-	-	-	623	-	-
2020-21 Program	690	-	-	-	-	690	-
2021-22 Program	690	-	-	-	-	-	690
Total Cost of Asset Investment Program	3,033	490	490	540	623	690	690
FUNDED BY							
Capital Appropriation			300	300	300	300	300
Drawdowns from the Holding Account			190	240	323	390	390
Total Funding			490	540	623	690	690

Financial Statements

INCOME STATEMENT ^(a) (Controlled)

	2016-17 Actual \$'000	2017-18 Budget \$'000	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
COST OF SERVICES							
Expenses							
Employee benefits ^(b)	15,821	16,042	16,927	17,571	18,383	19,000	19,168
Supplies and services.....	4,665	5,900	5,926	7,789	9,047	9,785	10,083
Accommodation.....	2,241	2,339	2,339	2,378	2,429	2,447	2,447
Depreciation and amortisation	331	721	721	721	721	721	721
Other expenses	1,088	1,103	1,097	1,102	1,107	1,114	1,110
TOTAL COST OF SERVICES	24,146	26,105	27,010	29,561	31,687	33,067	33,529
Income							
Other revenue.....	16,978	18,031	19,089	21,413	23,252	24,257	24,672
Total Income	16,978	18,031	19,089	21,413	23,252	24,257	24,672
NET COST OF SERVICES	7,168	8,074	7,921	8,148	8,435	8,810	8,857
INCOME FROM STATE GOVERNMENT							
Service appropriations	7,181	7,639	7,584	7,711	7,998	8,373	8,420
Resources received free of charge.....	474	467	467	467	467	467	467
TOTAL INCOME FROM STATE GOVERNMENT.....	7,655	8,106	8,051	8,178	8,465	8,840	8,887
SURPLUS/(DEFICIENCY) FOR THE PERIOD.....	487	32	130	30	30	30	30

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

(b) The Full Time Equivalents for 2016-17 Actual, 2017-18 Estimated Actual and 2018-19 Budget Estimate are 135, 140 and 144 respectively.

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS							
Cash assets.....	5,039	3,061	4,333	3,376	2,957	2,777	2,720
Holding account receivables.....	190	240	240	323	390	390	390
Receivables.....	7,008	9,474	9,031	11,593	12,815	13,766	14,217
Other.....	477	422	477	477	477	477	477
Total current assets.....	12,714	13,197	14,081	15,769	16,639	17,410	17,804
NON-CURRENT ASSETS							
Holding account receivables.....	2,950	3,431	3,431	3,829	4,160	4,491	4,822
Property, plant and equipment.....	559	194	370	279	431	60	59
Intangibles.....	468	617	426	336	86	426	396
Restricted cash.....	53	114	112	173	243	313	383
Other.....	-	5	-	-	-	-	-
Total non-current assets.....	4,030	4,361	4,339	4,617	4,920	5,290	5,660
TOTAL ASSETS.....	16,744	17,558	18,420	20,386	21,559	22,700	23,464
CURRENT LIABILITIES							
Employee provisions.....	2,784	2,823	2,784	2,784	2,784	2,784	2,784
Payables.....	472	1,127	1,659	3,234	4,007	4,748	5,112
Other.....	68	284	127	188	258	328	398
Total current liabilities.....	3,324	4,234	4,570	6,206	7,049	7,860	8,294
NON-CURRENT LIABILITIES							
Employee provisions.....	941	964	941	941	941	941	941
Total non-current liabilities.....	941	964	941	941	941	941	941
TOTAL LIABILITIES.....	4,265	5,198	5,511	7,147	7,990	8,801	9,235
EQUITY							
Contributed equity.....	8,331	8,631	8,631	8,931	9,231	9,531	9,831
Accumulated surplus/(deficit).....	4,148	3,729	4,278	4,308	4,338	4,368	4,398
Total equity.....	12,479	12,360	12,909	13,239	13,569	13,899	14,229
TOTAL LIABILITIES AND EQUITY.....	16,744	17,558	18,420	20,386	21,559	22,700	23,464

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

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	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	6,460	6,918	6,863	6,990	7,277	7,652	7,699
Capital appropriation	250	300	300	300	300	300	300
Holding account drawdowns	390	190	190	240	323	390	390
Net cash provided by State Government	7,100	7,408	7,353	7,530	7,900	8,342	8,389
CASHFLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee benefits	(15,827)	(15,983)	(16,868)	(17,510)	(18,313)	(18,930)	(19,098)
Supplies and services	(5,133)	(5,548)	(4,723)	(6,198)	(8,258)	(9,029)	(9,703)
Accommodation	(1,768)	(1,888)	(1,888)	(1,927)	(1,978)	(1,996)	(1,996)
Other payments	(3,239)	(2,903)	(2,897)	(2,902)	(2,907)	(2,914)	(2,910)
Receipts ^(b)							
GST receipts	2,150	1,800	1,800	1,800	1,800	1,800	1,800
Other receipts	17,886	17,118	17,066	18,851	22,030	23,307	24,221
Net cash from operating activities	(5,931)	(7,404)	(7,510)	(7,886)	(7,626)	(7,762)	(7,686)
CASHFLOWS FROM INVESTING ACTIVITIES							
Purchase of non-current assets	(963)	(490)	(490)	(540)	(623)	(690)	(690)
Net cash from investing activities	(963)	(490)	(490)	(540)	(623)	(690)	(690)
NET INCREASE/(DECREASE) IN CASH HELD	206	(486)	(647)	(896)	(349)	(110)	13
Cash assets at the beginning of the reporting period	4,886	3,661	5,092	4,445	3,549	3,200	3,090
Cash assets at the end of the reporting period	5,092	3,175	4,445	3,549	3,200	3,090	3,103

(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)

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
GST Receipts							
GST Input Credits	208	170	170	170	170	170	170
GST Receipts on Sales	1,942	1,630	1,630	1,630	1,630	1,630	1,630
Other Receipts							
Audit Fees	17,886	17,118	17,066	18,851	22,030	23,307	24,221
TOTAL	20,036	18,918	18,866	20,651	23,830	25,107	26,021

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

Division 14 Finance

Part 3 Financial Administration

Appropriations, Expenses and Cash Assets

	2016-17 Actual ^(a) \$'000	2017-18 Budget \$'000	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
DELIVERY OF SERVICES							
Item 38 Net amount appropriated to deliver services.....	153,959	150,906	149,089	151,149	158,941	146,661	147,710
Amount Authorised by Other Statutes							
- Salaries and Allowances Act 1975.....	1,601	1,601	1,601	1,601	1,601	1,601	1,607
Total appropriations provided to deliver services	155,560	152,507	150,690	152,750	160,542	148,262	149,317
ADMINISTERED TRANSACTIONS							
Item 39 Amount provided for Administered Grants, Subsidies and Other Transfer Payments.....	158,751	171,391	171,967	176,426	188,539	201,648	214,436
Amount Authorised by Other Statutes							
- First Home Owners Grant Act 2000	78,295	88,291	93,492	76,200	73,394	72,713	72,788
CAPITAL							
Item 107 Capital Appropriation	28,763	15,932	14,902	11,820	4,001	-	-
TOTAL APPROPRIATIONS	421,369	428,121	431,051	417,196	426,476	422,623	436,541
EXPENSES							
Total Cost of Services	1,538,006	1,435,195	1,444,848	1,430,273	1,120,998	977,741	979,368
Net Cost of Services ^(b)	158,051	151,322	155,320	159,688	166,047	151,706	149,961
CASH ASSETS ^(c).....	103,691	133,899	136,050	149,129	164,875	181,120	182,305

- (a) The 2016-17 Actual has been recast for comparability purposes to account for Machinery of Government changes that took effect from 1 July 2017.
(b) 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.
(c) 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 presentation of the 2017-18 Budget to Parliament on 7 September 2017, are outlined below:

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Election Commitments					
Aboriginal Procurement Policy	-	500	500	500	-
Senior Executive Service Reduction	(875)	(1,750)	(1,750)	(1,750)	(1,750)
Other					
Digital Transformation	1,976	708	-	-	-
Government Office Accommodation Reform Program	(7,091)	(3,729)	(2,757)	(1,535)	(531)
New Public Sector Wages Policy	(700)	(1,454)	(2,239)	(3,047)	-
Office Accommodation	120	1,695	783	811	839
Revenue Systems Maintenance Resourcing.....	-	126	127	128	128

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Revised Works Turnover					
Building Management and Works	-	19,000	(37,000)	(59,000)	(59,000)
Government Office Accommodation	2,170	2,170	2,170	2,170	2,170
Strategic Projects	27,811	63,746	82,615	(847)	582
State Fleet Policy and Procurement Initiatives					
Finance	(79)	(127)	(134)	(153)	(163)
Whole-of-Government	(1,000)	(3,000)	(5,000)	(7,000)	(9,000)
Transfer of Information and Communications Technology (ICT) Policy Team to the Department of the Premier and Cabinet	-	(704)	-	-	-
Transfer of the Government Architect to the Department of Planning, Lands and Heritage	(165)	(660)	(660)	(660)	(660)
Transfer of the Sunset Heritage Precinct to the Department of Local Government, Sport and Cultural Industries	(874)	(1,288)	(1,110)	(1,122)	(1,495)
Voluntary Targeted Separation Scheme ^(a)	879	(1,790)	(1,810)	(1,830)	(1,849)

(a) Cost and savings estimates of the Voluntary Targeted Separation Scheme as at 9 April 2018 Budget cut-off date. The costs and savings of the Scheme will be further updated in the 2017-18 Annual Report on State Finances and the 2018-19 Mid-year Review.

Significant Issues Impacting the Agency

- The Department has a significant role in implementing the recommendations of the Government's Service Priority Review and the Special Inquiry into Government Programs and Projects through the Public Sector Reform. The Department, as part of the Public Sector Reform Steering Committee, is working to develop and deliver the Government's reform agenda.
- The Department will continue to deliver the Digital Finance Transition Program to transform the Department's ICT. The Department will be the first agency to leverage savings under the GovNext-ICT contracts. One-off costs during the implementation will be offset by substantial medium and long-term benefits allowing the Department to return savings to Government.

State Revenue

- State Revenue will finalise its five year capital funded Revenue Systems Consolidation and Enhancement Program in 2018-19 aimed at improving service delivery. On completion, the project will have delivered substantially enhanced digital capability to customers across all taxes, allowing both taxpayers and agents to share efficiencies associated with digital transaction processing and payment. Upgrades and enhancements to State Revenue's core internal systems will also facilitate potential future changes to government taxes and grant schemes.
- State Revenue will continue to lead the planning and implementation of a number of the Government's Budget repair initiatives, including the Foreign Buyers Surcharge and Point of Consumption Wagering Tax. State Revenue will also work closely with other agencies, including the Department of Treasury (Treasury), to prepare advice for Government on changes to improve the efficacy of existing taxation, grant and subsidy settings.
- In 2018-19 State Revenue will continue to monitor avoidance and target evasion of tax through compliance strategies focused on labour hire entities that fail to correctly remit payroll tax. State Revenue will continue working with other State and Federal tax jurisdictions to identify and disrupt evasion and avoidance tactics in this sector.

Government Procurement

- The new *Western Australian Jobs Act 2017* will assist small and medium-sized Western Australian businesses tender for government contracts, managed by Government Procurement.
- Government Procurement will continue to lead the delivery of key election commitments which will create jobs, including the development and implementation of the Aboriginal Procurement Policy and reducing the use of contracts for service arrangements. The Department is also assisting in the implementation of the Government's 2017-18 Budget repair measures through fleet savings initiatives and achieving better value from aggregate buying. The Department is working closely with the Department of Communities and the not-for-profit sector to assist the delivery of the Supporting Communities election commitment.

- Work is underway to implement the recommendations arising from the Public Sector Reform. This work aims to improve procurement outcomes through enhanced commercial capability, better contract management across the sector and increased opportunities for cross-agency collaboration.

Building Management and Works

- In 2018-19 the Department will contribute to the Government's 2017-18 Budget repair measures by delivering further efficiencies and reforms within its office accommodation portfolio. Key initiatives will focus on space reduction strategies, innovative fit-out designs (and ways of working), negotiating more favourable lease terms and reducing the cost of outgoings. The Department will also commence a trial of activity based working which, if successful and rolled out more broadly, has the potential to deliver significant savings for Government, support cultural reform across the sector and improve service delivery to the community.
- Consistent with the Government's Public Sector Reform, the Department will focus on improving asset management practices across the general government sector. Improved information on the Government's non-residential building assets will enable better planning and more informed decision-making at both an agency and whole-of-government level.

Strategic Projects

- The Strategic Projects business unit will continue to oversee the planning and delivery of the State's most significant non-residential building projects, working closely with other areas of the Department. Two new building projects were assigned to Strategic Projects in 2017-18; however, the number and total value of capital works overseen by Strategic Projects continues to decline as key projects are delivered. Strategic Projects will work to support other asset delivery agencies in building and infrastructure delivery consistent with the Public Sector Reform.
- The planned opening of the \$1.2 billion Perth Children's Hospital and commencement of out-patient services in May 2018, followed by final transfer of in-patients in June 2018, are major milestones for Strategic Projects. In 2018-19 Strategic Projects will focus on the close-out of outstanding minor works items and continue to work closely with the Department of Health in ensuring the new hospital transitions smoothly to business as usual operations.
- Aveley Secondary College opened in February 2018, the first of four secondary schools to be delivered under the Western Australian Schools Public Private Partnership. Lakelands Secondary School will be completed for opening in February 2019 and construction of two further secondary schools will progress.
- Delivery of the \$395.9 million New Museum Project is well advanced, with construction of the New Museum at the Perth Cultural Centre progressing well and continuing to ramp up during 2018-19. The project remains on target for opening in 2020.
- Construction activity on the \$68 million Inner City College at Kitchener Park in Subiaco will rapidly increase during 2018-19, with the main construction contract expected to be awarded in June 2018. Strategic Projects will also progress the \$96.3 million Casuarina Prison Expansion project to the delivery phase. Each of these projects has a challenging program of works to meet ambitious completion targets driven by rapid growth in demand.

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

Where practical, Key Performance Information for the 2016-17 Actual has been recast for comparative purposes to account for Machinery of Government changes that took effect from 1 July 2017.

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 Major Government Building Projects

Service Summary

Expense	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	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.....	56,984	62,257	65,378	64,607	65,536	65,136	65,739
2. Development and Management of Common Use Contract Arrangements, State Fleet Leasing and Disposal, and Providing Facilitation Service for Agency Specific Contracts.....	77,994	83,966	82,957	78,347	76,127	73,623	71,436
3. Corporate Services to Client Agencies.....	7,354	7,643	7,052	6,220	6,088	6,111	6,134
4. Leads the Planning, Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation.....	1,084,641	1,095,634	1,075,767	1,056,575	856,703	823,769	825,404
5. Leads the Planning and Delivery of Major Government Building Projects.....	311,033	185,695	213,694	224,524	116,544	9,102	10,655
Total Cost of Services.....	1,538,006	1,435,195	1,444,848	1,430,273	1,120,998	977,741	979,368

Outcomes and Key Effectiveness Indicators ^(a)

	2016-17 Actual	2017-18 Budget	2017-18 Estimated Actual	2018-19 Budget Target	Note
Outcome: Due and payable revenue is collected and eligible grants, subsidies and rebates paid:					
Debt as a percentage of revenue raised	0.92%	1.01%	1.02%	1.03%	1
Extent to which correct grants, subsidies and rebates are paid.....	99.9%	100%	99.9%	100%	
Outcome: Value for money from public sector procurement:					
Average annual vehicle net capital cost:					
Per passenger vehicle	\$4,642	n/a	\$4,695	\$4,600	2
Per commercial vehicle.....	\$4,984	n/a	\$4,650	\$4,575	2
Extent to which client agencies agree that their agency contracts and common use arrangements achieved value for money	93%	92%	92%	92%	
Outcome: Value for money from the management of the Government's non-residential buildings and public works:					
Percentage of new buildings projects within the Building Management and Works Program, valued over \$5 million, delivered within the approved budget.....	100%	n/a	93%	100%	2
Average office accommodation floor space per work point	15	15	14.96	14.50	
Percentage of major projects in Strategic Projects' program of works delivered (or forecasted to be delivered) within approved budget.....	91%	100%	90%	100%	

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

Explanation of Significant Movements

(Notes)

1. This indicator has been developed for the 2018-19 Budget. The 2016-17 Actual and 2017-18 Budget have been recast for comparative purposes. The increase from 2016-17 to both the 2017-18 Budget and 2017-18 Estimated Actual reflects a change in timing for land tax assessments and year to date experience in payroll tax recovery together with reduced estimated revenue for payroll and land tax.
2. These indicators have been developed for the 2018-19 Budget to improve the measurement of performance, accordingly no 2017-18 Budget figures are available.

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.

	2016-17 Actual	2017-18 Budget	2017-18 Estimated Actual	2018-19 Budget Target	Note
Total Cost of Service	\$'000 56,984	\$'000 62,257	\$'000 65,378	\$'000 64,607	
Less Income	2,991	3,824	4,336	4,605	
Net Cost of Service	53,993	58,433	61,042	60,002	
Employees (Full Time Equivalents)	319	329	336	338	
Efficiency Indicators					
Average Cost per Tax or Duty Determination	\$25.35	\$27.57	\$27.22	\$27.36	1
Average Cost per Grant or Subsidy Determination	\$10.51	\$10.52	\$11.15	\$11.16	1

Explanation of Significant Movements

(Notes)

- These indicators have been developed for the 2018-19 Budget to reflect costs against activity levels. The 2016-17 Actual and 2017-18 Budget have been provided for comparative purposes. The increases from the 2016-17 Actual to the 2017-18 Budget and 2017-18 Estimated Actual reflect increased depreciation from the delivery of additional components of the Revenue Systems Consolidation and Enhancement Program, increased expenditure on digital service provision to customers, increased legal expenses for revenue collection activities and increased resourcing to deliver the Government's revenue initiatives.

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.

	2016-17 Actual	2017-18 Budget	2017-18 Estimated Actual	2018-19 Budget Target	Note
Total Cost of Service	\$'000 77,994	\$'000 83,966	\$'000 82,957	\$'000 78,347	
Less Income	71,760	82,511	72,267	68,001	
Net Cost of Service	6,234	1,455	10,690	10,346	
Employees (Full Time Equivalents)	172	230	201	200	
Efficiency Indicators					
Cost of Facilitating the Development and Management of Agency Specific Contracts as a Percentage of the Contract Award Value	2%	1.7%	1.1%	1.4%	1
Average Administrative Cost per Vehicle for Financing and Managing the State Fleet Service	\$104	\$118	\$118	\$124	2
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	1.5%	1.5%	1.6%	1.7%	

Explanation of Significant Movements

(Notes)

1. The restructure of Government Procurement during 2017-18 significantly reduced ongoing costs. However, an overall reduction in government spending is forecast for 2018-19, which reduces some of the improvement against this indicator.
2. State Government vehicle numbers have significantly reduced, resulting in a higher average administrative cost per vehicle. In 2017-18, the State Fleet team successfully implemented reform initiatives that generate substantial savings for Government over the forward estimates period. This work will continue in 2018-19 as the team assists agencies with realising the full savings and achieving further reductions to the size of the State's fleet.

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 (OGCIO) and the Government Employee Superannuation Board.

	2016-17 Actual	2017-18 Budget	2017-18 Estimated Actual	2018-19 Budget Target	Note
Total Cost of Service	\$'000 7,354	\$'000 7,643	\$'000 7,052	\$'000 6,220	1
Less Income	596	816	866	452	1
Net Cost of Service	6,758	6,827	6,186	5,768	
Employees (Full Time Equivalents)	32	36	29	26	

Explanation of Significant Movements

(Notes)

1. The Department will cease to provide Corporate Services to the OGCIO at the end of 2017-18.

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.

	2016-17 Actual	2017-18 Budget	2017-18 Estimated Actual	2018-19 Budget Target	Note
Total Cost of Service	\$'000 1,084,641	\$'000 1,095,634	\$'000 1,075,767	\$'000 1,056,575	
Less Income	997,795	1,016,516	1,003,837	978,028	
Net Cost of Service	86,846	79,118	71,930	78,547	
Employees (Full Time Equivalents)	395	415	412	391	
Efficiency Indicators					
Percentage of New Buildings Projects within the Building Management and Works Program, Valued Over \$5 million, Delivered by the Approved Handover Date.....	81%	n/a	77%	100%	1
Percentage of High Priority Breakdown Repairs Completed within Agreed Timeframes.....	75%	n/a	74.9%	80%	1
Project, Contract and Administration Costs to Deliver Whole-of-Government Non-residential Building, Maintenance and Accommodation Services as a Percentage of Services Delivered.....	7.02%	n/a	7.18%	8.28%	2

Explanation of Significant Movements

(Notes)

1. These indicators have been developed for the 2018-19 Budget to improve the measurement of performance, accordingly no 2017-18 Budget figures are available.
2. This indicator has been developed for the 2018-19 Budget to improve the measurement of performance, accordingly no 2017-18 Budget figures are available. The 2018-19 Budget Target is primarily impacted by a forecast increase in costs to facilitate the decentralisation of government office accommodation to Joondalup.

5. Leads the Planning and Delivery of Major Government Building Projects

	2016-17 Actual	2017-18 Budget	2017-18 Estimated Actual	2018-19 Budget Target	Note
Total Cost of Service	\$'000 311,033	\$'000 185,695	\$'000 213,694	\$'000 224,524	
Less Income	306,813	180,206	208,222	219,499	
Net Cost of Service	4,220	5,489	5,472	5,025	
Employees (Full Time Equivalents)	54	65	61	61	
Efficiency Indicators					
Percentage of Major Projects in Strategic Projects' Program Delivered (or Forecast to be Delivered) within Approved Timeframes	36%	100%	50%	100%	1
Cost of Project Management as a Percentage of Total Project Costs	0.5%	n/a	0.8%	1.5%	2

Explanation of Significant Movements

(Notes)

1. Five of the 10 major projects overseen by Strategic Projects that were active during 2017-18 have been, or are expected to be, completed within approved timeframes: Optus Stadium, Western Australia Schools Public Private Partnership, New Western Australian Museum, Inner City College and Casuarina Prison Expansion. The remaining five projects have been subject to delays, as follows:
 - Perth Children’s Hospital was significantly delayed by construction and commissioning issues before its scheduled opening and commencement of clinical services in May 2018;
 - Eastern Goldfield Regional Prison, Busselton Health Campus and the Sarich Neuroscience Research Institute also experienced construction and commissioning delays, but are all now fully operational;
 - the procurement process for Karratha Health Campus was delayed to ensure the transition to operations occurred after the 2017-18 wet season (construction is expected to be completed in July 2018); and
 - the improved outcome forecast for 2018-19 reflects a reduction in the number of active projects from 10 to nine.
2. This indicator has been developed for the 2018-19 Budget to improve the measurement of performance, accordingly no 2017-18 Budget figures are available. A reduction in the value of the Strategic Projects’ major project portfolio from 2017-18 to 2018-19 has resulted in a forecast increase in project management costs as a percentage of total project costs.

Asset Investment Program

The Department's Asset Investment Program (AIP) in 2018-19 is \$117.5 million comprising mainly of:

- decentralisation of office accommodation to Joondalup with occupancy expected during 2019;
- lease incentive funded office fit-outs, which recognise the capital works associated with government accommodation leases that include fit-out funded through lease incentives from the landlord;
- planning and design for new public sector offices in Fremantle with construction due to take place during 2019-20;
- Government Office Accommodation Reform, including implementation of ICT solutions together with funding for activity based working office fit-outs;
- completion of the Revenue Systems Consolidation and Enhancement Program 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; and
- the Vehicle Acquisition Program managed by State Fleet, which facilitates the purchase, servicing and disposal of vehicles for the State Government.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-18 \$'000	2017-18 Estimated Expenditure \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
WORKS IN PROGRESS							
Accommodation Fit-out Projects							
Decentralisation of Office Accommodation to Joondalup	19,198	3,611	3,584	15,587	-	-	-
Lease Incentive Funded - Office Fit-outs	113,436	93,336	29,600	5,000	5,000	5,100	5,000
Master Planning Strategy - Government Office							
Accommodation	223,442	220,967	10,934	2,475	-	-	-
New Public Sector Offices for Fremantle	37,541	500	500	1,500	35,541	-	-
Government Office Accommodation Reform							
Provision for Systems	6,000	1,000	1,000	5,000	-	-	-
Reform Program	3,000	2,000	2,000	1,000	-	-	-
Software Development - Revenue Systems							
Consolidation and Enhancement	34,158	26,001	7,824	8,157	-	-	-
COMPLETED WORKS							
Accommodation Fit-out Projects							
151 Royal Street - Office Fit-out	115	115	96	-	-	-	-
Gordon Stephenson House - Office Fit-out	231	231	13	-	-	-	-
St Georges Cathedral Heritage Precinct - Office Fit-out	37,573	37,573	2,000	-	-	-	-
ICT Replacement - 2017-18 Program	100	100	100	-	-	-	-
Karratha Government Office Co-location Project							
(The Quarter)	5,987	5,987	485	-	-	-	-
New Public Sector Offices for Fremantle							
Project Management	467	467	467	-	-	-	-
Procurement Systems Replacement - 2017-18 Program	406	406	406	-	-	-	-
Relocation of Department of Commerce Project	4,501	4,501	50	-	-	-	-
ServiceNet Replacement - 2017-18 Program	273	273	273	-	-	-	-
Vehicle Acquisitions - 2017-18 Program	90,000	90,000	90,000	-	-	-	-
NEW WORKS							
ICT Replacement							
2018-19 Program	100	-	-	100	-	-	-
2019-20 Program	109	-	-	-	109	-	-
2020-21 Program	109	-	-	-	-	109	-
2021-22 Program	109	-	-	-	-	-	109
Procurement Systems Replacement							
2018-19 Program	420	-	-	420	-	-	-
2019-20 Program	431	-	-	-	431	-	-
2020-21 Program	431	-	-	-	-	431	-
2021-22 Program	431	-	-	-	-	-	431
ServiceNet Replacement							
2018-19 Program	282	-	-	282	-	-	-
2019-20 Program	289	-	-	-	289	-	-
2020-21 Program	289	-	-	-	-	289	-
2021-22 Program	289	-	-	-	-	-	289

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-18 \$'000	2017-18 Estimated Expenditure \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Vehicle Acquisitions							
2018-19 Program.....	78,000	-	-	78,000	-	-	-
2019-20 Program.....	77,000	-	-	-	77,000	-	-
2020-21 Program.....	76,000	-	-	-	-	76,000	-
2021-22 Program.....	76,000	-	-	-	-	-	76,000
Total Cost of Asset Investment Program	886,717	487,068	149,332	117,521	118,370	81,929	81,829
Loan and Other Repayments.....			16,983	18,400	18,750	13,338	4,000
Total.....	886,717	487,068	166,315	135,921	137,120	95,267	85,829
FUNDED BY							
Capital Appropriation.....			14,902	11,820	4,001	-	-
Asset Sales			62,509	51,264	51,464	45,700	43,379
Drawdowns from the Holding Account			789	779	806	806	829
Internal Funds and Balances.....			80,915	60,858	74,849	42,761	41,621
Borrowings			6,000	6,000	6,000	6,000	-
Funding Included in Department of Treasury Administered Item.....			1,200	5,200	-	-	-
Total Funding.....			166,315	135,921	137,120	95,267	85,829

Financial Statements

The 2016-17 Actual data has been recast for comparability purposes to account for Machinery of Government changes that took effect from 1 July 2017.

Income Statement

Expenses

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

Income

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. Turnover expenditure is recouped from the agency responsible for the specific Capital 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.

INCOME STATEMENT ^(a)
(Controlled)

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	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)	108,916	135,421	124,087	116,998	118,193	118,364	119,918
Grants and subsidies ^(c)	368	1,073	450	2,323	950	950	-
Supplies and services	1,268,042	1,175,927	1,189,652	1,177,545	866,637	729,108	732,192
Accommodation	42,604	26,644	37,711	41,788	41,609	37,919	37,752
Depreciation and amortisation	71,514	82,634	78,738	77,583	79,442	77,430	75,430
Other expenses	46,562	13,496	14,210	14,036	14,167	13,970	14,076
TOTAL COST OF SERVICES	1,538,006	1,435,195	1,444,848	1,430,273	1,120,998	977,741	979,368
Income							
Sale of goods and services	1,032,338	927,004	946,247	930,844	615,847	486,468	488,042
Grants and subsidies	3,492	1,425	3,595	3,595	3,595	3,595	3,595
Other revenue	344,125	355,444	339,686	336,146	335,509	335,972	337,770
Total Income	1,379,955	1,283,873	1,289,528	1,270,585	954,951	826,035	829,407
NET COST OF SERVICES	158,051	151,322	155,320	159,688	166,047	151,706	149,961
INCOME FROM STATE GOVERNMENT							
Service appropriations	155,560	152,507	150,690	152,750	160,542	148,262	149,317
Resources received free of charge	13,207	14,646	14,646	14,676	14,676	14,676	14,676
Royalties for Regions Fund: Regional Community Services Fund	125	125	106	125	125	125	125
TOTAL INCOME FROM STATE GOVERNMENT	168,892	167,278	165,442	167,551	175,343	163,063	164,118
SURPLUS/(DEFICIENCY) FOR THE PERIOD	10,841	15,956	10,122	7,863	9,296	11,357	14,157

(a) Full audited financial statements are published in the agencies' Annual Reports.

(b) The Full Time Equivalents for 2016-17 Actual, 2017-18 Estimated Actual and 2018-19 Budget Estimate are 972, 1,039 and 1,016 respectively.

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

DETAILS OF CONTROLLED GRANTS AND SUBSIDIES

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
Capacity Building Grant Programs ^(a)	368	-	450	950	950	950	-
Resolution of Native Title in the South West of Western Australia	-	1,073	-	1,373	-	-	-
TOTAL	368	1,073	450	2,323	950	950	-

(a) Programs relate to the Delivering Community Services in Partnership Policy and the Aboriginal Procurement Policy.

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS							
Cash assets.....	100,130	127,198	133,709	147,072	162,809	179,057	180,818
Restricted cash.....	3,171	6,531	2,058	1,889	1,898	1,895	1,319
Holding account receivables.....	2,250	2,444	799	806	806	829	829
Receivables.....	82,811	56,240	54,797	49,966	46,419	46,434	46,434
Other.....	129,047	150,115	126,934	124,916	122,894	120,749	120,749
Total current assets.....	317,409	342,528	318,277	324,649	334,826	348,964	350,149
NON-CURRENT ASSETS							
Holding account receivables.....	461,898	520,418	523,131	583,832	618,424	652,981	687,576
Property, plant and equipment.....	722,451	707,093	719,380	722,988	729,673	702,636	692,924
Intangibles.....	31,805	22,115	31,575	31,345	31,345	31,345	31,345
Restricted cash.....	390	170	283	168	168	168	168
Other.....	6,967	39,531	19,770	27,482	24,591	21,712	10,949
Total non-current assets.....	1,223,511	1,289,327	1,294,139	1,365,815	1,404,201	1,408,842	1,422,962
TOTAL ASSETS.....	1,540,920	1,631,855	1,612,416	1,690,464	1,739,027	1,757,806	1,773,111
CURRENT LIABILITIES							
Employee provisions.....	31,432	29,268	28,881	28,853	28,853	28,853	28,853
Payables.....	117,645	123,195	144,884	183,169	189,834	194,135	194,741
Other.....	90,602	138,989	102,985	101,114	87,581	79,315	79,315
Total current liabilities.....	239,679	291,452	276,750	313,136	306,268	302,303	302,909
NON-CURRENT LIABILITIES							
Employee provisions.....	6,611	5,397	4,833	4,875	4,871	4,867	4,863
Borrowings.....	77,776	61,255	61,266	50,866	51,721	52,721	48,721
Other.....	101,787	89,378	115,358	117,929	118,051	118,063	117,230
Total non-current liabilities.....	186,174	156,030	181,457	173,670	174,643	175,651	170,814
TOTAL LIABILITIES.....	425,853	447,482	458,207	486,806	480,911	477,954	473,723
EQUITY							
Contributed equity.....	1,055,934	1,136,736	1,084,954	1,126,540	1,171,702	1,182,081	1,187,460
Accumulated surplus/(deficit).....	59,133	47,637	69,255	77,118	86,414	97,771	111,928
Total equity.....	1,115,067	1,184,373	1,154,209	1,203,658	1,258,116	1,279,852	1,299,388
TOTAL LIABILITIES AND EQUITY.....	1,540,920	1,631,855	1,612,416	1,690,464	1,739,027	1,757,806	1,773,111

(a) Full audited financial statements are published in the agencies' Annual Reports.

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	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	102,583	91,291	89,647	91,243	125,144	112,876	113,893
Capital appropriation	28,763	17,132	16,102	17,020	4,001	-	-
Holding account drawdowns	770	2,250	1,279	779	806	806	829
Royalties for Regions Fund:							
Regional Community Services Fund	125	125	106	125	125	125	125
Regional Infrastructure and Headworks Fund	245	-	-	-	-	-	-
Net cash provided by State Government	132,486	110,798	107,134	109,167	130,076	113,807	114,847
CASHFLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee benefits	(107,253)	(135,346)	(124,504)	(116,927)	(118,125)	(118,296)	(119,922)
Grants and subsidies	(368)	(1,073)	(450)	(2,323)	(950)	(950)	-
Supplies and services	(1,240,519)	(1,141,204)	(1,154,929)	(1,142,684)	(861,809)	(724,261)	(727,345)
Accommodation	(41,166)	(26,646)	(38,129)	(42,626)	(42,450)	(38,763)	(38,596)
Other payments	(179,834)	(165,786)	(168,505)	(164,231)	(151,682)	(149,221)	(166,217)
Receipts ^(b)							
Grants and subsidies	3,337	1,425	3,595	3,595	3,595	3,595	3,595
Sale of goods and services	956,833	949,072	968,315	930,891	615,894	486,515	488,089
GST receipts	161,161	152,021	152,021	149,554	136,854	134,464	134,464
Other receipts	339,650	363,230	346,472	342,953	342,316	342,779	344,577
Net cash from operating activities	(108,159)	(4,307)	(16,114)	(41,798)	(76,357)	(64,138)	(81,355)
CASHFLOWS FROM INVESTING ACTIVITIES							
Purchase of non-current assets	(148,153)	(164,892)	(149,332)	(117,521)	(118,370)	(81,929)	(81,829)
Proceeds from sale of non-current assets	71,559	53,911	62,509	51,264	51,464	45,700	43,379
Other receipts	27,762	40,695	20,211	19,224	36,540	5,000	5,000
Net cash from investing activities	(48,832)	(70,286)	(66,612)	(47,033)	(30,366)	(31,229)	(33,450)
CASHFLOWS FROM FINANCING ACTIVITIES							
Repayment of borrowings	(50,689)	(17,983)	(16,983)	(18,400)	(18,750)	(13,338)	(4,000)
Proceeds from borrowings	22,923	6,000	6,000	6,000	6,000	6,000	-
Other proceeds	753	5,143	17,643	5,143	5,143	5,143	5,143
Net cash from financing activities	(27,013)	(6,840)	6,660	(7,257)	(7,607)	(2,195)	1,143
NET INCREASE/(DECREASE) IN CASH HELD	(51,518)	29,365	31,068	13,079	15,746	16,245	1,185
Cash assets at the beginning of the reporting period	155,623	104,704	103,691	136,050	149,129	164,875	181,120
Net cash transferred to/from other agencies	(414)	(170)	1,291	-	-	-	-
Cash assets at the end of the reporting period	103,691	133,899	136,050	149,129	164,875	181,120	182,305

(a) Full audited financial statements are published in the agencies' Annual Reports.

(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)

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	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.....	3,337	1,425	3,595	3,595	3,595	3,595	3,595
Sale of Goods and Services							
Contract Services							
Building Management and Works	637,983	764,839	756,971	707,680	500,809	478,799	478,944
Strategic Projects	306,796	180,136	207,947	219,314	111,188	3,819	5,248
ICT Services to Government	9,536	-	-	-	-	-	-
Land Tax Liability Enquiry Fee	2,180	3,000	2,300	2,800	2,800	2,800	2,800
Merchant Fees.....	338	1,097	1,097	1,097	1,097	1,097	1,097
GST Receipts							
GST Input Credits.....	24,254	12,310	12,310	12,374	12,374	12,374	12,374
GST Receipts on Sales	136,907	139,711	139,711	137,180	124,480	122,090	122,090
Other Receipts							
Corporate Services Cost Recoups.....	589	816	802	402	402	402	402
Executive Vehicle Scheme	103	100	100	100	100	100	100
Government Office Lease Receipts	272,708	275,904	271,011	272,331	272,602	273,414	274,212
Other Receipts.....	4,995	4,575	4,603	4,164	4,256	4,907	4,907
Procurement Services	1,473	11,996	12,116	12,116	12,116	12,116	12,116
State Fleet	59,782	69,839	57,840	53,840	52,840	51,840	52,840
TOTAL	1,460,981	1,465,748	1,470,403	1,426,993	1,098,659	967,353	970,725

(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

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
INCOME							
Taxation							
Insurance Duty	641,372	644,951	617,215	644,945	676,144	709,950	745,448
Land Tax	873,746	843,916	826,937	800,236	808,295	828,518	849,144
Metropolitan Region Improvement Tax	95,959	94,572	93,050	84,649	91,109	93,452	95,789
Payroll Tax	3,255,594	3,223,117	3,225,340	3,454,195	3,625,432	3,855,961	4,119,612
Racing and Wagering Western Australia Tax	40,045	46,083	42,440	64,110	97,508	103,014	108,466
Transfer Duty	1,356,805	1,296,689	1,236,689	1,330,744	1,423,531	1,542,275	1,628,940
Landholder Duty	151,014	201,000	201,000	101,000	100,000	100,000	100,000
<i>Total Duty on Transfers</i>	<i>1,507,819</i>	<i>1,497,689</i>	<i>1,437,689</i>	<i>1,431,744</i>	<i>1,523,531</i>	<i>1,642,275</i>	<i>1,728,940</i>
Vehicle License Duty	344,133	347,572	355,922	360,191	365,390	371,968	379,407
Other Duties	17	1	1	1	1	1	1
Commonwealth Mirror Taxes	40,660	41,657	41,684	44,364	46,444	49,344	52,304
Other Revenue							
Office Lease Rental Revenue	40,086	41,240	41,240	39,700	39,700	39,700	39,700
Other Income	63,549	64,136	63,680	64,441	65,218	66,481	66,576
Appropriations							
First Home Owner Grant Act 2000 ^(a)	78,295	88,291	93,492	76,200	73,394	72,713	72,788
Administered Grants and Transfer Payments ^(a)	158,751	171,391	171,967	176,426	188,539	201,648	214,436
TOTAL ADMINISTERED INCOME	7,140,026	7,104,616	7,010,657	7,241,202	7,600,705	8,035,025	8,472,611
EXPENSES							
Grants to Charitable and Other Public Bodies							
Energy Concession Extension Scheme	1,300	1,124	1,500	1,600	1,700	1,800	1,900
First Home Owner Scheme	72,765	74,612	73,676	74,282	73,206	72,713	72,788
First Home Owner Scheme - Extension	5,530	13,679	19,816	1,918	188	-	-
Life Support Equipment Subsidy Scheme	1,030	1,300	1,300	1,400	1,500	1,600	1,700
Payroll Tax Rebate Schemes	28	200	200	100	100	100	100
Pensioner Concessions							
Emergency Services Levy	18,561	19,800	20,000	21,500	23,300	25,200	27,300
Local Government Rates	102,118	100,400	100,400	108,204	116,483	125,341	133,861
Thermoregulatory Dysfunction Energy Subsidy	1,715	2,000	2,000	2,200	2,300	2,500	2,600
Other							
Refund of Past Years Revenue	34,000	46,567	46,567	41,422	43,156	45,107	46,975
Doubtful Debts Expense	16,423	-	-	-	-	-	-
Other Expenses	63,549	64,136	63,680	64,441	65,218	66,481	66,576
Payments to Consolidated Account	6,697,830	6,780,798	6,681,518	7,093,527	7,273,554	7,694,183	8,118,811
TOTAL ADMINISTERED EXPENSES	7,014,849	7,104,616	7,010,657	7,410,594	7,600,705	8,035,025	8,472,611

(a) The *First Home Owner Grant Amendment Act 2017* was assented to on 5 December 2017 to give effect to the boosted grant payment of up to \$15,000 for new homes and contracts to build a home entered into between 1 January 2017 and 30 June 2017. Following enactment of the legislation these payments are now recorded with the First Home Owner Grants.

Insurance Commission of Western Australia

Part 3 Financial Administration

Asset Investment Program

The Commission's Asset Investment Program for 2018-19 and across the forward estimates period totals \$20.6 million. The major components include:

- Information and Communications Technology (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; and
- ICT hardware investing in network and server infrastructure, desktop workstations, storage, ICT security and enhanced disaster recovery capability catering largely for operational capacity requirements.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-18 \$'000	2017-18 Estimated Expenditure \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
COMPLETED WORKS							
ICT Hardware - 2017-18 Program	1,065	1,065	1,065	-	-	-	-
ICT Software - 2017-18 Program	2,695	2,695	2,695	-	-	-	-
Motor Vehicles - 2017-18 Program.....	500	500	500	-	-	-	-
Plant and Equipment - 2017-18 Program	185	185	185	-	-	-	-
Telephone and Communication Equipment 2017-18 Program.....	20	20	20	-	-	-	-
NEW WORKS							
ICT Hardware							
2018-19 Program.....	1,190	-	-	1,190	-	-	-
2019-20 Program.....	950	-	-	-	950	-	-
2020-21 Program.....	865	-	-	-	-	865	-
2021-22 Program.....	815	-	-	-	-	-	815
ICT Software							
2018-19 Program.....	2,895	-	-	2,895	-	-	-
2019-20 Program.....	3,490	-	-	-	3,490	-	-
2020-21 Program.....	3,120	-	-	-	-	3,120	-
2021-22 Program.....	3,495	-	-	-	-	-	3,495
Motor Vehicles							
2018-19 Program.....	500	-	-	500	-	-	-
2019-20 Program.....	800	-	-	-	800	-	-
2020-21 Program.....	800	-	-	-	-	800	-
2021-22 Program.....	800	-	-	-	-	-	800
Plant and Equipment							
2018-19 Program.....	220	-	-	220	-	-	-
2019-20 Program.....	200	-	-	-	200	-	-
2020-21 Program.....	180	-	-	-	-	180	-
2021-22 Program.....	200	-	-	-	-	-	200
Telephone and Communication Equipment							
2018-19 Program.....	20	-	-	20	-	-	-
2019-20 Program.....	20	-	-	-	20	-	-
2020-21 Program.....	20	-	-	-	-	20	-
2021-22 Program.....	20	-	-	-	-	-	20
Total Cost of Asset Investment Program	25,065	4,465	4,465	4,825	5,460	4,985	5,330
FUNDED BY							
Internal Funds and Balances.....			4,465	4,825	5,460	4,985	5,330
Total Funding.....			4,465	4,825	5,460	4,985	5,330

Gold Corporation

Part 3 Financial Administration

Asset Investment Program

The Corporation will invest \$45.1 million over the forward estimates period to support the delivery of its services and to update its plant, equipment and computer software rolling programs in order to create jobs and strengthen the State's economy.

The \$20.8 million investment in 2018-19 includes:

- \$4.5 million to upgrade the silver production facilities to maintain sufficient production capacity to meet demand; and
- \$3.6 million for the replacement of the Enterprise Resource Planning Software, which plays an important role in managing the Corporation's finances.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-18 \$'000	2017-18 Estimated Expenditure \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
WORKS IN PROGRESS							
Computer Software Replacement Program.....	4,001	3,601	-	100	50	190	60
Enterprise Resource Planning Software Replacement.....	21,667	18,067	9,883	3,600	-	-	-
Plant and Equipment Replacement Program	71,684	30,611	7,990	17,088	8,105	7,740	8,140
Total Cost of Asset Investment Program	97,352	52,279	17,873	20,788	8,155	7,930	8,200
FUNDED BY							
Internal Funds and Balances.....			17,873	20,788	8,155	7,930	8,200
Total Funding.....			17,873	20,788	8,155	7,930	8,200

