

## Part 3

### Financial Administration

#### Introduction

The Financial Administration portfolio is responsible for assisting the development of the Government's fiscal strategy, with the principal goal of sustainable finances through responsible financial management. It provides financial and economic advice, assesses value for money in service delivery and ensures transparency in public sector finances and performance by reporting to the Government, Parliament and the public.

#### Summary of Recurrent and Asset Investment Expenditure

Agency	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000
Treasury		
– Total Cost of Services .....	58,604	61,479
– Asset Investment Program .....	400	400
Western Australian Treasury Corporation		
– Asset Investment Program .....	477	410
Office of the Auditor General		
– Total Cost of Services .....	44,472	47,505
– Asset Investment Program .....	4,712	1,835
Finance		
– Total Cost of Services .....	1,732,164	1,689,382
– Asset Investment Program .....	112,241	177,909
Insurance Commission of Western Australia		
– Asset Investment Program .....	4,987	5,015

## Ministerial Responsibilities

Minister	Agency	Services
Premier; Treasurer; Minister for Public Sector Management; Federal-State Relations	Treasury	<ol style="list-style-type: none"> <li>1. Financial Management and Reporting</li> <li>2. Economic and Revenue Forecasts and Policy Development</li> <li>3. Evaluation and Planning of Government Service Delivery and Infrastructure Provision</li> </ol>
	Western Australian Treasury Corporation	n.a.
	Office of the Auditor General	1. Public Sector Auditing
Minister for Finance; Commerce; Women's Interests	Finance	<ol style="list-style-type: none"> <li>1. Revenue Assessment and Collection, and Grants and Subsidies Administration</li> <li>2. Development and Management of Common Use Contract Arrangements, State Fleet Leasing and Disposal, and Providing Facilitation Service for Agency-specific Contracts</li> <li>3. Leads the Management of Government Buildings Including Planning, Project Delivery, and Maintenance Thereof</li> </ol>
Premier; Treasurer; Minister for Public Sector Management; Federal-State Relations	Insurance Commission of Western Australia	n.a.

## Division 11 Treasury

### Part 3 Financial Administration

#### Appropriations, Expenses and Cash Assets

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
<b>DELIVERY OF SERVICES</b>							
Item 14 Net amount appropriated to deliver services .....	46,349	49,392	49,681	<b>52,968</b>	50,440	51,231	51,824
<b>Amount Authorised by Other Statutes</b>							
- Salaries and Allowances Act 1975 .....	1,108	1,120	1,925	<b>1,928</b>	1,931	1,962	1,992
Total appropriations provided to deliver services.....	47,457	50,512	51,606	<b>54,896</b>	52,371	53,193	53,816
<b>ADMINISTERED TRANSACTIONS</b>							
<i>Operating Subsidy Payments</i>							
Item 15 Bunbury Water Corporation .....	856	1,232	1,586	<b>2,342</b>	3,264	4,295	4,417
Item 16 Busselton Water Corporation.....	761	688	700	<b>700</b>	718	735	754
Item 17 Electricity Generation and Retail Corporation (Synergy) .....	372,969	763,303	827,805	<b>925,147</b>	312,453	255,009	253,116
Item 18 Fremantle Port Authority .....	-	317	317	<b>326</b>	-	-	-
Item 19 Kimberley Ports Authority .....	3,100	2,500	2,500	<b>2,500</b>	2,500	-	-
Item 20 Public Transport Authority of Western Australia.....	1,003,452	1,006,809	1,070,017	<b>1,112,358</b>	1,113,207	1,082,387	1,139,333
Item 21 Regional Power Corporation (Horizon Power).....	9,632	35,545	56,559	<b>31,060</b>	8,315	6,128	15,835
Item 22 Water Corporation.....	393,170	472,023	560,516	<b>621,111</b>	653,675	678,133	706,505
Item 23 Western Australian Land Authority (DevelopmentWA) .....	209,129	269,934	195,144	<b>196,654</b>	202,859	118,145	73,842
Forest Products Commission .....	200	220	220	-	-	-	-
Public Transport Authority of Western Australia - Replacement Services for Armadale Rail Line <sup>(a)</sup> .....	-	16,667	-	-	-	-	-
Southern Ports Authority .....	12,372	5,565	10,010	-	-	-	-
<i>Grants, Subsidies and Transfer Payments</i>							
Item 24 Asset Maintenance Account.....	-	-	-	<b>250,000</b>	-	-	-
Item 25 Department of Communities <sup>(b)</sup> .....	-	-	-	<b>12,944</b>	138,575	188,175	239,175
Item 26 Department of Jobs, Tourism, Science and Innovation <sup>(c)</sup> .....	4,524	22,605	5,892	<b>38,395</b>	33,193	8,350	1,250
Item 27 Gaming and Wagering Commission <sup>(d)</sup> .....	3,900	4,000	4,000	<b>4,100</b>	4,200	4,300	4,300
Item 28 Goods and Services Tax (GST) Administration Costs .....	70,559	71,200	72,100	<b>72,800</b>	72,800	72,900	73,200
Item 29 Noongar Land Fund Account .....	-	2,800	-	<b>2,800</b>	5,600	5,600	5,600
Item 30 Provision for METRONET High Wycombe Community Hub <sup>(e)</sup> .....	-	-	100	<b>2,500</b>	12,500	14,900	-
Item 31 Provision for Inner City Projects <sup>(f)</sup> ....	-	99,000	-	<b>50,000</b>	-	-	-
Item 32 Provision for Wages Policy Outcomes not yet Finalised <sup>(g)</sup> .....	-	-	54,803	<b>123,644</b>	173,240	229,779	231,431
Item 33 Refund of Past Years Revenue Collections - Public Corporations .....	-	10,000	10,000	<b>10,000</b>	10,000	10,000	10,000
Item 34 Royalties for Regions <sup>(h)</sup> .....	803,494	928,400	801,213	<b>908,819</b>	784,078	733,186	732,183
Item 35 State Property - Emergency Services Levy .....	18,466	19,270	20,359	<b>20,459</b>	21,979	22,848	23,642

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual \$'000	Budget \$'000	Estimated Actual \$'000	Budget Year \$'000	Outyear \$'000	Outyear \$'000	Outyear \$'000
Item 36 WA Health <sup>(i)</sup> .....	8,420	22,961	24,425	14,599	11,802	11,802	11,802
Item 37 All Other Grants, Subsidies and Transfer Payments <sup>(j)</sup> .....	41,827	2,793	340,688	29,276	11,430	11,420	10,430
Comprising:							
Acts of Grace / Ex Gratia Payments .....	81	200	200	200	200	200	200
Administration Costs - National Tax Equivalent Regime Scheme .....	93	100	100	100	100	100	100
Commonwealth COVID-19 Support Payment .....	26	-	41,745	18,855	-	-	-
COVID-19 - Business Assistance Package.....	39,968	-	273,783	-	-	-	-
Incidentals .....	-	200	200	200	200	200	200
Interest on Public Moneys Held in Participating Trust Fund Accounts.....	867	1,445	7,000	9,000	10,000	10,000	9,000
Western Australian Energy Disputes Arbitrator.....	-	-	-	1	-	-	-
Western Australian Future Health Research and Innovation Account.....	-	-	16,700	-	-	-	-
Western Australian Land Information Authority - Valuation Services .....	145	140	180	140	150	140	150
Western Australian Treasury Corporation Management Fees.....	647	708	780	780	780	780	780
Department of Finance <sup>(k)</sup> .....	-	-	-	-	1,823	-	-
Metropolitan Redevelopment Authority (DevelopmentWA) .....	293	-	573	-	-	-	-
National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse Account.....	-	185,000	185,000	-	-	-	-
Provision for Aboriginal Community Controlled Sector Development <sup>(l)</sup> .....	-	713	-	-	-	-	-
Provision for Aboriginal Cultural Heritage Act 2021 <sup>(m)</sup> .....	-	2,500	-	-	-	-	-
Provision for COVID-19 Test Isolation Payments <sup>(n)</sup> .....	-	48,125	-	-	-	-	-
Provision for Unfunded Liabilities in the Government Insurance Fund .....	10,503	-	-	-	-	-	-
Authorised by Other Statutes							
Judges' Salaries and Pensions Act 1950.....	18,603	19,967	20,264	20,917	22,335	21,442	21,976
Comprising:							
Benefit Payments .....	18,421	19,723	19,987	20,637	22,052	21,153	21,681
Administration Expenses <sup>(o)</sup> .....	182	244	277	280	283	289	295
Parliamentary Superannuation Act 1970 .....	9,286	9,573	10,204	10,529	13,426	11,154	11,431
Comprising:							
Benefit Payments .....	9,072	9,287	9,879	10,200	13,094	10,815	11,085
Administration Expenses <sup>(o)</sup> .....	214	286	325	329	332	339	346
State Superannuation Act 2000 .....	420,348	410,842	429,484	438,881	439,452	440,282	436,617
Comprising:							
Pension Scheme.....	152,156	142,264	144,102	137,494	130,936	123,749	117,027
Comprising:							
Benefit Payments .....	150,792	140,905	142,772	136,235	129,762	122,640	115,980
Administration Expenses <sup>(o)</sup> .....	1,365	1,359	1,330	1,259	1,174	1,109	1,047
Gold State Super .....	268,188	268,578	285,382	301,387	308,516	316,533	319,590
Comprising:							
Benefit Payments .....	263,283	263,738	280,311	296,498	303,862	312,021	315,213
Administration Expenses <sup>(o)</sup> .....	4,501	4,649	4,824	4,642	4,406	4,261	4,123
Government Services <sup>(p)</sup> .....	404	191	247	247	248	251	254
West State Super.....	4	-	-	-	-	-	-
Western Australian Health Promotion Foundation Act 2016 .....	23,949	24,497	24,497	25,057	25,520	25,992	26,584
Racing and Wagering Western Australia Act 2003 .....	35,694	26,550	37,459	34,700	31,942	32,520	33,110
Unclaimed Money Act 1990 .....	1,048	1,000	2,000	1,500	1,500	1,500	1,500
Loan Acts - Interest.....	581,551	589,000	684,000	742,000	715,000	696,000	691,000
Western Australian Future Health Research and Innovation Fund Act 2012.....	101,400	70,900	70,900	79,800	70,500	69,700	66,700
<b>TOTAL RECURRENT ADMINISTERED .....</b>	<b>4,159,506</b>	<b>5,146,499</b>	<b>5,523,335</b>	<b>5,785,918</b>	<b>4,897,886</b>	<b>4,756,682</b>	<b>4,825,733</b>
<b>CAPITAL</b>							
Item 101 Capital Appropriation.....	61	55	69	71	74	74	74

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000			
<i>Government Equity Contributions</i>							
Item 102 Department of Communities <sup>(b)</sup> .....	-	11,700	1,400	1,000	13,000	11,000	-
Item 103 Department of Education <sup>(a)</sup> .....	-	-	-	2,000	28,000	47,000	21,000
Item 104 Department of Justice <sup>(r)</sup> .....	-	200	200	17,397	3,000	1,300	-
Item 105 Electricity Networks Corporation (Western Power).....	176,489	93,759	108,481	142,019	145,480	153,592	144,431
Item 106 Kimberley Ports Authority.....	2,000	5,500	3,922	57,500	18,500	-	-
Item 107 Metropolitan Redevelopment Authority (DevelopmentWA).....	-	2,420	4,070	29,220	-	-	-
Item 108 Mid West Ports Authority.....	3,000	-	-	1,500	-	1,573	2,375
Item 109 Pilbara Ports Authority.....	16,716	41,459	58,469	21,671	57,331	25,565	19,792
Item 110 Provision for Aluminium Composite Panel Cladding <sup>(s)</sup> .....	-	11,440	-	26,110	32,520	27,827	-
Item 111 Provision for Construction Cost Relief <sup>(t)</sup> .....	-	-	-	63,700	-	-	-
Item 112 Provision for Decarbonisation of the South West Interconnected System <sup>(u)</sup> .....	-	-	-	1,232,444	586,197	-	-
Item 113 Regional Power Corporation (Horizon Power).....	24,016	-	-	2,404	-	-	14,451
Item 114 Royalties for Regions <sup>(h)</sup> .....	201,586	298,840	170,765	374,859	229,120	191,380	89,683
Item 115 The Burswood Park Board <sup>(v)</sup> .....	-	-	-	427	-	-	-
Item 116 WA Health <sup>(i)</sup> .....	22,325	73,829	62,763	62,494	131,412	194,790	213,196
Item 117 Water Corporation.....	22,586	-	4,425	87,462	-	-	39,210
Item 118 Western Australian Energy Disputes Arbitrator <sup>(w)</sup> .....	-	-	-	400	-	-	-
Item 119 Western Australian Land Authority (DevelopmentWA).....	36,500	29,953	31,000	20,000	17,753	-	-
Item 120 Western Australia Police Force <sup>(x)</sup> ...	-	3,622	-	3,340	12,190	14,913	-
Animal Resources Authority.....	630	5,500	6,500	-	-	-	-
Bunbury Water Corporation.....	10,170	11,050	11,050	-	-	-	-
Electricity Generation and Retail Corporation (Synergy).....	155,701	33,301	40,504	-	-	-	-
Forest Products Commission.....	14,263	11,034	11,034	-	-	-	-
Provision for Public Transport Authority of Western Australia <sup>(y)</sup> .....	-	-	-	-	63,000	73,000	42,000
<i>Other</i>							
Item 121 Climate Action Fund.....	168,000	500,000	500,000	869,090	-	-	-
Item 122 Social Housing Investment Fund ..	750,000	-	-	450,000	-	-	-
Debt Reduction Account.....	2,115,221	-	-	-	-	-	-
Digital Capability Fund.....	500,000	400,000	400,000	-	-	-	-
New Women and Babies Hospital Account.....	1,787,000	-	-	-	-	-	-
Remote Communities Fund.....	-	350,000	350,000	-	-	-	-
Softwood Plantation Expansion Fund.....	350,000	-	-	-	-	-	-
<i>Authorised by Other Statutes</i>							
Loans (Co-operative Companies) Act 2004....	7,181	-	9,750	-	-	-	-
Loan Acts - Repayment of Borrowings.....	588,752	1,200,000	2,100,000	-	-	-	-
<b>TOTAL CAPITAL ADMINISTERED.....</b>	<b>6,952,136</b>	<b>3,083,607</b>	<b>3,874,333</b>	<b>3,465,037</b>	<b>1,337,503</b>	<b>741,940</b>	<b>586,138</b>
<b>GRAND TOTAL.....</b>	<b>11,159,160</b>	<b>8,280,673</b>	<b>9,449,343</b>	<b>9,305,922</b>	<b>6,287,834</b>	<b>5,551,889</b>	<b>5,465,761</b>
<b>EXPENSES</b>							
Total Cost of Services.....	50,744	57,760	58,604	61,479	58,435	59,136	59,759
Net Cost of Services <sup>(z)</sup> .....	50,695	57,700	58,544	61,419	58,375	59,076	59,699
<b>CASH ASSETS <sup>(aa)</sup>.....</b>	<b>12,052</b>	<b>9,456</b>	<b>8,145</b>	<b>8,564</b>	<b>8,983</b>	<b>9,402</b>	<b>9,821</b>

(a) Reflects the provision made at the 2022-23 Budget for bus replacement services during the Armadale Rail Line closure. This funding has since been disbursed to the Public Transport Authority following the finalisation of the operating plan.

(b) Reflects recurrent provisions for the indexation of the State's National Disability Insurance Scheme contributions (\$374 million) and National Housing and Homelessness Agreement (\$9.4 million), pending finalisation of these agreements with the Commonwealth, as well as provisions for Communities' social housing functions (\$178.4 million), the freeze of Government Regional Officer Housing tenant rents (\$14 million), and funding for operating costs of the Regional Supportive Landlord Model (\$3 million). Capital funding is also provisioned for Communities' Asset Investment Program for the Mandurah Common Ground project pending approval of a project definition plan.

- (c) Provision for the Aviation Recovery Fund (\$59.6 million), Major Events Fund (\$16.7 million), Future Energy Exports Cooperative Research Centre (\$4.8 million) and National Collaborative Research Infrastructure Strategy (\$120,000), pending the finalisation of agreements between the respective parties.
- (d) Funding provided to the Sports Wagering Account at the Gaming and Wagering Commission of Western Australia associated with the introduction of the Point of Consumption Tax in January 2019.
- (e) Reflects the provision for the construction of the High Wycombe Community Hub, with \$30 million provided by both the State and Commonwealth Governments. Funds are to be released from the provision on approval of funding agreements and an updated business case.
- (f) Provision for State assistance towards the establishment of projects as part of the Inner City Projects.
- (g) In line with the Government's Wages Policy, this provision supports industrial agreements and outcomes not yet finalised. This provision will be allocated to relevant agency budgets once the remaining industrial agreements are finalised.
- (h) Appropriations to the Royalties for Regions Fund 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.
- (i) Includes a recurrent provision to fund the plan to transition the Peel Health Campus back into the public sector and address cost pressures relating to WA Country Health Services, including the operation of the residential aged care facility and the multipurpose services sites, as well as delivery of renal services in the Kimberley. Capital funding is also provisioned for major health initiatives as part of WA Health's Asset Investment Program. WA Health is required to submit business cases or project definition plans for approval to access these funds.
- (j) Includes all administered grants, subsidies and transfers not covered elsewhere by individual Acts.
- (k) A provision of \$1.8 million pending an assessment of the Building Asset Data and Information Platform.
- (l) This provision to build the capacity of Aboriginal Community Controlled Organisations was transferred to the Department of Premier and Cabinet.
- (m) This provision was for one-off establishment, administration and capacity building funding for Local Aboriginal Cultural Heritage Services, established through the *Aboriginal Cultural Heritage Act 2021* for Aboriginal cultural heritage protection and management in Western Australia. This funding has been transferred to Planning, Lands and Heritage in 2022-23.
- (n) This 2022-23 Budget provision provided for eligible workers and carers with no access to paid leave or income support while awaiting COVID-19 test results to receive a support payment.
- (o) Superannuation scheme administration expense reflects the costs of administering an unfunded defined benefit superannuation/pension scheme by an appropriation from the Consolidated Account.
- (p) Reflects the costs for regulatory support of State superannuation schemes where the Government Employees Superannuation Board incurs these costs on behalf of the Government.
- (q) Reflects funding provisioned in the Department of Education's Asset Investment Program for major upgrades to Rockingham and Safety Bay Senior High Schools, to be released upon approval of the respective business cases.
- (r) Reflects funding provisioned for a new Crisis Care Unit at Banksia Hill Detention Centre and funding for Roebourne Regional Prison - Temperature Management, to be released following the Government's approval of project definition plans.
- (s) Reflects funding allocated to meet the future cost of remediating remaining instances of flammable aluminium composite panel cladding that have been identified across the general government building portfolio.
- (t) This provision supports builders impacted by unforeseeable project cost escalation, and enables construction to continue on Government projects impacted by builder insolvencies.
- (u) Subject to detailed business cases and external verification of the estimated costs, this provision will partly fund the \$2.8 billion of decarbonisation investments approved as part of the 2023-24 Budget, including new wind generation investments, and storage assets in the Kwinana and Collie region to be progressed by Synergy.
- (v) Funding for the Burswood Park Board to meet cost escalation pressures associated with the Hydraulic Sewer and Principal Shared Path projects.
- (w) Funding for the Western Australian Energy Disputes Arbitrator in support of a temporary Treasurer's Advance.
- (x) Reflects funding to be applied to the Western Australia Police Force for a new District Support Facility in Broome, subject to approval of a project definition plan.
- (y) Funding provisioned for the joint State and Commonwealth-funded commitment to commence the transition to an electric bus fleet.
- (z) Represents Total Cost of Services (expenses) less retained revenues applied to the Department'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.
- (aa) As at 30 June each financial year.

## Spending Changes

Recurrent spending changes, other than cashflow timing changes and non-discretionary accounting adjustments, impacting on Treasury's Income Statement since presentation of the 2022-23 Budget to Parliament on 12 May 2022, are outlined below:

	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
<b>New Initiatives</b>					
Commercial Advisory Services.....	2,084	1,866	395	-	-
GST Reviews.....	-	200	288	793	304
<b>Ongoing Initiatives</b>					
Supporting Government Priorities.....	155	1,558	1,576	1,595	1,442
Westport Program - Commercial Framework.....	-	198	-	-	-
<b>Other</b>					
Public Sector Wages Policy .....	1,803	1,721	2,243	2,812	3,797
Salaries and Allowances Tribunal.....	805	801	794	825	855

## Significant Issues Impacting the Agency

### Economic Outlook

1. Despite global economic headwinds and the impact of rising interest rates, the Western Australian economy remains strong, with Gross State Product (GSP) forecast to grow by 4.25% in 2022-23 - the strongest rate of growth since 2013-14. This largely reflects a strong lift in exports across a range of mining and agricultural commodities, with the value of Western Australian goods exports increasing by 13% over the year to March 2023 to reach a record \$272 billion.
2. GSP growth is forecast to moderate to 2.25% in 2023-24, reflecting the impact of higher interest rates on household consumption and an expected return to more typical rates of growth in exports (both goods and services exports). Construction activity (both residential and commercial) is also being impacted by capacity constraints, although these constraints are expected to ease over the coming year as global supply chain pressures continue to reduce and as overseas migration once again becomes the major driver of Western Australia's population growth.
3. The State's labour market remains strong, with employment reaching a record 1.53 million people in March 2023. The unemployment rate is expected to gradually rise from an estimated 3.5% in 2022-23 to 4% in 2023-24 and 4.5% by 2025-26, as demand for labour is outpaced by additions to the working age population (although this remains well below the long-run average unemployment rate of 6.1%).
4. Wages are now responding to the State's strong labour market, with the Wage Price Index growing at its strongest rate in almost a decade. At the same time, growth in the Consumer Price Index remains elevated, but is forecast to ease to 5.75% in the June 2023 quarter and 3.5% by the June 2024 quarter, as supply chain pressures continue to reduce. In response to current price pressures, this Budget includes a \$715 million cost of living package that provides a minimum of \$400 assistance to every Western Australian household, and \$650 for small businesses.

### State Finances

5. The State's finances remain in a strong position. Following a record general government operating surplus of \$6 billion in 2021-22, an operating surplus of \$4.2 billion is now expected for 2022-23, with a \$3.3 billion surplus forecast for 2023-24. The 2022-23 operating surplus is \$2.4 billion higher than forecast in the 2022-23 Mid-year Review, primarily as a result of a higher iron ore price (now estimated to average \$US112.3 per tonne over 2022-23, up from the Mid-year Review assumption of \$US87.4 per tonne). The 2023-24 Budget invests this additional fiscal capacity in a range of high priority initiatives, including cost of living support (as noted above), climate action, social housing and the repayment of existing debt.
6. Total public sector net debt at 30 June 2023 has been revised down to \$27.9 billion, marking the fourth year in a row of declining net debt. Net debt is forecast to rise moderately over the next four years, to \$35.9 billion by 30 June 2027. This represents just 9.7% of GSP, a very low ratio by both national and international standards. The projected increase in net debt over the next four years reflects the record \$39 billion Asset Investment Program included in this Budget, as well as moderating revenue growth from 2023-24 (including as a result of the Budget's conservative iron ore price assumptions).
7. The strength of the State's finances has been highlighted in credit rating movements during the last year. S&P Global upgraded Western Australia's credit rating assessment to AAA in June 2022, while Moody's revised the outlook on the State's Aa1 rating (one notch below triple-A) from 'stable' to 'positive' in November 2022.

### Commonwealth-State Financial Relations

8. Treasury is supporting the Treasurer in addressing issues that are considered by the Council on Federal Financial Relations (CFFR) and the Board of Treasurers. This includes providing advice on potential national reforms and ensuring that the CFFR effectively undertakes its review role for new Commonwealth funding agreements. This involves working closely with the Department of the Premier and Cabinet and line agencies to agree a whole-of-State approach to Commonwealth funding agreement negotiations, and involves working with other jurisdictions to develop considered and coordinated approaches to national issues.

9. Treasury is also assisting the Treasurer in defending the 2018 GST distribution reforms amidst ongoing pressure from other States. This includes providing the Treasurer with analysis and advice in support of the reforms. Treasury is actively engaging in the Commonwealth Grants Commission's (CGC's) major review of the GST distribution methodology, and will advocate for the significant deficiencies in the underlying methodology to be addressed in the CGC's report, which is due in March 2025. This will be followed by a separate review (by the Productivity Commission) of the GST distribution reforms by the end of 2026, which Treasury will also actively engage in. Given the critical importance of GST grant revenue to the State's financial position, this Budget provides additional resources to Treasury for engaging in these two major reviews.

## **Supporting Government Priorities**

### *Financial Management Capability*

10. Treasury is working closely with the Public Sector Commission to develop and implement measures to improve the public sector's financial management capability. This will involve examining the role of Chief Finance Officers in public sector agencies, assessing the current financial management framework (including the suite of Treasurer's instructions), and development and implementation of a framework for continuous improvement.

### *Public Trustee*

11. Following the Auditor General's Performance Audit of the Public Trustee in August 2022, Treasury has progressed a review into the appropriateness and transparency of the Public Trustee's fees and self-funding model, and whether governance arrangements should be aligned with other entities that hold private funds in trust.
12. Treasury's interim advice informed the Government's decision to reduce selected fees for trust clients from 1 July 2023 as part of this Budget. It is anticipated that Treasury's final review will be completed in the second half of 2023.

### *Economic Diversification*

13. Treasury continues to work closely with the Department of Jobs, Tourism, Science and Innovation to progress the Government's economic diversification agenda. This includes assisting with the delivery of the Investment Attraction Fund (grants and other initiatives to grow the State's priority diversification sectors) and investigating options to activate the State's Strategic Industrial Areas. In addition, Treasury continues to play a key role in the delivery of the Collie Industrial Transition Fund (to support large-scale clean energy industrial projects that can provide long-term, sustainable jobs in Collie), and assisting Tourism Western Australia with its key initiatives.

### *Decarbonisation*

14. Treasury continues to work closely with other public sector agencies on climate change issues, particularly the decarbonisation of the South West electricity system. Treasury has chaired cross-agency taskforces that considered the amount of investment required in wind generation, energy storage and transmission network upgrades to enable the electricity system to move away from coal-fired generation to higher levels of renewable energy, consistent with the Government's commitments.

### *Health and Mental Health*

15. The Government has made a record investment in the health and mental health systems in recent years, with significant reform work and major projects also underway. Treasury is working closely with WA Health, the Mental Health Commission and other central agencies to ensure the provision of timely strategic advice to Government, and ensure that this substantial investment delivers improved outcomes for the community.
16. Treasury's focus will also include governance of major health capital and strategic commissioning projects (such as the new Women and Babies Hospital and Peel Health Campus), progressing Commonwealth-State health funding reform initiatives, and engagement in the Government's key health and mental health reforms (including the Sustainable Health Review, emergency department reform initiatives, and the Government's response to the Independent Review of Health System Governance).



## Commercial Advisory

17. Treasury undertakes reviews into agencies and projects with a significant commercial exposure for the State and provides advice to the Government. Continuing projects include Westport and its associated commercial framework, and the innovative provision of community housing.
18. To assist the Government in its consideration of emerging priorities, Treasury will commence an independent analysis of options to reduce the State's risks in relation to the Gold Corporation, assist in negotiations around the supply of coal in the short to medium term, and undertake due diligence on potential changes to Keystart's governance arrangements.

## Resource Agreement

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

## Outcomes, Services and Key Performance Information

### Relationship to Government Goals

Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the Treasury's services, the desired outcomes and the relevant Government Goal. 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
Strong and Sustainable Finances: Responsible, achievable, affordable budget management.	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

### Service Summary

Expense	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
1. Financial Management and Reporting .....	9,524	10,039	9,346	10,619	10,580	10,733	11,117
2. Economic and Revenue Forecasts and Policy Development.....	11,578	13,390	13,215	14,533	14,190	15,012	15,025
3. Evaluation and Planning of Government Service Delivery and Infrastructure Provision .....	29,642	34,331	36,043	36,327	33,665	33,391	33,617
<b>Total Cost of Services .....</b>	<b>50,744</b>	<b>57,760</b>	<b>58,604</b>	<b>61,479</b>	<b>58,435</b>	<b>59,136</b>	<b>59,759</b>

**Outcomes and Key Effectiveness Indicators <sup>(a)</sup>**

	2021-22 Actual	2022-23 Budget	2022-23 Estimated Actual	2023-24 Budget Target	Note
<b>Outcome: Sustainable and transparent public sector finances:</b>					
Status of the State's credit rating .....	AAA/Aa1	AA+/Aa1	AAA/Aa1	AAA/Aa1	1
Unqualified audit opinion on the Annual Report on State Finances .....	Yes	Yes	Yes	Yes	
Percentage of financial reports released as per agreed timeframes <sup>(b)</sup> .....	100%	100%	100%	100%	
<b>Outcome: A strong and competitive State economy:</b>					
Accuracy of key general government revenue forecasts:					
Tax revenue .....	15.9%	±5%	9.4%	±5%	2
Royalty revenue .....	9.3%	±5%	57.3%	±5%	3
Accuracy of key economic forecasts (percentage point difference):					
Employment growth <sup>(c)</sup> .....	3.3	±0.5	-0.25	±0.5	
Real SFD growth <sup>(c)</sup> .....	0.6	±2	-0.75	±2	
<b>Outcome: Value-for-money outcomes in service delivery and infrastructure provision:</b>					
Percentage of advice provided to the Expenditure Review Committee (ERC) at least 5 days prior to their consideration <sup>(d)</sup> .....	97%	100%	91%	100%	
Percentage of Ministerially endorsed Strategic Asset Plans (SAPs) for the upcoming year received and reviewed by Treasury before the commencement of the Budget bilateral process .....	87%	100%	82%	100%	4

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

(b) Includes whole-of-government financial reports prepared by Treasury to meet the requirements of the *Government Financial Responsibility Act 2000*.

(c) Actuals for employment and SFD growth are subject to revisions by the Australian Bureau of Statistics and can differ from previous publications.

(d) Following a review of Treasury's Outcome Based Management Structure, this key effectiveness indicator has been revised from '5 working days' to '5 days'. Results for the 2021-22 Actual and 2022-23 Budget have been back-cast for comparability purposes.

**Explanation of Significant Movements****(Notes)**

1. S&P Global upgraded Western Australia's credit rating assessment to AAA in June 2022. Moody's reaffirmed the State's Aa1 credit rating (one notch below triple-A) in October 2021, and revised the rating outlook from 'stable' to 'positive' in November 2022. A 'positive' outlook reflects Moody's assessment of Western Australia's revenue performance and diversification of revenue sources, the Government's management of the State's finances through the COVID-19 pandemic, and ongoing spending discipline.
2. Tax revenue is estimated to be higher in the 2022-23 Estimated Actual than forecast in the 2022-23 Budget. This reflects stronger than anticipated activity in a number of sectors in the Western Australian economy, including property and mining, as well as high levels of household spending, flowing through to the State's tax base in the form of transfer duties, payroll tax and motor vehicle taxes.
3. Royalty revenue is estimated to be higher in the 2022-23 Estimated Actual than forecast in the 2022-23 Budget largely due to higher than assumed iron ore and lithium prices. Despite significant volatility, the average year to date iron ore price is well above the prudent price assumption used in the 2022-23 Budget. Lithium prices have been supported by demand continuing to outstrip supply.
4. SAPs were received from all applicable agencies in 2022-23 financial year, with three agencies (Education, Health and Water Corporation) unable to provide their SAP in the required timeframes, resulting in a reported rate of 82% of SAPs received.

## 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.

	2021-22 Actual	2022-23 Budget	2022-23 Estimated Actual	2023-24 Budget Target	Note
Total Cost of Service.....	\$'000 9,524	\$'000 10,039	\$'000 9,346	\$'000 10,619	1
Less Income .....	9	12	12	12	
Net Cost of Service .....	9,515	10,027	9,334	10,606	
Employees (Full-Time Equivalents) .....	47	49	45	52	

### Explanation of Significant Movements

(Notes)

1. The 2022-23 Estimated Actual is lower than the 2022-23 Budget predominantly due to a higher than forecast vacancy rate throughout the year.

### 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, public sector wages policy, the development of forecasts for each of the State's major revenue sources, and the provision of advice on economic response, diversification and reform initiatives.

	2021-22 Actual	2022-23 Budget	2022-23 Estimated Actual	2023-24 Budget Target	Note
Total Cost of Service.....	\$'000 11,578	\$'000 13,390	\$'000 13,215	\$'000 14,533	
Less Income .....	11	13	14	14	
Net Cost of Service .....	11,567	13,377	13,201	14,519	
Employees (Full-Time Equivalents) .....	55	64	63	67	

### 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 services to ensure value for money outcomes in key areas like health, education, justice and infrastructure delivery. It also includes Treasury's commercial advisory role.

	2021-22 Actual	2022-23 Budget	2022-23 Estimated Actual	2023-24 Budget Target	Note
Total Cost of Service.....	\$'000 29,642	\$'000 34,331	\$'000 36,043	\$'000 36,327	1
Less Income .....	29	35	34	34	
Net Cost of Service .....	29,613	34,296	36,009	36,293	
Employees (Full-Time Equivalents) .....	140	152	146	161	

## Explanation of Significant Movements

(Notes)

1. The increased Total Cost of Services in the 2023-24 Budget Target is predominantly due to funding received to support Government priorities and enable Treasury to undertake reviews into agencies/projects with a significant exposure for the State.

## Asset Investment Program

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-23 \$'000	2022-23 Estimated Expenditure \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
<b>COMPLETED WORKS</b>							
ICT - Replacement/Upgrade - 2022-23 Program .....	400	400	400	-	-	-	-
<b>NEW WORKS</b>							
ICT - Replacement/Upgrade							
2023-24 Program .....	400	-	-	400	-	-	-
2024-25 Program .....	400	-	-	-	400	-	-
2025-26 Program .....	400	-	-	-	-	400	-
2026-27 Program .....	400	-	-	-	-	-	400
<b>Total Cost of Asset Investment Program.....</b>	<b>2,000</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
<b>FUNDED BY</b>							
Drawdown from the Holding Account.....			400	400	400	400	400
<b>Total Funding .....</b>			<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>

## Financial Statements

### Income Statement

#### Expenses

1. Employee benefits expense increases in 2023-24, reflecting the additional resourcing to support Government priorities such as economic diversification, decarbonisation, improving the sector's financial management capability, and support on key deliverables relating to the health and mental health systems.
2. Supplies and services expense decreases by \$2 million in the 2023-24 Budget Year (relative to the 2022-23 Estimated Actual) primarily due to the finalisation of the Western Australian TAB Project.

#### Income

3. Income from Government increases by \$3 million from the 2022-23 Estimated Actual to the 2023-24 Budget Year, reflecting the funding received for additional resources to support Government priorities and enable Treasury to provide a broader range of commercial advisory services.

### Statement of Financial Position

4. The 2022-23 Estimated Actual cash balance is expected to decrease by \$4 million (relative to the 2021-22 Actual) primarily due to Treasury returning \$4.4 million to the Consolidated Account during the year.

**INCOME STATEMENT <sup>(a)</sup>**  
**(Controlled)**

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>COST OF SERVICES</b>							
<b>Expenses</b>							
Employee benefits <sup>(b)</sup> .....	33,870	39,756	39,440	44,358	44,376	44,892	45,634
Grants and subsidies <sup>(c)</sup> .....	116	165	165	166	167	167	167
Supplies and services .....	10,064	11,917	12,260	10,238	6,907	6,865	6,511
Accommodation .....	4,340	3,960	4,581	4,788	5,002	5,228	5,463
Depreciation and amortisation .....	1,272	615	630	426	427	427	427
Finance and interest costs .....	5	7	10	12	10	11	11
Other expenses .....	1,077	1,340	1,518	1,491	1,546	1,546	1,546
<b>TOTAL COST OF SERVICES</b> .....	<b>50,744</b>	<b>57,760</b>	<b>58,604</b>	<b>61,479</b>	<b>58,435</b>	<b>59,136</b>	<b>59,759</b>
<b>Income</b>							
Other revenue .....	49	60	60	60	60	60	60
<b>Total Income</b> .....	<b>49</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>
<b>NET COST OF SERVICES</b> .....	<b>50,695</b>	<b>57,700</b>	<b>58,544</b>	<b>61,419</b>	<b>58,375</b>	<b>59,076</b>	<b>59,699</b>
<b>INCOME FROM GOVERNMENT</b>							
Service appropriations .....	47,457	50,512	51,606	54,896	52,371	53,193	53,816
Resources received free of charge .....	5,907	5,927	5,927	5,953	5,953	5,953	5,953
Special Purpose Account(s) <sup>(d)</sup>							
Digital Capability Fund .....	-	250	-	-	-	-	-
Royalties for Regions Fund - Regional and State-wide Initiatives .....	-	134	252	134	134	134	134
Other revenues .....	955	1,296	1,046	855	336	215	215
<b>TOTAL INCOME FROM GOVERNMENT</b> .....	<b>54,319</b>	<b>58,119</b>	<b>58,831</b>	<b>61,838</b>	<b>58,794</b>	<b>59,495</b>	<b>60,118</b>
<b>SURPLUS/(DEFICIENCY) FOR THE PERIOD</b> .....	<b>3,624</b>	<b>419</b>	<b>287</b>	<b>419</b>	<b>419</b>	<b>419</b>	<b>419</b>

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

(b) The full-time equivalents for 2021-22 Actual, 2022-23 Estimated Actual and 2023-24 Budget Year are 242, 254 and 280 respectively.

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

(d) Forecast recurrent drawdowns of funding from some Treasurer's Special Purpose Accounts (TSPAs) included in the 2022-23 Budget were subsequently reclassified to capital contributions for agencies subject to the *Financial Management Act 2006* (i.e. no overall change to forecast agency cash receipts, see Statement of Cashflows). This reflects the approved purpose of the original appropriation of funding to the TSPAs was capital in nature.

**DETAILS OF CONTROLLED GRANTS AND SUBSIDIES**

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
Contributions to the Australian Accounting Standards Board .....	49	50	50	50	50	50	50
Contributions to the Board of Treasurers Secretariat .....	67	115	115	116	117	117	117
<b>TOTAL</b> .....	<b>116</b>	<b>165</b>	<b>165</b>	<b>166</b>	<b>167</b>	<b>167</b>	<b>167</b>

**STATEMENT OF FINANCIAL POSITION <sup>(a)</sup>**  
**(Controlled)**

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
<b>CURRENT ASSETS</b>							
Cash assets .....	11,429	8,699	7,399	7,693	7,985	8,275	8,563
Holding Account receivables .....	400	400	400	400	400	400	400
Receivables .....	607	278	607	607	607	607	607
Other.....	183	424	183	183	183	183	183
Total current assets .....	12,619	9,801	8,589	8,883	9,175	9,465	9,753
<b>NON-CURRENT ASSETS</b>							
Holding Account receivables .....	14,300	14,515	14,530	14,556	14,583	14,610	14,637
Property, plant and equipment.....	152	154	215	190	152	184	174
Intangibles .....	2,380	2,218	2,222	2,269	2,316	2,363	2,410
Restricted cash .....	623	757	746	871	998	1,127	1,258
Total non-current assets .....	17,455	17,644	17,713	17,886	18,049	18,284	18,479
<b>TOTAL ASSETS .....</b>	<b>30,074</b>	<b>27,445</b>	<b>26,302</b>	<b>26,769</b>	<b>27,224</b>	<b>27,749</b>	<b>28,232</b>
<b>CURRENT LIABILITIES</b>							
Employee provisions .....	8,358	8,701	8,897	8,896	8,896	8,896	8,896
Payables .....	1,769	850	1,230	1,230	1,230	1,230	1,230
Borrowings and leases .....	43	50	68	77	65	73	72
Total current liabilities .....	10,170	9,601	10,195	10,203	10,191	10,199	10,198
<b>NON-CURRENT LIABILITIES</b>							
Employee provisions .....	1,548	2,006	1,548	1,548	1,548	1,548	1,548
Borrowings and leases .....	77	83	120	105	79	103	94
Total non-current liabilities .....	1,625	2,089	1,668	1,653	1,627	1,651	1,642
<b>TOTAL LIABILITIES.....</b>	<b>11,795</b>	<b>11,690</b>	<b>11,863</b>	<b>11,856</b>	<b>11,818</b>	<b>11,850</b>	<b>11,840</b>
<b>EQUITY</b>							
Accumulated surplus/(deficit).....	18,279	15,755	14,439	14,913	15,406	15,899	16,392
<b>Total equity .....</b>	<b>18,279</b>	<b>15,755</b>	<b>14,439</b>	<b>14,913</b>	<b>15,406</b>	<b>15,899</b>	<b>16,392</b>
<b>TOTAL LIABILITIES AND EQUITY .....</b>	<b>30,074</b>	<b>27,445</b>	<b>26,302</b>	<b>26,769</b>	<b>27,224</b>	<b>27,749</b>	<b>28,232</b>

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

**STATEMENT OF CASHFLOWS <sup>(a)</sup>**  
**(Controlled)**

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CASHFLOWS FROM GOVERNMENT</b>							
Service appropriations.....	46,139	49,897	50,976	54,470	51,944	52,766	53,389
Capital appropriation .....	61	55	69	71	74	74	74
Holding Account drawdowns .....	400	400	400	400	400	400	400
Special Purpose Account(s)							
Digital Capability Fund.....	-	250	250	-	-	-	-
Royalties for Regions Fund - Regional and State-wide Initiatives .....	-	134	252	134	134	134	134
Receipts paid into Consolidated Account.....	-	-	(4,444)	-	-	-	-
Other.....	746	1,296	1,046	855	336	215	215
<b>Net cash provided by Government .....</b>	<b>47,346</b>	<b>52,032</b>	<b>48,549</b>	<b>55,930</b>	<b>52,888</b>	<b>53,589</b>	<b>54,212</b>
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>							
<b>Payments</b>							
Employee benefits.....	(33,293)	(39,756)	(39,440)	(44,358)	(44,376)	(44,892)	(45,634)
Grants and subsidies.....	(116)	(165)	(165)	(166)	(167)	(167)	(167)
Supplies and services .....	(4,579)	(6,072)	(6,415)	(4,367)	(1,036)	(994)	(640)
Accommodation .....	(3,996)	(3,960)	(4,581)	(4,788)	(5,002)	(5,228)	(5,463)
GST payments .....	(1,009)	(2,281)	(2,281)	(2,281)	(2,281)	(2,281)	(2,281)
Finance and interest costs.....	(5)	(7)	(10)	(12)	(10)	(11)	(11)
Other payments.....	(1,258)	(1,340)	(1,518)	(1,491)	(1,546)	(1,546)	(1,546)
<b>Receipts <sup>(b)</sup></b>							
GST receipts .....	919	2,281	2,281	2,281	2,281	2,281	2,281
Other receipts .....	50	142	142	142	142	142	142
<b>Net cash from operating activities .....</b>	<b>(43,287)</b>	<b>(51,158)</b>	<b>(51,987)</b>	<b>(55,040)</b>	<b>(51,995)</b>	<b>(52,696)</b>	<b>(53,319)</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>							
Purchase of non-current assets .....	(569)	(400)	(400)	(400)	(400)	(400)	(400)
<b>Net cash from investing activities.....</b>	<b>(569)</b>	<b>(400)</b>	<b>(400)</b>	<b>(400)</b>	<b>(400)</b>	<b>(400)</b>	<b>(400)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>							
Repayment of borrowings and leases .....	(64)	(55)	(69)	(71)	(74)	(74)	(74)
<b>Net cash from financing activities.....</b>	<b>(64)</b>	<b>(55)</b>	<b>(69)</b>	<b>(71)</b>	<b>(74)</b>	<b>(74)</b>	<b>(74)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD .....</b>	<b>3,426</b>	<b>419</b>	<b>(3,907)</b>	<b>419</b>	<b>419</b>	<b>419</b>	<b>419</b>
Cash assets at the beginning of the reporting period .....	8,626	9,037	12,052	8,145	8,564	8,983	9,402
<b>Cash assets at the end of the reporting period .....</b>	<b>12,052</b>	<b>9,456</b>	<b>8,145</b>	<b>8,564</b>	<b>8,983</b>	<b>9,402</b>	<b>9,821</b>

(a) Full audited financial statements are published in Treasury'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 Treasury. 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

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>GST Receipts</b>							
GST Input Credits .....	870	2,281	2,281	2,281	2,281	2,281	2,281
GST Receipts on Sales .....	49	-	-	-	-	-	-
<b>Other Receipts</b>							
Aboriginal Community Connectors Program - Evaluation .....	33	198	198	-	-	-	-
Other Receipts .....	114	82	82	82	82	82	82
Receipts from Communities for the Target 120 Program.....	178	415	165	626	286	165	165
Receipts from Justice for the Justice Pipeline Model .....	-	50	50	50	50	50	50
Senior Officer Vehicle Scheme Receipts.....	46	60	60	60	60	60	60
Sustainable Health Review - Funding and Commissioning .....	296	602	602	179	-	-	-
<b>TOTAL .....</b>	<b>1,586</b>	<b>3,688</b>	<b>3,438</b>	<b>3,278</b>	<b>2,759</b>	<b>2,638</b>	<b>2,638</b>

## DETAILS OF ADMINISTERED TRANSACTIONS

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>INCOME</b>							
<b>Commonwealth Grants</b>							
Compensation for Crude Oil Excise							
Condensate .....	32,184	35,415	52,919	25,385	19,244	14,869	10,993
GST Grants .....	3,368,905	5,871,702	6,352,641	6,484,226	7,179,067	7,535,119	8,907,060
Commonwealth-funded 70% Floor .....	2,115,221	-	-	-	-	-	-
North West Shelf Grants .....	1,023,965	885,380	1,322,985	634,622	481,098	371,717	274,826
Other .....	680,725	1,202,148	767,007	2,933,317	727,217	313,251	169,280
<b>Total Commonwealth Grants .....</b>	<b>7,221,000</b>	<b>7,994,645</b>	<b>8,495,552</b>	<b>10,077,550</b>	<b>8,406,626</b>	<b>8,234,956</b>	<b>9,362,159</b>
<b>GOVERNMENT ENTERPRISES</b>							
<b>Dividends</b>							
Bunbury Water Corporation .....	-	910	-	903	996	1,814	2,152
Busselton Water Corporation .....	-	437	-	230	1,832	2,987	1,949
Electricity Networks Corporation (Western Power) .....	-	301,093	78,871	222,971	275,651	315,348	337,806
Forest Products Commission .....	-	-	-	-	815	1,144	1,144
Fremantle Port Authority .....	-	26,943	-	33,151	34,589	36,535	40,397
Gold Corporation .....	-	14,164	-	11,820	4,422	9,446	13,628
Insurance Commission of Western Australia.....	572,083	63,532	63,500	58,211	58,915	58,824	58,349
Kimberley Ports Authority .....	-	-	-	2,782	2,604	2,887	3,656
Mid West Ports Authority .....	-	25,340	-	29,973	40,532	60,274	69,491
Pilbara Ports Authority .....	-	210,681	-	209,664	214,050	220,832	211,265
Regional Power Corporation (Horizon Power) .....	-	5,660	-	3,679	6,719	11,820	12,288
Southern Ports Authority .....	-	27,593	-	26,948	51,557	60,640	63,458
Water Corporation .....	-	727,965	-	759,919	826,665	837,985	919,421
Western Australian Land Authority (DevelopmentWA).....	23,435	54,215	1,500	45,883	58,186	55,153	40,649
Western Australian Treasury Corporation...	16,669	17,011	17,011	16,999	14,382	14,431	14,866
<b>Total Dividends .....</b>	<b>612,187</b>	<b>1,475,544</b>	<b>160,882</b>	<b>1,423,133</b>	<b>1,591,915</b>	<b>1,690,120</b>	<b>1,790,519</b>
<b>Income Tax Equivalent Regime</b>							
Bunbury Water Corporation .....	1,145	897	913	995	1,753	2,068	1,937
Busselton Water Corporation .....	1,236	557	520	924	1,506	982	801
Electricity Networks Corporation (Western Power) .....	89,343	113,485	82,913	102,896	154,317	168,441	189,869
Forest Products Commission .....	14,380	-	-	-	1,189	2,363	2,806
Fremantle Port Authority .....	20,500	17,301	17,962	21,482	21,950	23,563	26,130
Gold Corporation .....	14,056	6,824	6,754	2,527	5,398	7,787	7,671
Insurance Commission of Western Australia.....	194,214	24,029	40,833	22,197	11,528	9,250	5,518
Kimberley Ports Authority .....	-	-	951	855	907	1,124	1,538



	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual \$'000	Budget \$'000	Estimated Actual \$'000	Budget Year \$'000	Outyear \$'000	Outyear \$'000	Outyear \$'000
Mid West Ports Authority .....	10,644	16,221	11,092	19,137	24,501	37,756	40,360
Pilbara Ports Authority .....	85,499	115,121	103,041	115,702	113,645	118,948	110,413
Regional Power Corporation (Horizon Power) .....	4,067	2,805	1,044	1,796	4,579	7,541	6,849
Southern Ports Authority .....	15,707	16,154	17,051	14,849	31,248	35,786	36,420
Water Corporation .....	384,640	405,810	398,489	436,266	462,992	465,560	497,448
Western Australian Land Authority (DevelopmentWA) .....	34,419	23,759	15,271	9,825	17,229	22,402	16,150
Western Australian Treasury Corporation...	7,443	9,564	9,564	8,219	8,247	8,495	8,264
<b>Total Income Tax Equivalent Regime .....</b>	<b>877,293</b>	<b>752,527</b>	<b>706,398</b>	<b>757,670</b>	<b>860,989</b>	<b>912,066</b>	<b>952,174</b>
<b>Local Government Rates Equivalent Regime</b>							
Bunbury Water Corporation .....	89	96	92	74	76	78	80
Busselton Water Corporation .....	64	67	67	69	70	72	72
Electricity Generation and Retail Corporation (Synergy) .....	754	1,318	1,111	1,180	1,170	492	491
Electricity Networks Corporation (Western Power) .....	1,622	1,651	1,651	1,692	1,734	1,769	1,813
Forest Products Commission .....	478	390	411	514	670	160	164
Fremantle Port Authority .....	848	698	698	865	873	882	891
Gold Corporation .....	80	229	81	82	82	83	84
Kimberley Ports Authority .....	120	140	120	125	126	128	129
Mid West Ports Authority .....	920	889	901	934	980	1,029	1,081
Pilbara Ports Authority .....	3,138	3,057	3,131	3,210	3,290	3,372	3,456
Regional Power Corporation (Horizon Power) .....	491	704	733	751	770	789	809
Southern Ports Authority .....	945	690	690	855	718	732	750
Water Corporation .....	7,675	8,202	8,202	8,386	8,575	8,790	9,009
Western Australian Land Authority (DevelopmentWA) .....	11,066	8,355	8,355	8,484	8,715	8,933	9,156
<b>Total Local Government Rates Equivalent Regime .....</b>	<b>28,290</b>	<b>26,486</b>	<b>26,243</b>	<b>27,221</b>	<b>27,849</b>	<b>27,309</b>	<b>27,985</b>
<b>TOTAL GOVERNMENT ENTERPRISES .....</b>	<b>1,517,770</b>	<b>2,254,557</b>	<b>893,523</b>	<b>2,208,024</b>	<b>2,480,753</b>	<b>2,629,495</b>	<b>2,770,678</b>
<b>Other</b>							
Consolidated Account Revenue Received from Agencies .....	22,868,189	19,301,240	22,908,699	20,781,812	18,671,617	19,003,172	19,060,730
Gold State Superannuation Reimbursement .....	78,788	76,707	68,244	61,236	54,728	48,693	43,031
Interest .....	90,267	93,102	239,600	227,125	214,725	213,250	226,800
Loan Guarantee Fees .....	132,091	137,740	131,892	136,540	139,979	141,376	141,601
Pension Recoups .....	11,698	9,149	9,058	8,257	8,407	8,541	8,674
Other Revenue .....	238,529	26,295	73,207	29,654	28,181	28,120	27,801
<b>Total Other .....</b>	<b>23,419,562</b>	<b>19,644,233</b>	<b>23,430,700</b>	<b>21,244,624</b>	<b>19,117,637</b>	<b>19,443,152</b>	<b>19,508,637</b>
<b>TOTAL ADMINISTERED INCOME .....</b>	<b>32,158,332</b>	<b>29,893,435</b>	<b>32,819,775</b>	<b>33,530,198</b>	<b>30,005,016</b>	<b>30,307,603</b>	<b>31,641,474</b>
<b>EXPENSES</b>							
<b>Superannuation .....</b>	<b>(540,612)</b>	<b>323,643</b>	<b>351,041</b>	<b>325,698</b>	<b>359,420</b>	<b>420,966</b>	<b>414,145</b>
<b>Interest .....</b>	<b>596,275</b>	<b>621,295</b>	<b>779,250</b>	<b>836,000</b>	<b>860,500</b>	<b>854,000</b>	<b>847,000</b>
<b>Appropriations for:</b>							
Operating Subsidies .....	2,005,532	2,572,505	2,724,728	2,891,477	2,297,605	2,142,190	2,193,803
Services .....	19,855,592	19,978,779	21,392,814	20,530,459	20,070,820	20,242,019	20,690,237
Salaries and Allowances .....	110,841	113,091	114,476	117,387	121,361	125,240	128,158
Other Appropriations .....	3,385,771	2,692,893	3,156,054	4,098,226	4,267,673	4,517,735	4,710,575
<b>Total Appropriations .....</b>	<b>25,357,736</b>	<b>25,357,268</b>	<b>27,388,072</b>	<b>27,637,549</b>	<b>26,757,459</b>	<b>27,027,184</b>	<b>27,722,773</b>
<b>All Other Expenses</b>							
Royalties for Regions .....	814,094	914,973	887,112	887,462	773,198	720,177	730,769
Other Expenses .....	119,664	418,833	114,285	246,765	254,820	87,935	85,711
<b>Total All Other Expenses .....</b>	<b>933,758</b>	<b>1,333,806</b>	<b>1,001,397</b>	<b>1,134,227</b>	<b>1,028,018</b>	<b>808,112</b>	<b>816,480</b>
<b>TOTAL ADMINISTERED EXPENSES .....</b>	<b>26,347,157</b>	<b>27,636,012</b>	<b>29,519,760</b>	<b>29,933,474</b>	<b>29,005,397</b>	<b>29,110,262</b>	<b>29,800,398</b>

# Western Australian Treasury Corporation

## Part 3 Financial Administration

### Interactions with the Consolidated Account, Dividend Payout Ratio and Government Trading Enterprise Information

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
<b>REVENUE TO GENERAL GOVERNMENT SECTOR</b>							
National Tax Equivalent Regime - Income Tax.....	7,443	9,564	9,564	8,219	8,247	8,495	8,264
Dividends <sup>(a)</sup> .....	16,669	17,011	17,011	16,999	14,382	14,431	14,866
<b>RATIOS</b>							
Dividend Payout Ratio (%) .....	75	75	75	75	75	75	75
<b>GOVERNMENT TRADING ENTERPRISE INFORMATION</b>							
Revenue from Operations .....	937,272	1,056,143	1,456,143	1,784,627	1,749,142	1,786,750	1,821,000
Total Expenses <sup>(b)</sup> .....	912,244	1,024,263	1,423,767	1,757,041	1,721,163	1,757,831	1,793,814
<b>NET PROFIT AFTER TAX.....</b>	17,518	22,316	22,812	19,367	19,732	20,424	18,922
<b>CASH ASSETS <sup>(c)</sup> .....</b>	677,775	1,480,008	680,930	683,746	688,849	694,556	699,329

(a) In determining the dividend payment to general government, Net Profit After Tax may be adjusted based on other factors as permitted by relevant legislation.

(b) Excludes current tax expense, deferred tax expense and dividends.

(c) As at 30 June each financial year.

## Financial Changes

Net operating balance impact of adjustments, other than cashflow timing changes and non-discretionary accounting adjustments, impacting on the Government Trading Enterprise's (GTE's) Income Statement since presentation of the 2022-23 Budget to Parliament on 12 May 2022, are outlined below:

	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
<b>Key Adjustment</b>					
Flow-on Impact of Updated Borrowing Requirements and Market Conditions on Investment Revenue.....	-	(910)	(3,807)	(3,602)	(2,032)

## Significant Issues Impacting the Government Trading Enterprise

1. The Corporation is the State's central financial services provider, working with its public sector clients to achieve sound financial outcomes. The Corporation's principal activities involve funding and debt management, asset and investment management, financial advisory services, financial risk management, and treasury management services and systems.

### Financial Market and Economic Conditions

2. Geopolitical risks and fluctuating market conditions will continue to impact on the Corporation's ability to deliver its core outcome of meeting the State's borrowing needs. The Corporation funds the borrowing requirements of the Consolidated Account, Government Trading Enterprises, local government authorities, universities and the Corporation's liquidity management requirements. Debt management includes the refinancing of over \$6 billion of maturing debt per annum.
3. After a period of record low policy interest rates during the COVID-19 pandemic, central banks have conducted the most aggressive monetary tightening campaign since the 1980s to combat a rapid rise in inflation. The increase in central bank interest rates, the removal of central bank support for the bond market, and persistently high inflation have driven a sharp increase in global bond yields.
4. The Reserve Bank of Australia (RBA) has raised the cash rate target from a record low of 0.1% in April 2022 to 3.6% in March 2023, the highest level since May 2012. Tighter domestic monetary policy, rising interest rates on global financial markets and higher domestic inflation have driven sharp rises in money market interest rates and Australian bond yields.
5. The rise in interest rates has increased borrowing costs for the Corporation and other State Central Borrowing Authorities. Tighter monetary policy has also driven a sharp rise in financial market volatility. This volatility is expected to persist as the economy and financial markets continue to adjust to tighter monetary policy. The Corporation will need to navigate this uncertain financial market environment when raising debt.
6. Interest rates may start falling in late 2023 and 2024, negatively impacting investment returns as new funds and maturities are re-invested at lower rates. The Corporation manages funds on behalf of the Public Bank Account, the Future Health Research and Innovation Fund, Lotteries Commission, Western Australian Land Information Authority, and its own balance sheet, in aggregate approximately \$9.5 billion forecasted at 30 June 2023.
7. Western Australia's finances continue to benefit from a strong economy and elevated commodity prices, with operating surpluses forecast across the entire forward estimates period. The State's strong Budget position has reduced the amount of new funding the Corporation will need to raise in the financial markets in coming years, and has enabled the Corporation to reduce its refinancing task on existing debt through targeted debt repayments in 2021, 2022 and 2023.

### Inflation

8. The disruption to global supply chains due to the COVID-19 pandemic, the huge monetary and fiscal stimulus implemented to support the global economy and the rise in energy prices because of Russia's invasion of Ukraine drove inflation to its highest levels in decades across the major economies.
9. Central banks initially considered that the rise in inflation would be temporary and were late in tightening policy in reaction to the increase in price pressures.
10. Domestically, the annual rate of headline Consumer Price Index inflation climbed to 7.8% in the June quarter 2022, the highest level since the September quarter 1990. The latest RBA forecast, from February 2023, is that Australian inflation is likely to have peaked at the end of 2022 and will gradually decline over the next two years. However, the RBA is projecting that underlying inflation will remain above the 2-3% target range until late 2024.
11. The fiscal policy response to the pandemic has seen a substantial increase in Commonwealth debt outstanding, as well as that of other States like New South Wales and Victoria. For the Corporation, which has not seen a substantial increase in debt, the impact is being felt principally via increased volatility in financial markets as central bank policy accommodation is withdrawn. This volatile and uncertain market environment has required the Corporation to be more flexible in delivering the borrowing program than would be the case in more normal market conditions.

12. Investor diversification is critical in this environment, underlying the importance of investor engagement, with onshore and offshore marketing crucial to ensure investors are informed of Western Australia's economic and fiscal position, and the associated funding needs of the Corporation. With the easing of COVID-19 travel restrictions, face-to-face engagements recommenced during 2022-23, in addition to forums, seminars, online presentations and one-on-one virtual meetings.

### Environmental, Social and Governance (ESG) Considerations

13. Demand by investors for ESG debt instruments has grown significantly, and in response supply has continued to increase as a proportion of the global bond market. This growth has been driven by the view of both investors and issuers that it signals a corporation or government's concerted efforts towards progressing social or environmental objectives aligned with the Paris Agreement and United Nations Sustainable Development Goals.
14. In May 2023, the Corporation published a Sustainability Bond Framework, which will facilitate the Government's issuance of ESG debt, in support of eligible projects.
15. The Corporation will continue to coordinate efforts across the public sector to promote the Government's progress in improving ESG outcomes, by building on the inaugural ESG Information Pack that was released in November 2021 and updated in May 2022, as a key part of its ongoing engagement with potential and existing investors into Western Australian bonds.

### Statement of Corporate Intent

The following performance information (financial and non-financial) is the subject of a Statement of Corporate Intent, agreed by the Board and Treasurer.

### Objectives, Outcomes and Key Performance Information

#### Relationship to Government Goals

Broad government goals are supported at GTE level by objectives and outcomes. The following table illustrates the relationship between the Corporation's objectives and outcomes and the Government Goal it contributes to. The key performance indicators measure the extent of the impact of desired outcomes on the achievement of the Corporation's objectives.

Government Goal	Strategic Objectives	Desired Outcomes
Strong and Sustainable Finances: Responsible, achievable, affordable budget management.	Provide high-quality, cost-effective products and services to the Western Australian public sector.	1. Achieve interest rate savings for clients 2. Deliver scale benefits to the State by keeping administrative expenses in proportion to revenue
	Maintain ready access to domestic and international capital markets to ensure funds are raised to finance client borrowing needs in a cost-effective manner.	3. Deliver valued financial solutions to clients
	Optimise the performance of the Corporation in accordance with the <i>Western Australian Treasury Corporation Act 1986</i> and the risk appetite of the Corporation's Board.	4. Maintain an adequate profit 5. Continual improvement of employee engagement

## Outcomes and Key Performance Indicators

	2021-22 Actual	2022-23 Budget	2022-23 Estimated Actual	2023-24 Budget Target	Note
<b>Outcome: Achieve interest rate savings for clients:</b>					
Estimated interest rate savings .....	>0.00%	>0.00%	>0.00%	>0.00%	
<b>Outcome: Deliver scale benefits to the State by keeping administrative expenses in proportion to revenue:</b>					
Administration cost ratio .....	0.04%	<0.05%	0.04%	<0.06%	
<b>Outcome: Deliver valued financial solutions to clients:</b>					
Assessment of client satisfaction .....	100%	90%	100%	90%	
<b>Outcome: Maintain an adequate profit:</b>					
Pre-tax profit .....	\$25 million	\$31.9 million	\$32.4 million	\$27.6 million	
<b>Outcome: Continual improvement of employee engagement:</b>					
Staff engagement .....	60%	>65%	66%	>65%	

## Asset Investment Program

1. The Corporation has a scheduled ICT Asset Investment Program covering its key infrastructure requirements, focusing on computer hardware and software.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-23 \$'000	2022-23 Estimated Expenditure \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
<b>COMPLETED WORKS</b>							
Computer Hardware and Software - 2022-23 Program .....	477	477	477	-	-	-	-
<b>NEW WORKS</b>							
Computer Hardware and Software							
2023-24 Program .....	410	-	-	410	-	-	-
2024-25 Program .....	695	-	-	-	695	-	-
2025-26 Program .....	350	-	-	-	-	350	-
2026-27 Program .....	337	-	-	-	-	-	337
<b>Total Cost of Asset Investment Program .....</b>	<b>2,269</b>	<b>477</b>	<b>477</b>	<b>410</b>	<b>695</b>	<b>350</b>	<b>337</b>
<b>FUNDED BY</b>							
Internal Funds and Balances .....			477	410	695	350	337
<b>Total Funding .....</b>			<b>477</b>	<b>410</b>	<b>695</b>	<b>350</b>	<b>337</b>

## Financial Statements

1. The Corporation's borrowings and client lendings have been updated to reflect the whole-of-State consolidated position at the 11 April 2023 Budget cut-off date. Consequential changes may be required to the interest expense, interest revenue from clients and administration margin at the 2023-24 Mid-year Review to reflect the allocation of debt against individual portfolios.
2. The Corporation presents its valuations based on a mark-to-market basis under AASB 9: *Financial Instruments*. Other agencies prepare forecasts on a face value basis. As most agency borrowings are raised by the Corporation, these differences are removed on consolidation for the State's whole-of-government financial forecasts.

## Income Statement

### Revenue

3. Revenue includes interest from client authorities and interest earned on investments, with movements reflecting reductions to the levels of client debt, and updated assumptions on investment returns across the forward estimates period offset by the significant increase in interest rates over the last year.

### Expenses

4. The 2022-23 Estimated Actual is \$399 million above the 2022-23 Budget, reflecting the significant increase in interest rate expense over the year due to increases in the global interest rate environment. Expenditure is dominated by finance and interest costs, reflecting quarterly payments made on the Corporation's debt outstanding. Net profit before tax in the 2022-23 Estimated Actual is marginally higher than the 2022-23 Budget.

## Statement of Financial Position

5. Lending assets include loans to authorities (Government, local government, and universities). Borrowings reflect liabilities owed to third parties to fund client lending, plus a portion for the Corporation's liquidity management. Estimates are based on the latest approved borrowing requirements for the State.
6. Cash assets are high-quality liquid assets that the Corporation holds as part of its liquidity management. Movements between reporting periods reflect changes in the liquidity requirements for the Corporation and the timing of upcoming debt maturities.

## Statement of Cashflows

7. Cashflows from investing activities reflect receipts from the maturities of investments and payments for new investments. Estimates are based on investments remaining constant over the year with similar within year activity.
8. Cashflows from financing activities reflect new funds raised (refinancing, new money and short-term debt) for the year, plus the repayment of client loans, almost fully matched by funds repaid to the market (as debt matures and as short-term debt is rolled off or refinanced with term debt).

**INCOME STATEMENT <sup>(a)</sup>**  
**(Controlled)**

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>REVENUE</b>							
<b>Revenue from operations</b>							
Other revenue .....	937,272	1,056,143	1,456,143	1,784,627	1,749,142	1,786,750	1,821,000
<b>TOTAL REVENUE.....</b>	<b>937,272</b>	<b>1,056,143</b>	<b>1,456,143</b>	<b>1,784,627</b>	<b>1,749,142</b>	<b>1,786,750</b>	<b>1,821,000</b>
<b>Expenses</b>							
Employee benefits <sup>(b)</sup> .....	12,577	14,628	14,128	15,063	15,654	16,275	17,140
Supplies and services .....	4,652	5,665	5,665	5,685	5,897	5,532	6,433
Accommodation .....	921	1,046	1,046	1,200	1,236	1,267	1,299
Depreciation and amortisation .....	1,127	812	816	981	557	409	1,194
Finance and interest costs.....	890,621	997,821	1,397,821	1,729,755	1,693,357	1,729,797	1,763,096
Other expenses.....	2,346	4,291	4,291	4,357	4,462	4,551	4,652
<b>TOTAL EXPENSES.....</b>	<b>912,244</b>	<b>1,024,263</b>	<b>1,423,767</b>	<b>1,757,041</b>	<b>1,721,163</b>	<b>1,757,831</b>	<b>1,793,814</b>
<b>NET PROFIT/(LOSS) BEFORE TAX .....</b>	<b>25,028</b>	<b>31,880</b>	<b>32,376</b>	<b>27,586</b>	<b>27,979</b>	<b>28,919</b>	<b>27,186</b>
National Tax Equivalent Regime							
Current tax equivalent expense .....	7,443	9,564	9,564	8,219	8,247	8,495	8,264
Deferred tax equivalent expense .....	67	-	-	-	-	-	-
<b>NET PROFIT/(LOSS) AFTER TAX .....</b>	<b>17,518</b>	<b>22,316</b>	<b>22,812</b>	<b>19,367</b>	<b>19,732</b>	<b>20,424</b>	<b>18,922</b>
<b>Dividends .....</b>	<b>16,669</b>	<b>17,011</b>	<b>17,011</b>	<b>16,999</b>	<b>14,382</b>	<b>14,431</b>	<b>14,866</b>

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

(b) The full-time equivalents for 2021-22 Actual, 2022-23 Estimated Actual and 2023-24 Budget Year are 76, 89 and 87 respectively.

**STATEMENT OF FINANCIAL POSITION <sup>(a)</sup>**  
**(Controlled)**

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CURRENT ASSETS</b>							
Cash assets .....	677,775	1,480,008	680,930	683,746	688,849	694,556	699,329
Receivables .....	242,356	244,276	242,335	242,335	242,335	242,335	242,335
Other investments .....	2,020,691	2,142,879	2,020,691	2,020,691	2,020,691	2,020,691	2,020,691
Government securities .....	1,749,954	3,264,774	1,749,954	1,749,954	1,749,954	1,749,954	1,749,954
Loans to authorities .....	6,083,171	4,659,502	5,577,489	6,989,988	7,543,170	6,206,518	5,253,838
Other .....	-	79	-	-	-	-	-
Total current assets .....	10,773,947	11,791,518	10,271,399	11,686,714	12,244,999	10,914,054	9,966,147
<b>NON-CURRENT ASSETS</b>							
Property, plant and equipment .....	600	755	464	24	169	140	154
Intangibles .....	331	685	155	24	17	11	6
Loans to authorities .....	40,431,900	46,196,861	39,631,341	39,447,788	39,570,974	41,425,784	42,906,636
Other .....	1,168	1,234	1,168	1,168	1,168	1,168	1,168
Total non-current assets .....	40,433,999	46,199,535	39,633,128	39,449,004	39,572,328	41,427,103	42,907,964
<b>TOTAL ASSETS</b> .....	51,207,946	57,991,053	49,904,527	51,135,718	51,817,327	52,341,157	52,874,111
<b>CURRENT LIABILITIES</b>							
Employee provisions .....	3,411	3,556	3,411	3,411	3,411	3,411	3,411
Payables .....	224,256	5,058	221,259	221,144	221,043	220,706	221,440
Borrowings and leases .....	5	-	9	9	7	8	8
Interest payable .....	427,248	530,421	427,248	427,248	427,248	427,248	427,248
Borrowings .....	8,551,718	7,383,524	8,877,571	10,290,070	10,843,252	9,506,600	8,553,920
Other .....	141,287	-	141,287	141,287	141,287	141,287	141,287
Total current liabilities .....	9,347,925	7,922,559	9,670,785	11,083,169	11,636,248	10,299,260	9,347,314
<b>NON-CURRENT LIABILITIES</b>							
Employee provisions .....	436	557	436	436	436	436	436
Borrowings and leases .....	-	32	14	6	-	15	7
Borrowings .....	41,705,800	49,903,653	40,073,706	39,890,153	40,013,339	41,868,149	43,349,001
Other .....	5	4	5	5	5	5	5
Total non-current liabilities .....	41,706,241	49,904,246	40,074,161	39,890,600	40,013,780	41,868,605	43,349,449
<b>TOTAL LIABILITIES</b> .....	51,054,166	57,826,805	49,744,946	50,973,769	51,650,028	52,167,865	52,696,763
<b>NET ASSETS</b> .....	153,780	164,248	159,581	161,949	167,299	173,292	177,348
<b>EQUITY</b>							
Accumulated surplus/(deficit) .....	153,780	164,248	159,581	161,949	167,299	173,292	177,348
<b>TOTAL EQUITY</b> .....	153,780	164,248	159,581	161,949	167,299	173,292	177,348

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



**STATEMENT OF CASHFLOWS <sup>(a)</sup>**  
**(Controlled)**

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
GST receipts .....	586	-	-	-	-	-	-
Other receipts .....	1,058,871	1,056,143	1,456,143	1,784,627	1,749,142	1,786,750	1,821,000
<b>Payments</b>							
Employee benefits .....	(12,605)	(14,628)	(14,128)	(15,063)	(15,654)	(16,275)	(17,140)
Supplies and services .....	(4,847)	(5,668)	(5,668)	(5,685)	(5,897)	(5,532)	(6,433)
Accommodation <sup>(b)</sup> .....	(850)	(1,046)	(1,046)	(1,200)	(1,236)	(1,267)	(1,299)
GST payments .....	(331)	-	-	-	-	-	-
Finance and interest costs .....	(1,134,565)	(997,821)	(1,397,821)	(1,729,755)	(1,693,357)	(1,729,797)	(1,763,096)
Other payments .....	(2,372)	(4,291)	(7,268)	(4,472)	(4,563)	(4,888)	(4,784)
<b>Net cash from operating activities .....</b>	<b>(96,113)</b>	<b>32,689</b>	<b>30,212</b>	<b>28,452</b>	<b>28,435</b>	<b>28,991</b>	<b>28,248</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
Other receipts .....	4,719,157	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
<b>Payments</b>							
Purchase of non-current assets .....	(524)	(477)	(477)	(410)	(695)	(350)	(337)
Other payments .....	(3,968,467)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
<b>Net cash from investing activities .....</b>	<b>750,166</b>	<b>(477)</b>	<b>(477)</b>	<b>(410)</b>	<b>(695)</b>	<b>(350)</b>	<b>(337)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds from borrowings .....	26,744,674	24,987,767	23,695,319	26,230,852	25,677,795	25,520,092	25,530,327
<b>Payments</b>							
Repayment of borrowings and leases .....	(28,169,126)	(24,987,768)	(23,695,327)	(26,230,860)	(25,677,803)	(25,520,100)	(25,530,335)
<b>Net cash from financing activities .....</b>	<b>(1,424,452)</b>	<b>(1)</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>
<b>CASHFLOWS FROM GOVERNMENT</b>							
<b>Payments</b>							
Dividends to Government .....	(16,669)	(17,011)	(17,011)	(16,999)	(14,382)	(14,431)	(14,866)
National Tax Equivalent Regime - Income Tax ..	(3,723)	(9,564)	(9,564)	(8,219)	(8,247)	(8,495)	(8,264)
<b>Net cash provided to Government .....</b>	<b>20,392</b>	<b>26,575</b>	<b>26,575</b>	<b>25,218</b>	<b>22,629</b>	<b>22,926</b>	<b>23,130</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD .....</b>	<b>(790,791)</b>	<b>5,636</b>	<b>3,152</b>	<b>2,816</b>	<b>5,103</b>	<b>5,707</b>	<b>4,773</b>
Cash assets at the beginning of the reporting period .....	1,468,566	1,474,372	677,778	680,930	683,746	688,849	694,556
<b>Cash assets at the end of the reporting period .....</b>	<b>677,775</b>	<b>1,480,008</b>	<b>680,930</b>	<b>683,746</b>	<b>688,849</b>	<b>694,556</b>	<b>699,329</b>

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

(b) Payment of Local Government Rates Equivalent is included within accommodation expense on the Income Statement; however, within the Statement of Cashflows it is recorded as a payment to Government and not as a payment from operating activities.

## Division 12 Office of the Auditor General

### Part 3 Financial Administration

#### Appropriations, Expenses and Cash Assets

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
<b>DELIVERY OF SERVICES</b>							
Item 38 Net amount appropriated to deliver services .....	10,687	11,418	12,728	12,849	13,191	13,688	13,598
Amount Authorised by Other Statutes - Salaries and Allowances Act 1975 .....	813	815	815	817	837	858	880
Total appropriations provided to deliver services .....	11,500	12,233	13,543	13,666	14,028	14,546	14,478
<b>CAPITAL</b>							
Item 123 Capital Appropriation .....	347	347	347	347	300	300	300
<b>TOTAL APPROPRIATIONS</b> .....	11,847	12,580	13,890	14,013	14,328	14,846	14,778
<b>EXPENSES</b>							
Total Cost of Services .....	40,042	43,164	44,472	47,505	51,104	52,769	53,806
Net Cost of Services <sup>(a)</sup> .....	30,662	32,343	33,651	36,180	39,232	40,704	41,416
<b>CASH ASSETS</b> <sup>(b)</sup> .....	4,414	5,342	3,501	3,554	3,561	3,569	3,579

(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 2022-23 Budget to Parliament on 12 May 2022, are outlined below:

	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
<b>Other</b>					
2023-24 Streamlined Budget Process Incentive Funding .....	-	213	-	-	-
Audit Services .....	-	2,500	5,274	5,954	6,262
Public Sector Wages Policy .....	1,310	1,256	1,670	2,126	1,999
Salaries and Allowances Tribunal .....	-	-	18	39	61

## Significant Issues Impacting the Agency

### Capability and Resourcing

1. Specialist skills shortages in key professions (financial and information systems auditors, accountants, data analysts and scientists) remain an issue for public sector and private audit firms across Australia and New Zealand. The Office continues to explore innovative recruitment and retention approaches, and it has recently recruited another cohort of graduate auditors for training. With workload demands increasing in a tight labour market, audit schedules have less flexibility. Consequently, the Office is reiterating with audited entities the importance of audit readiness and the availability of key personnel at agreed timeframes. This is a critical factor in enabling the Office to complete its financial audits and certifications within statutory deadlines. This will likely have a direct impact on the key efficiency indicators for average number of days taken to complete audits, for both State and local government entities. This has had a direct impact on the resourcing for other audit functions within the Office. In 2022-23, resources were reprioritised from discretionary areas to service the legislative requirements of the Office; this may need to continue in future years.

### Increasing Cost and Complexity of Financial Audits

2. The Office has received approval for an increase of \$2.5 million in 2023-24, and over \$5 million from 2024-25 onwards in the annual approved fees and charges limit for its financial audit activities across State and local government sectors. This increase follows a review of the Office's full cost of all fees and charges conducted as per Treasurer's instruction 810 and in accordance with Treasury's instructions to agencies for the preparation of the annual budget. This is the second consecutive year the Office has sought a significant increase in the approved fees and charges limit since assuming audit responsibility for the local government sector in 2017-18. This increase is due to several factors including a rise of approximately 35% in the cost of services charged by contracted audit firms and current inflationary pressures. The Office is also required to implement new Auditing Standards, which requires additional resourcing at the outset to ensure the updated standards are incorporated into the Office's audit methodology.
3. Another factor contributing to the increase in audit costs is the growing complexity of audits, particularly relating to some of the qualified matters a number of State sector entities are now working through.
4. While the approved fees and charges limit represents an increase in the total amount the Office can recover for its financial audit activities, the Office will not recover more than what is needed to efficiently deliver audits, and all additional fees will be justified to audited entities.

### Technology Transformation

5. The Office's major technology transformation project, which was supported by a \$4.2 million allocation from the Digital Capability Fund, is the implementation of a new audit tool and financial audit methodology. This critical project replaces the Office's legacy auditing system that has been in place for 13 years and is no longer supported. The updated audit tool is now live across three of the Office's four audit divisions, with a pilot to commence shortly in the Financial Audit area once the underlying audit methodology is updated to reflect recent changes to international and Australian auditing standards. The new technology will greatly assist the Office in delivering audits efficiently and in accordance with auditing standards. It will also assist in supporting the increased level of auditing and assurance activity the Office now undertakes.

## Outcomes, Services and Key Performance Information

### Relationship to Government Goals

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

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

### Service Summary

Expense	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
1. Public Sector Auditing .....	40,042	43,164	44,472	47,505	51,104	52,769	53,806
<b>Total Cost of Services .....</b>	<b>40,042</b>	<b>43,164</b>	<b>44,472</b>	<b>47,505</b>	<b>51,104</b>	<b>52,769</b>	<b>53,806</b>

### Outcomes and Key Effectiveness Indicators <sup>(a)</sup>

	2021-22 Actual	2022-23 Budget	2022-23 Estimated Actual	2023-24 Budget Target	Note
<b>Outcome: An informed Parliament on public sector accountability and performance:</b>					
The extent that the Office is effective in informing the Parliament about 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:					
Service delivery - Reports tabled .....	6	8	10	10	1
Economic development - Reports tabled .....	3	4	1	1	
Social and environment - Reports tabled .....	2	4	3	4	
Governance - Reports tabled .....	12	12	18	18	

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

### Explanation of Significant Movements

(Notes)

- There is a possibility of delays in the tabling of some of the Office's reports to Parliament while the new information access and reporting protocols are implemented following proclamation of the *Auditor General Amendment Act 2022*. This may impact the effectiveness indicator for the 2022-23 Estimated Actual.

## 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 (where relevant) of controls, financial statements, key performance indicators, efficiency and effectiveness, and the tabling of reports thereon to Parliament.

	2021-22 Actual	2022-23 Budget	2022-23 Estimated Actual	2023-24 Budget Target	Note
Total Cost of Service.....	\$'000 40,042	\$'000 43,164	\$'000 44,472	\$'000 47,505	1
Less Income .....	9,380	10,821	10,821	11,325	1
Net Cost of Service <sup>(a)</sup> .....	30,662	32,343	33,651	36,180	
<b>Employees (Full-Time Equivalents) .....</b>	<b>197</b>	<b>209</b>	<b>213</b>	<b>220</b>	<b>1</b>
<b>Efficiency Indicators <sup>(b)</sup></b>					
Total audit cost (attest and non-attest) per \$ million of total public sector expenditure .....	\$508	\$555	\$552	\$587	
Total attest audit cost per \$ million of total public sector expenditure .....	\$405	\$413	\$441	\$454	
State attest audit cost per \$ million of total public sector expenditure .....	\$307	\$333	\$356	\$335	
Local government attest audit cost per \$ million of total public sector expenditure .....	\$98	\$80	\$85	\$119	
Total non-attest audit cost per \$ million of total public sector expenditure .....	\$103	\$142	\$111	\$133	
Average number of days taken after balance date to issue financial audit opinions for government entities .....	79.5	68	96	68	2
Average number of days taken after legislated submission date to issue financial audit opinions for local government entities .....	n.a.	n.a.	n.a.	68	3

(a) Changes to Treasurer's instruction 1102: *Statements of Comprehensive Income* since the 2020-21 Budget have reclassified all sources of revenue from Government from the Net Cost of Service calculation. Accordingly, Net Cost of Service may be higher compared with previous Budget Papers.

(b) The Office's key efficiency indicators have been amended to include local government entities so that State and local government outcomes can be identified and measured separately. This amendment is in relation to the Office's commitment to incorporate targets for local government audits in its Outcome Based Management framework following the complete transition of local government auditing to the Office, which has now occurred. Also, to broaden the scope of the indicators to now include both State and local government expenditure, rather than just Government expenditure, the wording is changed from 'gross government expenditure' to 'total public sector expenditure' for the efficiency indicators.

### Explanation of Significant Movements

(Notes)

1. The increase in the Total Cost of Service between the 2022-23 Estimated Actual and the 2023-24 Budget Target is mainly to cover the contract audit firm price increments and increased audit work required across all audits continuing through the out years. Additionally, the implementation of new Auditing Standards requires additional resourcing at the outset to ensure the updated standards are incorporated into the Office's audit methodology.
2. The average number of days is 28 days higher in the 2022-23 Estimated Actual than the 2023-24 Budget Target for government agencies. This is due primarily to increasingly complex auditing and reporting issues, including qualifications and significant findings, the Office is identifying across the public sector. Notwithstanding the efforts and commitment of accountable authorities, many of these qualified matters and findings are complex and will not be resolved quickly.
3. A new indicator was added for the average number of days taken after legislated submission date to issue financial audit opinions for local government entities. This is unable to be retrospectively reported as data is not available.

## Asset Investment Program

- \$4.2 million from the Digital Capability Fund (\$3.1 million in 2022-23 and \$1.1 million in 2023-24) will be spent on the replacement of audit tools and financial audit methodology.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-23 \$'000	2022-23 Estimated Expenditure \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
<b>WORKS IN PROGRESS</b>							
Computer Hardware and Software							
2021-22 Program .....	1,633	1,633	1,633	-	-	-	-
2022-23 Program .....	4,224	3,079	3,079	1,145	-	-	-
<b>NEW WORKS</b>							
Computer Hardware and Software							
2023-24 Program .....	690	-	-	690	-	-	-
2024-25 Program .....	690	-	-	-	690	-	-
2025-26 Program .....	690	-	-	-	-	690	-
2026-27 Program .....	690	-	-	-	-	-	690
<b>Total Cost of Asset Investment Program.....</b>	<b>8,617</b>	<b>4,712</b>	<b>4,712</b>	<b>1,835</b>	<b>690</b>	<b>690</b>	<b>690</b>
<b>FUNDED BY</b>							
Capital Appropriation .....			300	300	300	300	300
Drawdown from the Holding Account.....			390	390	390	390	390
Internal Funds and Balances.....			943	-	-	-	-
Major Special Purpose Account(s)							
Drawdown from Digital Capability Fund .....			3,079	1,145	-	-	-
<b>Total Funding .....</b>			<b>4,712</b>	<b>1,835</b>	<b>690</b>	<b>690</b>	<b>690</b>

## Financial Statements

### Income Statement

#### Expenses

- Total Cost of Services is estimated to increase by \$4.3 million in the 2023-24 Budget Year compared to the 2022-23 Budget. This is mainly due to the implementation of the public sector wages policy and an increase in service delivery for financial and information systems audits, forensic audits and the replacement of core information systems.

#### Income

- The increase in total income in the 2023-24 Budget Year likewise reflects the implementation of the public sector wages policy and an increase in service delivery for financial and information systems audits, forensic audits and a proportion of the cost of information systems upgrades that is recovered through audit fees revenue in line with the Office's current strategic resourcing mix. The allocation between other revenue (local government financial audit fees) and Government revenue will be reviewed to confirm cost recovery allocation remains appropriate.

**INCOME STATEMENT <sup>(a)</sup>**  
**(Controlled)**

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>COST OF SERVICES</b>							
<b>Expenses</b>							
Employee benefits <sup>(b)</sup> .....	23,859	28,226	29,536	30,578	31,239	32,163	32,882
Supplies and services .....	12,467	10,848	10,848	12,370	15,195	15,821	16,019
Accommodation .....	2,043	1,774	1,774	2,096	2,148	2,202	2,257
Depreciation and amortisation .....	231	775	769	769	787	807	826
Finance and interest costs .....	2	2	6	7	8	7	8
Other expenses .....	1,440	1,539	1,539	1,685	1,727	1,769	1,814
<b>TOTAL COST OF SERVICES .....</b>	<b>40,042</b>	<b>43,164</b>	<b>44,472</b>	<b>47,505</b>	<b>51,104</b>	<b>52,769</b>	<b>53,806</b>
<b>Income</b>							
Other revenue .....	9,380	10,821	10,821	11,325	11,872	12,065	12,390
<b>Total Income .....</b>	<b>9,380</b>	<b>10,821</b>	<b>10,821</b>	<b>11,325</b>	<b>11,872</b>	<b>12,065</b>	<b>12,390</b>
<b>NET COST OF SERVICES .....</b>	<b>30,662</b>	<b>32,343</b>	<b>33,651</b>	<b>36,180</b>	<b>39,232</b>	<b>40,704</b>	<b>41,416</b>
<b>INCOME FROM GOVERNMENT</b>							
Service appropriations .....	11,500	12,233	13,543	13,666	14,028	14,546	14,478
Resources received free of charge .....	282	467	467	467	467	467	467
Other revenues .....	18,588	19,678	19,678	22,132	24,823	25,781	26,562
<b>TOTAL INCOME FROM GOVERNMENT .....</b>	<b>30,370</b>	<b>32,378</b>	<b>33,688</b>	<b>36,265</b>	<b>39,318</b>	<b>40,794</b>	<b>41,507</b>
<b>SURPLUS/(DEFICIENCY) FOR THE PERIOD .....</b>	<b>(292)</b>	<b>35</b>	<b>37</b>	<b>85</b>	<b>86</b>	<b>90</b>	<b>91</b>

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

(b) The full-time equivalents for 2021-22 Actual, 2022-23 Estimated Actual and 2023-24 Budget Year are 197, 213 and 220 respectively.

**STATEMENT OF FINANCIAL POSITION <sup>(a)</sup>**  
**(Controlled)**

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CURRENT ASSETS</b>							
Cash assets .....	3,930	4,855	2,957	3,010	3,017	3,025	3,035
Holding Account receivables .....	390	390	390	390	390	390	390
Receivables .....	12,971	11,542	13,119	13,121	13,171	13,253	13,334
Other.....	533	648	533	533	533	533	533
<b>Total current assets .....</b>	<b>17,824</b>	<b>17,435</b>	<b>16,999</b>	<b>17,054</b>	<b>17,111</b>	<b>17,201</b>	<b>17,292</b>
<b>NON-CURRENT ASSETS</b>							
Holding Account receivables .....	4,921	5,301	5,301	5,680	6,042	6,404	6,766
Property, plant and equipment.....	545	876	1,568	1,593	1,678	1,754	1,858
Intangibles .....	296	3,574	3,375	4,520	4,410	4,248	4,086
Restricted cash .....	484	487	544	544	544	544	544
<b>Total non-current assets .....</b>	<b>6,246</b>	<b>10,238</b>	<b>10,788</b>	<b>12,337</b>	<b>12,674</b>	<b>12,950</b>	<b>13,254</b>
<b>TOTAL ASSETS .....</b>	<b>24,070</b>	<b>27,673</b>	<b>27,787</b>	<b>29,391</b>	<b>29,785</b>	<b>30,151</b>	<b>30,546</b>
<b>CURRENT LIABILITIES</b>							
Employee provisions .....	4,208	3,818	4,278	4,278	4,278	4,278	4,278
Payables .....	1,649	1,234	1,829	1,829	1,829	1,829	1,829
Borrowings and leases .....	30	33	34	38	43	38	44
Other.....	1,167	1,778	1,167	1,167	1,167	1,167	1,167
<b>Total current liabilities .....</b>	<b>7,054</b>	<b>6,863</b>	<b>7,308</b>	<b>7,312</b>	<b>7,317</b>	<b>7,312</b>	<b>7,318</b>
<b>NON-CURRENT LIABILITIES</b>							
Employee provisions .....	1,250	1,248	1,250	1,250	1,250	1,250	1,250
Borrowings and leases .....	65	72	65	88	91	72	70
<b>Total non-current liabilities .....</b>	<b>1,315</b>	<b>1,320</b>	<b>1,315</b>	<b>1,338</b>	<b>1,341</b>	<b>1,322</b>	<b>1,320</b>
<b>TOTAL LIABILITIES.....</b>	<b>8,369</b>	<b>8,183</b>	<b>8,623</b>	<b>8,650</b>	<b>8,658</b>	<b>8,634</b>	<b>8,638</b>
<b>EQUITY</b>							
Contributed equity .....	9,925	13,352	13,351	14,843	15,143	15,443	15,743
Accumulated surplus/(deficit).....	5,776	6,138	5,813	5,898	5,984	6,074	6,165
<b>Total equity .....</b>	<b>15,701</b>	<b>19,490</b>	<b>19,164</b>	<b>20,741</b>	<b>21,127</b>	<b>21,517</b>	<b>21,908</b>
<b>TOTAL LIABILITIES AND EQUITY .....</b>	<b>24,070</b>	<b>27,673</b>	<b>27,787</b>	<b>29,391</b>	<b>29,785</b>	<b>30,151</b>	<b>30,546</b>

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



**STATEMENT OF CASHFLOWS <sup>(a)</sup>**  
**(Controlled)**

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CASHFLOWS FROM GOVERNMENT</b>							
Service appropriations.....	10,729	11,463	12,773	12,897	13,276	13,794	13,726
Capital appropriation .....	347	347	347	347	300	300	300
Holding Account drawdowns .....	391	390	390	390	390	390	390
Special Purpose Account(s)							
Digital Capability Fund.....	-	3,079	3,079	1,145	-	-	-
Other.....	18,552	19,363	19,363	21,817	24,823	25,781	26,520
<b>Net cash provided by Government .....</b>	<b>30,019</b>	<b>34,642</b>	<b>35,952</b>	<b>36,596</b>	<b>38,789</b>	<b>40,265</b>	<b>40,936</b>
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>							
<b>Payments</b>							
Employee benefits.....	(23,331)	(28,142)	(29,452)	(30,494)	(31,240)	(32,163)	(32,882)
Supplies and services .....	(12,429)	(10,491)	(10,491)	(12,079)	(15,265)	(15,913)	(16,130)
Accommodation .....	(1,761)	(1,323)	(1,323)	(1,645)	(1,697)	(1,751)	(1,806)
GST payments .....	(3,264)	(1,800)	(1,800)	(1,800)	(1,800)	(1,800)	(1,800)
Finance and interest costs.....	(3)	(2)	(6)	(7)	(8)	(7)	(8)
Other payments.....	(1,413)	(1,531)	(1,531)	(1,637)	(1,678)	(1,719)	(1,762)
<b>Receipts <sup>(b)</sup></b>							
GST receipts .....	3,490	1,800	1,800	1,800	1,800	1,800	1,800
Other receipts .....	7,599	10,685	10,685	11,189	11,831	12,024	12,390
<b>Net cash from operating activities .....</b>	<b>(31,112)</b>	<b>(30,804)</b>	<b>(32,118)</b>	<b>(34,673)</b>	<b>(38,057)</b>	<b>(39,529)</b>	<b>(40,198)</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>							
Purchase of non-current assets .....	(376)	(3,769)	(4,712)	(1,835)	(690)	(690)	(690)
<b>Net cash from investing activities.....</b>	<b>(376)</b>	<b>(3,769)</b>	<b>(4,712)</b>	<b>(1,835)</b>	<b>(690)</b>	<b>(690)</b>	<b>(690)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>							
Repayment of borrowings and leases.....	(37)	(35)	(35)	(35)	(35)	(38)	(38)
<b>Net cash from financing activities.....</b>	<b>(37)</b>	<b>(35)</b>	<b>(35)</b>	<b>(35)</b>	<b>(35)</b>	<b>(38)</b>	<b>(38)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD .....</b>	<b>(1,506)</b>	<b>34</b>	<b>(913)</b>	<b>53</b>	<b>7</b>	<b>8</b>	<b>10</b>
Cash assets at the beginning of the reporting period .....	5,920	5,308	4,414	3,501	3,554	3,561	3,569
<b>Cash assets at the end of the reporting period .....</b>	<b>4,414</b>	<b>5,342</b>	<b>3,501</b>	<b>3,554</b>	<b>3,561</b>	<b>3,569</b>	<b>3,579</b>

(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 <sup>(a)</sup>**

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
<b>GST Receipts</b>							
GST Input Credits .....	708	170	170	170	170	170	170
GST Receipts on Sales .....	2,782	1,630	1,630	1,630	1,630	1,630	1,630
<b>Other Receipts</b>							
Audit Fees .....	26,151	30,048	30,048	33,006	36,654	37,805	38,910
<b>TOTAL .....</b>	<b>29,641</b>	<b>31,848</b>	<b>31,848</b>	<b>34,806</b>	<b>38,454</b>	<b>39,605</b>	<b>40,710</b>

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

## Division 13 Finance

### Part 3 Financial Administration

#### Appropriations, Expenses and Cash Assets

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
<b>DELIVERY OF SERVICES</b>							
Item 39 Net amount appropriated to deliver services .....	293,916	223,688	216,172	209,759	212,658	213,763	218,836
Amount Authorised by Other Statutes							
- Salaries and Allowances Act 1975 .....	1,607	1,612	1,612	1,617	1,622	1,663	1,704
Total appropriations provided to deliver services.....	295,523	225,300	217,784	211,376	214,280	215,426	220,540
<b>ADMINISTERED TRANSACTIONS</b>							
Item 40 Amount provided for Administered Grants, Subsidies and Other Transfer Payments .....	774,240	343,737	305,497	283,382	229,827	245,916	263,076
Amount Authorised by Other Statutes							
- First Home Owners Grant Act 2000 .....	85,752	37,517	44,324	34,697	54,508	72,572	76,769
- Petroleum (Submerged Lands) Act 1982...	-	463	255	339	126	-	-
<b>CAPITAL</b>							
Item 124 Capital Appropriation.....	8,072	9,271	14,057	75,064	3,824	-	-
<b>TOTAL APPROPRIATIONS .....</b>	<b>1,163,587</b>	<b>616,288</b>	<b>581,917</b>	<b>604,858</b>	<b>502,565</b>	<b>533,914</b>	<b>560,385</b>
<b>EXPENSES</b>							
Total Cost of Services .....	1,591,774	1,767,579	1,732,164	1,689,382	1,391,801	1,345,933	1,522,154
Net Cost of Services <sup>(a)</sup> .....	1,459,147	1,749,643	1,713,059	1,671,339	1,374,144	1,327,987	1,504,206
<b>CASH ASSETS <sup>(b)</sup> .....</b>	<b>212,681</b>	<b>158,435</b>	<b>161,246</b>	<b>155,032</b>	<b>153,229</b>	<b>156,344</b>	<b>162,615</b>

(a) Represents Total Cost of Services (expenses) less retained revenues applied to the Department'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 Department's Income Statement since presentation of the 2022-23 Budget to Parliament on 12 May 2022, are outlined below:

	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
<b>New Initiatives</b>					
Digital Capability Fund - Asbestos Containing Materials Register .....	-	3,260	386	396	404
GovNext Common Use Arrangement .....	-	706	714	-	-
Implementation of the State Commissioning Strategy .....	-	1,008	1,020	1,032	1,043
Off-the-Plan Duty Concession - Systems Enhancements .....	-	-	41	41	41
Household Electricity Credit .....	-	2,350	-	-	-
<b>Ongoing Initiatives</b>					
Administration of Royalties .....	-	282	450	210	216
Government Office Accommodation .....	(4,731)	(2,411)	1,652	2,156	2,850
Perth Children's Hospital - Contractual Entitlement Resolution .....	31,300	-	-	-	-
Revised Capital Works Turnover .....	-	43,000	32,000	112,000	282,000
Royalties for Regions - District Allowances .....	16	16	16	16	106
South West Native Title Settlement .....	57	68	-	-	-
<b>Other</b>					
Government Regional Officer Housing .....	208	213	214	218	219
Land Tax Liability Enquiry Fees .....	1,000	400	-	-	-
Public Sector Wages Policy .....	7,649	6,252	8,279	10,322	14,133
Salaries and Allowances Tribunal .....	-	-	-	41	82
State Fleet - Vehicle Acquisition Program .....	1,933	10,240	1,448	1,826	2,204

## Significant Issues Impacting the Agency

1. Since mid-2020, \$700 million worth of non-residential infrastructure projects have been delivered by the Department as part of a State-wide \$1.2 billion pipeline of sustainable work. In addition, a further 150 infrastructure projects worth \$1 billion, committed to by the Government during the 2021 election, are in the process of being delivered. While the current market conditions, including labour shortages and supply chain disruptions, continue to be challenging, these projects will support the Government's objectives of improving health and education outcomes, as well as encouraging thriving arts, culture and sporting scenes.
2. In 2022-23 the first Procurement Capability Development Strategy for Western Australia was launched, aimed at providing a consistent and transparent approach for improving procurement capability across all government agencies and every type of procurement. Implementation of the key initiatives of the Strategy will help guide the public sector towards the vision of a professional and capable public sector procurement workforce.
3. Implementation of the State Commissioning Strategy will strive to achieve a holistic and sustainable community services system through commissioning, a strategic approach to managing the delivery of services, including to the most vulnerable Western Australians. The key principles of the Strategy include a community and person-centred approach focused on outcomes, and Aboriginal outcomes and partnerships.
4. The GovNext ICT program, introduced in 2015-16, is coming to an end in April 2024. The GovNext program will transition to a series of new, whole-of-government contracts. New ICT framework contracts that are fit-for-purpose, create more choice for services and deliver more flexible outcomes will be developed.
5. The Infrastructure Delivery Unit (IDU) will continue to work collaboratively with Treasury and other government agencies to oversee delivery of the Government's Asset Investment Program (AIP) of \$39 billion over four years. The IDU will provide timely advice to Government to guide the State's schedule of tenders, seeking to align the volume of projects going to tender (noting the AIP is comprised of approximately 2,000 capital funded projects and programs) with the construction industry's capacity to deliver the works.
6. The implementation of the Asset Management Reform Program is continuing across the sector. This program aims to improve agency building asset management maturity, delivering a range of office accommodation initiatives to generate significant savings and space utilisation improvements while increasing mobility and flexibility options. Since its implementation in July 2022, the Department has achieved \$26.6 million in savings against the total \$48 million savings target by June 2026.

## Resource Agreement

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

## Outcomes, Services and Key Performance Information

### Relationship to Government Goals <sup>(a)</sup>

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 Department's services, the desired outcomes and the relevant Government Goal. 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
Strong and Sustainable Finances: Responsible, achievable, affordable budget management.	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
	Value for money from the management of the Government's non-residential buildings and public works.	3. Leads the Management of Government Buildings Including Planning, Project Delivery, and Maintenance Thereof

(a) The Department has updated its Outcome Based Management (OBM) Framework to focus on its core business. The previous Service Three: Corporate Services to Client Agencies has been removed and the associated expenditure allocated to the remaining service lines. The 2021-22 Actual, 2022-23 Budget and 2022-23 Estimated Actual have been revised for comparability purposes to reflect the changes to the Department's OBM Framework in 2023-24.

### Service Summary

Expense	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
1. Revenue Assessment and Collection, and Grants and Subsidies Administration .....	73,767	79,993	82,032	82,697	78,603	79,470	81,228
2. Development and Management of Common Use Contract Arrangements, State Fleet Leasing and Disposal, and Providing Facilitation Service for Agency-specific Contracts .....	228,058	134,445	69,476	78,364	69,425	69,823	71,203
3. Leads the Management of Government Buildings Including Planning, Project Delivery, and Maintenance Thereof .....	1,289,949	1,553,141	1,580,656	1,528,321	1,243,773	1,196,640	1,369,723
<b>Total Cost of Services .....</b>	<b>1,591,774</b>	<b>1,767,579</b>	<b>1,732,164</b>	<b>1,689,382</b>	<b>1,391,801</b>	<b>1,345,933</b>	<b>1,522,154</b>

**Outcomes and Key Effectiveness Indicators <sup>(a)</sup>**

	2021-22 Actual	2022-23 Budget	2022-23 Estimated Actual	2023-24 Budget Target	Note
<b>Outcome: Due and payable revenue is collected and eligible grants, subsidies and rebates paid:</b>					
Debt as a percentage of revenue raised .....	0.72%	0.85%	0.73%	0.81%	
Extent to which correct grants, subsidies and rebates are paid .....	100%	100%	100%	100%	
<b>Outcome: Value for money from public sector procurement:</b>					
Average annual vehicle net capital cost:					
Per passenger vehicle .....	\$3,086	\$3,200	\$2,543	\$3,200	1
Per commercial vehicle .....	\$3,004	\$3,100	\$3,119	\$3,100	
Extent to which client agencies agree that their agency contracts and common use arrangements achieved value for money .....	97%	92%	96%	92%	
<b>Outcome: Value for money from the management of the Government's non-residential buildings and public works:</b>					
Percentage of new building projects, valued over \$5 million, delivered within the approved budget .....	100%	100%	97%	100%	
Average office accommodation floor space per work point.....	13.55m <sup>2</sup>	13.65m <sup>2</sup>	13.4m <sup>2</sup>	13.3m <sup>2</sup>	

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

**Explanation of Significant Movements**

(Notes)

1. The 2022-23 Estimated Actual costs are lower than the 2023-24 Budget Target due to the strong resale prices of used passenger vehicles in 2022-23.

**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, payroll tax, mining royalties and betting tax and those that are collected on behalf of other agencies or other jurisdictions (for example, collection of a range of taxes for the Commonwealth Government in the Indian Ocean Territories). RevenueWA 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.

	2021-22 Actual <sup>(a)</sup>	2022-23 Budget <sup>(a)</sup>	2022-23 Estimated Actual <sup>(a)</sup>	2023-24 Budget Target	Note
Total Cost of Service.....	\$'000 73,767	\$'000 79,993	\$'000 82,032	\$'000 82,697	1
Less Income .....	4,910	4,118	5,118	5,179	
Net Cost of Service .....	68,857	75,875	76,914	77,518	
<b>Employees (Full-Time Equivalents) .....</b>	<b>382</b>	<b>422</b>	<b>439</b>	<b>392</b>	<b>2</b>
<b>Efficiency Indicators</b>					
Average cost per tax or duty determination.....	\$30.51	\$32.79	\$35.04	\$34.18	3
Average cost per grant or subsidy determination .....	\$24.00	\$25.20	\$21.55	\$24.38	4

(a) The 2021-22 Actual, 2022-23 Budget and 2022-23 Estimated Actual results have been revised for comparability purposes to reflect changes to the Department's OBM Framework in 2023-24.

## Explanation of Significant Movements

(Notes)

1. The increase between the 2022-23 Budget and the 2022-23 Estimated Actual reflects additional income received from Land Tax Enquiry fees as a result of higher than expected activity in the housing market.
2. The reduction in employees in the 2023-24 Budget Target reflects the winding down of COVID-19 pandemic relief packages administered by RevenueWA.
3. The increase from the 2021-22 Actual to the 2022-23 Budget is due to an expected increase in costs whilst determinations remained stable. The increase from the 2022-23 Budget to the 2022-23 Estimated Actual has resulted from lower than expected determinations combined with an increase in costs. The 2023-24 Budget Target is forecast to be lower due to an expected increase in the number of determinations.
4. The decrease from the 2022-23 Budget to the 2022-23 Estimated Actual is the result of reduced costs due to a lower than forecast number of complex State Building Bonus and Commonwealth Homebuilder grant applications. The increase from the 2022-23 Estimated Actual to the 2023-24 Budget Target reflects increased costs due to the extension of the State Building Bonus and Commonwealth Homebuilder grant programs, which are more complex determinations.

## 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.

	2021-22 Actual <sup>(a)</sup>	2022-23 Budget <sup>(a)</sup>	2022-23 Estimated Actual <sup>(a)</sup>	2023-24 Budget Target	Note
Total Cost of Service.....	\$'000 228,058	\$'000 134,445	\$'000 69,476	\$'000 78,364	1
Less Income .....	107,831	7,316	7,485	7,816	
Net Cost of Service .....	120,227	127,129	61,991	70,548	
<b>Employees (Full-Time Equivalents) .....</b>	<b>172</b>	<b>212</b>	<b>213</b>	<b>217</b>	
<b>Efficiency Indicators</b>					
Cost of facilitating the development and management of agency-specific contracts as a percentage of the contract award value.....	1%	1.1%	1%	1.1%	
Average administrative cost per vehicle for financing and managing the State Fleet service.....	\$116	\$116	\$121	\$120	
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 .....	0.8%	0.8%	0.7%	0.8%	2

(a) The 2021-22 Actual, 2022-23 Budget and 2022-23 Estimated Actual results have been revised for comparability purposes to reflect changes to the Department's OBM Framework in 2023-24.

## Explanation of Significant Movements

(Notes)

1. The decrease from the 2022-23 Budget to the 2022-23 Estimated Actual is due to expenditure expected in the period for the procurement and distribution of Rapid Antigen Tests (RATs) occurring in 2021-22. The increase from the 2022-23 Budget to the 2023-24 Budget Target is due to an increase in the State Fleet's activity.
2. The 2022-23 Estimated Actual is lower than the 2022-23 Budget due to the annual value of purchases through common use agreements being higher due to rising costs in a number of industries.

### 3. Leads the Management of Government Buildings Including Planning, Project Delivery, and Maintenance Thereof

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.

	2021-22 Actual <sup>(a)</sup>	2022-23 Budget <sup>(a)</sup>	2022-23 Estimated Actual <sup>(a)</sup>	2023-24 Budget Target	Note
	\$'000	\$'000	\$'000	\$'000	
Total Cost of Service .....	1,289,949	1,553,141	1,580,656	1,528,321	
Less Income .....	19,886	6,502	6,502	5,048	
Net Cost of Service .....	1,270,063	1,546,639	1,574,154	1,523,273	
<b>Employees (Full-Time Equivalents) .....</b>	<b>513</b>	<b>604</b>	<b>585</b>	<b>576</b>	
<b>Efficiency Indicators</b>					
Percentage of new building projects, valued over \$5 million, delivered within the approved timeframes .....	96%	90%	90%	85%	1
Percentage of high priority breakdown repairs completed within agreed timeframes .....	72%	75%	73%	75%	
The cost of managing government buildings including the planning, project delivery, and maintenance thereof, as a percentage of services delivered .....	8.49%	8.21%	7.81%	7.86%	

(a) The 2021-22 Actual, 2022-23 Budget and 2022-23 Estimated Actual results have been revised for comparability purposes to reflect changes to the Department's OBM Framework in 2023-24.

#### Explanation of Significant Movements

(Notes)

- The decrease between the 2022-23 Estimated Actual and the 2023-24 Budget Target is due to expected market constraints including labour shortages and supply chain disruptions.

#### Asset Investment Program

- The Department's AIP in 2023-24 is \$177.9 million, comprising mainly of:
  - Parliamentary Precinct Office Accommodation and 1 Midland Square fit-out projects;
  - Kununurra Office relocation fit-out project;
  - office fit-outs, associated with government office accommodation leases, funded through lease incentives from landlords;
  - maintaining effective RevenueWA systems through the Digital Transformation Program and ongoing software upgrades to support implementation of initiatives; and
  - the Vehicle Acquisition Program, managed by State Fleet, which facilitates the purchase, servicing and disposal of government vehicles.



	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-23 \$'000	2022-23 Estimated Expenditure \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
<b>WORKS IN PROGRESS</b>							
<b>COVID-19 Response</b>							
Accommodation Fit-out Projects - Parliamentary Precinct							
Office Accommodation .....	26,533	10,160	9,470	14,993	1,380	-	-
<b>Other Works in Progress</b>							
Accommodation Fit-out Projects							
1 Midland Square Fit-out .....	14,598	747	471	13,851	-	-	-
Lease Incentive Funded Office Fit-outs .....	171,133	151,133	7,163	5,000	5,000	5,000	5,000
Software Development							
Digital Transformation Program .....	20,947	14,267	3,966	3,695	2,985	-	-
Royalties Management System .....	1,575	747	747	828	-	-	-
<b>COMPLETED WORKS</b>							
Accommodation Fit-out Projects							
Bunbury Tower Fit-out .....	230	230	58	-	-	-	-
Fremantle Co-Working Hub .....	300	300	300	-	-	-	-
Gordon Stephenson House - Fit-out - Small Business							
Development Corporation .....	200	200	32	-	-	-	-
Kununurra Fit-out .....	70	70	70	-	-	-	-
Government Office Accommodation Reform Program .....	11,083	11,083	40	-	-	-	-
ICT Replacement - 2022-23 Program .....	109	109	109	-	-	-	-
Procurement Systems Replacement - 2022-23 Program .....	481	481	481	-	-	-	-
Software Development							
Financial Management Information System Upgrade .....	2,228	2,228	2,228	-	-	-	-
Off-the-Plan Transfer Duty Rebate System Upgrade .....	1,539	1,539	518	-	-	-	-
Stabilisation of Revenue Collection System .....	1,615	1,615	922	-	-	-	-
Vehicle Acquisitions - 2022-23 Program .....	85,666	85,666	85,666	-	-	-	-
<b>NEW WORKS</b>							
Accommodation Fit-out Projects							
Kununurra Office Fit-outs .....	9,506	-	-	9,506	-	-	-
May Holman - Fire System Upgrades .....	2,200	-	-	1,200	1,000	-	-
ICT Replacement							
2023-24 Program .....	109	-	-	109	-	-	-
2024-25 Program .....	109	-	-	-	109	-	-
2025-26 Program .....	109	-	-	-	-	109	-
2026-27 Program .....	109	-	-	-	-	-	109
Procurement Systems Replacement							
2023-24 Program .....	431	-	-	431	-	-	-
2024-25 Program .....	431	-	-	-	431	-	-
2025-26 Program .....	431	-	-	-	-	431	-
2026-27 Program .....	431	-	-	-	-	-	431
Software Development							
Household Electricity Credits .....	650	-	-	650	-	-	-
Off-the-Plan Duty Concession - Systems Enhancements .....	445	-	-	445	-	-	-
Vehicle Acquisitions							
2023-24 Program .....	127,201	-	-	127,201	-	-	-
2024-25 Program .....	83,239	-	-	-	83,239	-	-
2025-26 Program .....	85,129	-	-	-	-	85,129	-
2026-27 Program .....	87,019	-	-	-	-	-	87,019
<b>Total Cost of Asset Investment Program .....</b>	<b>735,856</b>	<b>280,575</b>	<b>112,241</b>	<b>177,909</b>	<b>94,144</b>	<b>90,669</b>	<b>92,559</b>
<b>FUNDED BY</b>							
Asset Sales .....			43,379	47,369	30,239	30,239	30,239
Capital Appropriation .....			14,057	38,415	3,824	-	-
Drawdown from the Holding Account .....			540	540	540	540	540
Internal Funds and Balances .....			13,358	50,656	59,541	59,890	61,780
Major Special Purpose Account(s)							
Drawdown from Digital Capability Fund .....			2,228	-	-	-	-
Other .....			38,679	40,929	-	-	-
<b>Total Funding .....</b>			<b>112,241</b>	<b>177,909</b>	<b>94,144</b>	<b>90,669</b>	<b>92,559</b>

## **Financial Statements**

### **Income Statement**

#### *Expenses*

1. The decrease in supplies and services between the 2023-24 Budget Year and the outyears is due to the expected reduction in the Department's capital works turnover.

#### *Income*

2. The 2021-22 Actual grants and subsidies reflects the receipt of Commonwealth Government funding towards the cost of procuring and distributing RATs.

### **Statement of Financial Position**

3. The reduction in cash assets following the 2021-22 Actual is due to one-off high lease incentives from landlords received in 2021-22.
4. The increase in current borrowings and leases from the 2022-23 Budget to the 2022-23 Estimated Actual is due to increases in lease liabilities for government office accommodation.

### **Statement of Cashflows**

5. The increase in capital appropriation in the 2023-24 Budget Year relates to the deferment of 2022-23 appropriations of \$36.6 million to 2023-24, and government office accommodation projects.
6. The payment of grants and subsidies in the 2023-24 Budget Year relates to the South West Native Title Settlement agreement.
7. The increase in purchase of non-current assets in the 2022-23 Estimated Actual and 2023-24 Budget Year compared to the 2022-23 Budget is a result of the Department addressing a backlog of vehicle acquisitions resulting from supply constraints due to the COVID-19 pandemic.

**INCOME STATEMENT <sup>(a)</sup>**  
**(Controlled)**

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>COST OF SERVICES</b>							
<b>Expenses</b>							
Employee benefits <sup>(b)</sup> .....	122,337	144,154	149,282	151,007	149,518	150,249	154,112
Grants and subsidies <sup>(c)</sup> .....	14	-	-	-	-	-	-
Supplies and services .....	1,138,320	1,270,924	1,232,882	1,179,016	886,667	839,007	1,009,485
Accommodation .....	34,404	36,587	31,856	34,119	35,019	35,623	36,797
Depreciation and amortisation .....	232,547	255,144	257,304	267,008	262,497	262,875	263,254
Finance and interest costs .....	57,313	54,064	54,150	50,909	50,867	51,141	51,422
Other expenses .....	6,839	6,706	6,690	7,323	7,233	7,038	7,084
<b>TOTAL COST OF SERVICES</b> .....	<b>1,591,774</b>	<b>1,767,579</b>	<b>1,732,164</b>	<b>1,689,382</b>	<b>1,391,801</b>	<b>1,345,933</b>	<b>1,522,154</b>
<b>Income</b>							
Sale of goods and services .....	5,185	4,865	6,070	4,982	4,582	4,859	4,861
Grants and subsidies .....	100,395	4,700	4,700	4,700	4,700	4,700	4,700
Other revenue .....	27,047	8,371	8,335	8,361	8,375	8,387	8,387
<b>Total Income</b> .....	<b>132,627</b>	<b>17,936</b>	<b>19,105</b>	<b>18,043</b>	<b>17,657</b>	<b>17,946</b>	<b>17,948</b>
<b>NET COST OF SERVICES</b> .....	<b>1,459,147</b>	<b>1,749,643</b>	<b>1,713,059</b>	<b>1,671,339</b>	<b>1,374,144</b>	<b>1,327,987</b>	<b>1,504,206</b>
<b>INCOME FROM GOVERNMENT</b>							
Service appropriations .....	295,523	225,300	217,784	211,376	214,280	215,426	220,540
Resources received free of charge .....	14,877	14,676	14,676	14,676	14,676	14,676	14,676
Special Purpose Account(s) <sup>(d)</sup>							
Digital Capability Fund .....	-	502	-	-	-	-	-
Royalties for Regions Fund							
Regional Community Services Fund .....	106	90	106	106	106	106	106
Other appropriations .....	-	-	-	-	1,823	-	-
Other revenues .....	1,236,839	1,453,604	1,453,773	1,453,026	1,169,051	1,128,515	1,304,281
<b>TOTAL INCOME FROM GOVERNMENT</b> .....	<b>1,547,345</b>	<b>1,694,172</b>	<b>1,686,339</b>	<b>1,679,184</b>	<b>1,399,936</b>	<b>1,358,723</b>	<b>1,539,603</b>
<b>SURPLUS/(DEFICIENCY) FOR THE PERIOD</b> .....	<b>88,198</b>	<b>(55,471)</b>	<b>(26,720)</b>	<b>7,845</b>	<b>25,792</b>	<b>30,736</b>	<b>35,397</b>

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

(b) The full-time equivalents for 2021-22 Actual, 2022-23 Estimated Actual and 2023-24 Budget Year are 1,067, 1,237 and 1,185 respectively.

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

(d) Forecast recurrent drawdowns of funding from some Treasurer's Special Purpose Accounts (TSPAs) included in the 2022-23 Budget were subsequently reclassified to capital contributions for agencies subject to the *Financial Management Act 2006* (i.e. no overall change to forecast agency cash receipts, see Statement of Cashflows). This reflects the approved purpose of the original appropriation of funding to the TSPAs was capital in nature.

**DETAILS OF CONTROLLED GRANTS AND SUBSIDIES**

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
Sponsorship .....	14	-	-	-	-	-	-
<b>TOTAL</b> .....	<b>14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**STATEMENT OF FINANCIAL POSITION <sup>(a)</sup>**  
**(Controlled)**

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CURRENT ASSETS</b>							
Cash assets .....	206,395	153,859	154,560	147,946	146,143	149,258	155,529
Restricted cash .....	4,084	1,962	4,084	4,084	4,084	4,084	4,084
Holding Account receivables .....	540	540	540	732	1,348	1,964	2,580
Receivables .....	36,281	48,044	36,281	36,281	36,281	36,281	36,281
Other.....	60,870	59,146	60,870	60,870	60,870	60,870	60,870
<b>Total current assets .....</b>	<b>308,170</b>	<b>263,551</b>	<b>256,335</b>	<b>249,913</b>	<b>248,726</b>	<b>252,457</b>	<b>259,344</b>
<b>NON-CURRENT ASSETS</b>							
Holding Account receivables .....	745,256	823,353	813,283	879,112	948,617	1,018,122	1,087,627
Property, plant and equipment.....	2,126,002	1,918,300	2,009,572	1,963,183	2,014,718	1,983,535	1,959,665
Receivables .....	594	505	594	594	594	594	594
Intangibles .....	37,747	42,100	39,762	40,972	34,174	28,701	23,228
Restricted cash .....	2,202	2,614	2,602	3,002	3,002	3,002	3,002
Other.....	103	159	103	103	103	103	103
<b>Total non-current assets .....</b>	<b>2,911,904</b>	<b>2,787,031</b>	<b>2,865,916</b>	<b>2,886,966</b>	<b>3,001,208</b>	<b>3,034,057</b>	<b>3,074,219</b>
<b>TOTAL ASSETS .....</b>	<b>3,220,074</b>	<b>3,050,582</b>	<b>3,122,251</b>	<b>3,136,879</b>	<b>3,249,934</b>	<b>3,286,514</b>	<b>3,333,563</b>
<b>CURRENT LIABILITIES</b>							
Employee provisions .....	29,482	29,479	29,482	29,482	29,388	29,294	29,200
Payables .....	80,686	69,997	81,589	81,898	82,514	83,120	83,726
Borrowings and leases .....	202,258	188,683	202,291	202,252	202,288	202,268	202,277
Other.....	42,072	42,219	48,008	42,072	42,072	42,072	42,072
<b>Total current liabilities .....</b>	<b>354,498</b>	<b>330,378</b>	<b>361,370</b>	<b>355,704</b>	<b>356,262</b>	<b>356,754</b>	<b>357,275</b>
<b>NON-CURRENT LIABILITIES</b>							
Employee provisions .....	5,556	5,858	5,556	5,556	5,556	5,556	5,556
Borrowings and leases .....	1,618,937	1,464,078	1,520,159	1,446,622	1,524,117	1,524,073	1,529,800
Other.....	2,828	2,939	2,531	2,531	2,531	2,531	2,531
<b>Total non-current liabilities .....</b>	<b>1,627,321</b>	<b>1,472,875</b>	<b>1,528,246</b>	<b>1,454,709</b>	<b>1,532,204</b>	<b>1,532,160</b>	<b>1,537,887</b>
<b>TOTAL LIABILITIES.....</b>	<b>1,981,819</b>	<b>1,803,253</b>	<b>1,889,616</b>	<b>1,810,413</b>	<b>1,888,466</b>	<b>1,888,914</b>	<b>1,895,162</b>
<b>EQUITY</b>							
Contributed equity .....	1,036,939	1,098,359	1,064,418	1,150,404	1,159,614	1,165,010	1,170,414
Accumulated surplus/(deficit).....	201,316	148,970	168,217	176,062	201,854	232,590	267,987
<b>Total equity .....</b>	<b>1,238,255</b>	<b>1,247,329</b>	<b>1,232,635</b>	<b>1,326,466</b>	<b>1,361,468</b>	<b>1,397,600</b>	<b>1,438,401</b>
<b>TOTAL LIABILITIES AND EQUITY .....</b>	<b>3,220,074</b>	<b>3,050,582</b>	<b>3,122,251</b>	<b>3,136,879</b>	<b>3,249,934</b>	<b>3,286,514</b>	<b>3,333,563</b>

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

**STATEMENT OF CASHFLOWS <sup>(a)</sup>**  
**(Controlled)**

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CASHFLOWS FROM GOVERNMENT</b>							
Service appropriations.....	234,721	156,733	149,217	144,815	143,619	144,765	149,879
Capital appropriation .....	8,072	9,271	14,057	75,064	3,824	-	-
Holding Account drawdowns .....	540	540	540	540	540	540	540
Special Purpose Account(s)							
Digital Capability Fund.....	-	1,290	2,730	3,260	386	396	404
Royalties for Regions Fund							
Regional Community Services Fund.....	106	90	106	106	106	106	106
Receipts paid into Consolidated Account.....	-	-	(2,438)	-	-	-	-
Other.....	1,266,352	1,462,310	1,462,479	1,461,732	1,177,759	1,137,223	1,312,989
Administered appropriations .....	-	-	-	-	1,823	-	-
<b>Net cash provided by Government .....</b>	<b>1,509,791</b>	<b>1,630,234</b>	<b>1,626,691</b>	<b>1,685,517</b>	<b>1,328,057</b>	<b>1,283,030</b>	<b>1,463,918</b>
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>							
<b>Payments</b>							
Employee benefits.....	(123,519)	(144,158)	(149,286)	(151,011)	(149,612)	(150,343)	(154,206)
Grants and subsidies.....	-	-	(500)	(6,301)	-	-	-
Supplies and services .....	(1,052,415)	(1,117,448)	(1,148,896)	(1,094,971)	(802,440)	(754,514)	(924,972)
Accommodation .....	(34,657)	(37,431)	(32,700)	(34,963)	(35,863)	(36,467)	(37,641)
GST payments .....	(148,282)	(133,858)	(133,858)	(133,858)	(133,858)	(133,858)	(133,858)
Finance and interest costs.....	(56,292)	(53,353)	(53,366)	(50,304)	(50,330)	(50,604)	(50,885)
Other payments.....	(107,236)	(104,995)	(99,995)	(100,843)	(100,935)	(101,006)	(101,072)
<b>Receipts <sup>(b)</sup></b>							
Grants and subsidies.....	103,390	4,700	4,700	4,700	4,700	4,700	4,700
Sale of goods and services.....	5,194	4,000	5,204	4,115	3,713	3,716	3,718
GST receipts .....	148,074	134,464	134,464	134,464	134,464	134,464	134,464
Other receipts .....	3,644	7,386	7,350	7,376	7,390	7,402	7,402
<b>Net cash from operating activities .....</b>	<b>(1,262,099)</b>	<b>(1,440,693)</b>	<b>(1,466,883)</b>	<b>(1,421,596)</b>	<b>(1,122,771)</b>	<b>(1,076,510)</b>	<b>(1,252,350)</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>							
Purchase of non-current assets .....	(82,683)	(93,767)	(112,241)	(177,909)	(94,144)	(90,669)	(92,559)
Proceeds from sale of non-current assets.....	33,380	43,379	38,519	47,369	30,239	30,239	30,239
Other receipts .....	-	6,353	6,353	8,308	5,000	5,000	5,000
<b>Net cash from investing activities.....</b>	<b>(49,303)</b>	<b>(44,035)</b>	<b>(67,369)</b>	<b>(122,232)</b>	<b>(58,905)</b>	<b>(55,430)</b>	<b>(57,320)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>							
Repayment of borrowings and leases.....	(199,968)	(149,327)	(149,550)	(153,046)	(153,327)	(153,118)	(153,120)
Proceeds from borrowings.....	50,000	-	-	-	-	-	-
Other proceeds .....	2,761	5,676	5,676	5,143	5,143	5,143	5,143
<b>Net cash from financing activities.....</b>	<b>(147,207)</b>	<b>(143,651)</b>	<b>(143,874)</b>	<b>(147,903)</b>	<b>(148,184)</b>	<b>(147,975)</b>	<b>(147,977)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD .....</b>	<b>51,182</b>	<b>1,855</b>	<b>(51,435)</b>	<b>(6,214)</b>	<b>(1,803)</b>	<b>3,115</b>	<b>6,271</b>
Cash assets at the beginning of the reporting period .....	161,499	156,580	212,681	161,246	155,032	153,229	156,344
<b>Cash assets at the end of the reporting period .....</b>	<b>212,681</b>	<b>158,435</b>	<b>161,246</b>	<b>155,032</b>	<b>153,229</b>	<b>156,344</b>	<b>162,615</b>

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

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

**NET APPROPRIATION DETERMINATION (a)**

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>Grants and Subsidies</b>							
Indian Ocean Territories Commonwealth							
Grant.....	10,011	4,700	4,700	4,700	4,700	4,700	4,700
National Partnership on COVID-19.....	93,379	-	-	-	-	-	-
<b>Sale of Goods and Services</b>							
Contract Services.....	936,273	1,121,263	1,121,467	1,116,262	827,055	781,475	952,197
Land Tax Liability Enquiry Fee.....	4,595	3,500	4,500	3,400	3,000	3,000	3,000
Merchant Fees.....	311	500	500	500	500	500	500
<b>GST Receipts</b>							
GST Input Credits.....	15,830	12,374	12,374	12,374	12,374	12,374	12,374
GST Receipts on Sales.....	132,244	122,090	122,090	122,090	122,090	122,090	122,090
<b>Other Receipts</b>							
Government Office Accommodation Lease							
Receipts.....	278,228	277,331	277,331	277,560	277,605	277,605	277,605
Other Receipts.....	5,369	17,125	17,613	17,597	17,245	17,245	17,245
Paid Parental Leave Receipts.....	131	500	-	-	-	-	-
Receipt of Employee Contributions -							
Government Regional Officer Housing.....	92	137	113	127	141	153	153
State Fleet Revenue.....	50,191	53,340	53,509	57,777	63,316	68,363	73,409
<b>TOTAL .....</b>	<b>1,526,654</b>	<b>1,612,860</b>	<b>1,614,197</b>	<b>1,612,387</b>	<b>1,328,026</b>	<b>1,287,505</b>	<b>1,463,273</b>

(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

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>INCOME</b>							
<b>Taxation</b>							
Insurance Duty .....	823,156	808,792	960,346	994,715	1,023,618	1,052,910	1,083,026
Land Tax .....	759,244	798,680	786,533	842,455	850,154	858,572	871,433
Metropolitan Region Improvement Tax .....	85,196	88,100	91,323	97,240	98,013	98,793	100,270
Payroll Tax .....	4,413,802	4,585,417	4,959,025	4,976,811	5,126,420	5,280,529	5,438,945
Betting Tax .....	121,481	95,681	124,864	115,668	106,472	108,401	110,365
Transfer Duty .....	2,339,272	1,941,528	2,010,057	1,849,553	1,856,329	2,003,691	2,036,972
Foreign Buyers Surcharge Duty .....	21,710	20,336	22,550	23,068	24,543	27,193	27,593
Landholder Duty .....	278,455	119,904	283,492	119,904	119,904	119,904	119,904
Vehicle Licence Duty .....	579,037	440,176	637,301	575,315	420,281	420,548	420,812
Commonwealth Mirror Taxes .....	53,744	57,993	62,493	62,803	64,616	66,583	68,502
<b>Royalties</b>							
Alumina .....	110,531	116,160	104,266	114,844	119,709	118,759	120,030
Copper .....	90,145	67,709	61,716	57,923	49,170	70,670	62,781
Gold .....	425,916	480,665	469,313	544,396	545,397	492,086	429,099
Iron Ore .....	9,917,452	5,645,067	9,284,835	5,972,341	5,234,282	5,167,760	5,074,460
Lithium .....	261,432	446,783	910,092	928,431	706,535	697,851	561,953
Nickel .....	118,903	160,353	154,307	173,811	169,444	194,518	192,714
Other .....	156,382	161,807	160,021	180,432	198,885	204,656	208,554
Petroleum - State Component .....	10,040	14,520	13,894	9,789	22,163	21,579	21,443
<b>Other Revenue</b>							
Office Lease Rental Revenue .....	38,723	39,700	39,700	39,700	39,700	39,700	39,700
Other Income .....	49,406	64,431	66,618	68,069	71,209	73,405	74,765
<b>Appropriations</b>							
First Home Owner Grant Act 2000 .....	85,752	37,517	44,324	34,697	54,508	72,572	76,769
Petroleum (Submerged Lands) Act 1982 .....	-	463	255	339	126	-	-
Administered Grants and Transfer Payments .....	774,240	343,737	305,497	283,382	229,827	245,916	263,076
<b>TOTAL ADMINISTERED INCOME .....</b>	<b>21,514,019</b>	<b>16,535,519</b>	<b>21,552,822</b>	<b>18,065,686</b>	<b>17,131,305</b>	<b>17,436,596</b>	<b>17,403,166</b>
<b>EXPENSES</b>							
<b>Grants and Subsidies</b>							
Building Bonus Homebuyers Grant .....	312,861	43,000	43,719	36,040	-	-	-
Energy Concession Extension Scheme .....	2,080	2,353	2,353	2,439	2,532	2,629	2,730
Energy Concessions							
\$500 Small Business and Charities							
Electricity Credit for Non-Synergy and							
Horizon Power Customers .....	5	-	-	-	-	-	-
\$400 Household Electricity Credit for							
Non-Synergy and Horizon Power							
Customers .....	-	8,000	8,000	-	-	-	-
Household Electricity Credit .....	-	-	-	11,900	-	-	-
First Home Owner Scheme .....	85,752	37,517	44,324	34,697	54,508	72,572	76,769
Life Support Equipment Subsidy Scheme .....	1,275	1,296	1,296	1,343	1,394	1,448	1,504
National Partnership on Homebuilder .....	290,925	68,000	41,720	5,000	-	-	-
Off-the-Plan Duty Rebate Scheme .....	3,084	18,218	10,539	10,447	-	-	-
Payroll Tax Rebates Scheme .....	8	50	50	50	50	50	50
Pensioner Concessions							
Emergency Services Levy .....	21,839	23,787	23,787	25,612	27,631	29,810	32,161
Local Government Rates .....	111,763	121,505	121,505	130,827	141,142	152,270	164,275
Petroleum (Submerged Lands) Act 1982 .....	-	463	255	339	126	-	-
Small Business Payroll Tax Grant .....	2,153	-	-	-	-	-	-
South West Native Title Settlement							
Agreement - Cultural Centre .....	-	50	54	54	-	-	-
Thermoregulatory Dysfunction Energy							
Subsidy .....	1,835	1,978	1,978	2,049	2,128	2,209	2,293
<b>Other Expenses</b>							
Refund of Past Years Tax Revenue .....	26,412	48,550	48,550	50,675	52,950	55,500	58,063
Refunds of Past Years Royalties Revenues .....	-	2,000	2,000	2,000	2,000	2,000	2,000
Expected Credit Losses Expense .....	7,913	-	-	-	-	-	-
Other Expenses .....	47,073	64,431	66,618	68,069	71,209	73,405	74,765
Payments to Consolidated Account .....	21,083,501	17,614,968	21,103,922	18,970,927	16,807,520	17,063,629	17,062,495
<b>TOTAL ADMINISTERED EXPENSES .....</b>	<b>21,998,479</b>	<b>18,056,166</b>	<b>21,520,670</b>	<b>19,352,468</b>	<b>17,163,190</b>	<b>17,455,522</b>	<b>17,477,105</b>

# Insurance Commission of Western Australia

## Part 3 Financial Administration

### Interactions with the Consolidated Account, Dividend Payout Ratio and Government Trading Enterprise Information

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
<b>INSURANCE COMMISSION OF WESTERN AUSTRALIA</b>							
<b>REVENUE TO GENERAL GOVERNMENT SECTOR</b>							
National Tax Equivalent Regime - Income Tax.....	194,214	24,029	40,833	22,197	11,528	9,250	5,518
Dividends <sup>(a)(b)</sup> .....	572,083	63,532	63,500	58,211	58,915	58,824	58,349
<b>RATIOS</b>							
Dividend Payout Ratio (%) <sup>(b)</sup> .....	75	75	75	75	75	75	75
<b>GOVERNMENT TRADING ENTERPRISE INFORMATION</b>							
Revenue from Operations .....	816,463	1,315,742	1,330,568	1,480,672	1,490,132	1,562,538	1,638,113
Total Expenses <sup>(c)</sup> .....	737,017	1,095,360	1,054,747	1,238,222	1,326,399	1,396,899	1,475,137
<b>NET PROFIT AFTER TAX.....</b>	63,571	154,267	193,076	169,715	114,614	115,947	114,083
<b>CASH ASSETS <sup>(d)</sup> .....</b>	389,628	382,976	375,988	404,103	429,854	455,961	482,734
<b>RISCOVER FUND GOVERNMENT TRADING ENTERPRISE INFORMATION</b>							
Revenue from Operations .....	428,086	473,983	480,627	587,389	607,818	642,926	677,472
Total Expenses .....	543,907	443,045	457,045	544,378	582,742	611,190	642,575
<b>NET PROFIT/(LOSS).....</b>	(115,821)	30,938	23,582	43,011	25,076	31,736	34,897
<b>CASH ASSETS <sup>(d)</sup> .....</b>	6,426	4	9	18	17	14	18

(a) In determining the dividend payment to general government, Net Profit After Tax may be adjusted based on other factors as permitted by relevant legislation.

(b) The dividend payout ratio is adjusted based on the need to maintain appropriate capital adequacy and other factors or circumstances taken into account by the Board of the Commission.

(c) Excludes current tax expense, deferred tax expense and dividends.

(d) As at 30 June each financial year.

## Financial Changes

Net operating balance impact of adjustments, other than cashflow timing changes and non-discretionary accounting adjustments, impacting on the Government Trading Enterprise's (GTE's) Income Statement since presentation of the 2022-23 Budget to Parliament on 12 May 2022, are outlined below:

	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
<b>Key Adjustments</b>					
2023-24 Tariff, Fees and Charges (Household Model) - Motor Injury					
Insurance Premiums .....	-	1,985	1,687	817	4,504
Investment Income, Capital and Other Activities.....	10,325	(10,516)	(14,580)	(16,068)	(15,845)
Underwriting Activities - Revised Claims Expense Forecasts <sup>(a)</sup> .....	7,590	(619)	(9,951)	(10,435)	(14,448)

(a) Based on valuations provided by the independent actuary (dated September 2022).



## Significant Issues Impacting the Government Trading Enterprise

1. The Commission seeks to price its insurance products to reflect the full cost of claims and scheme running costs, and to minimise reliance on subsidisation from investment returns.
2. Motor injury insurance premiums in Western Australia remain affordable at \$435.86 (including GST, and \$479.45 including insurance duty) for a family vehicle. This compares favourably to motor vehicle insurance premiums in other parts of Australia.
3. Premium rates, claims estimates and investment returns have major impacts on the Commission's profit, solvency and capital adequacy. Actuarial and investment forecasts are both highly sensitive to external influences outside the direct control of the Commission. Economic factors can materially affect both investment returns and the value of claims liabilities.
4. In determining the amount of any recommended dividend or capital return, the Commission's Board takes into account its capital adequacy position and the extent to which the Commission has the liquidity to support those payments.
5. In February 2023, the Commission agreed to pay an interim dividend to Government of \$63.5 million. This will be paid in June 2023.
6. In 2021-22, the Commission transferred \$130.3 million from the Third Party Insurance Fund (TPIF) to the Government Insurance Fund. During 2022-23, the Commission has agreed to transfer a further \$55.2 million and \$140.5 million from TPIF to the RiskCover and Government Insurance Funds respectively. These transfers are to fund historic child sexual abuse claims that would otherwise have to be funded from the Consolidated Account.
7. Over the past few years, the government workers' compensation class of insurance has experienced a sustained increase in the proportion of long duration claims associated with increased severity of injury. In addition, the liability class has experienced an increase in the number and size of general and medical treatment liability claims. This trend in higher claims costs is expected to continue over the forward estimates period, resulting in increases to RiskCover Fund agency premiums. Revenue from premiums charged to agencies is forecast to increase from \$418.4 million in 2021-22 to \$495.7 million in the 2023-24 Budget Year, rising to \$576.5 million by the end of the forward estimates period. The Commission continues to work with agencies to assist them identify and manage risks and incidents that lead to these claims.
8. Global reinsurance and insurance market conditions are challenging in terms of capacity and pricing. There has been a withdrawal of capacity as reinsurers' appetite for certain types of business has deteriorated. This has resulted in increasingly difficult insurance and reinsurance market conditions. The outlook for the immediate future is for those conditions to continue. Natural disasters globally and across Australia, and the COVID-19 pandemic, have resulted in significant increases in the costs of reinsurance. These costs will also put pressure on RiskCover Fund insurance premiums.
9. In the past few years, the Commission has noted a concerning rise in claims harvesting activity for motor injury insurance claims in Western Australia. Claims harvesting is the practice of unethically encouraging accident victims to lodge exaggerated or even false motor injury insurance claims with the promise of a large insurance payout. In February 2023, the Government announced the drafting of new legislation to combat claims harvesting and excessive legal costs consuming high proportions of compensation payments.

## Statement of Corporate Intent

The following performance information (financial and non-financial) is the subject of a Statement of Corporate Intent, agreed by the Board and Minister (with the Treasurer's concurrence).

## Objectives, Outcomes and Key Performance Information

### Relationship to Government Goals

Broad government goals are supported at GTE level by objectives and outcomes. The following table illustrates the relationship between the GTE's objectives and outcomes and the Government Goal it contributes to. The key performance indicators measure the extent of the impact of desired outcomes on the achievement of the GTE objectives.

Government Goal	Strategic Objectives	Desired Outcomes
Strong and Sustainable Finances: Responsible, achievable, affordable budget management.	Deliver sustainable financial outcomes.	1. Sustainable financial resources to meet our objectives 2. Fully funded TPIF, Motor Vehicle (Catastrophic Injuries) Fund (MVCIF) and RiskCover Fund
	Provide quality and affordable insurance products and services. Operate effectively and efficiently. Develop a high performance culture.	3. Provide efficient, timely and affordable insurance services that deliver care and compensation to claimants and agencies

### Outcomes and Key Performance Indicators <sup>(a)</sup>

	2021-22 Actual	2022-23 Budget	2022-23 Estimated Actual	2023-24 Budget Target	Note
<b>Outcome: Sustainable financial resources to meet our objectives:</b>					
Solvency level.....	132.9%	133.2%	133.5%	132.7%	
Main Investment Fund:					
Investment rolling 7-year return .....	5.5%	4.8%	4.8%	6.3%	1
Annual investment rate of return .....	-3.5%	4.6%	4.6%	6.2%	1
Investment management expense ratio .....	0.6%	0.6%	0.6%	0.6%	
MVCIF:					
Investment rolling 7-year return <sup>(b)</sup> .....	n.a.	5%	5%	6.5%	1
Annual investment rate of return .....	-3%	5.1%	5.1%	6.5%	1
Investment management expense ratio .....	0.6%	0.5%	0.5%	0.6%	
<b>Outcome: Fully funded TPIF, MVCIF and RiskCover Fund:</b>					
TPIF:					
Solvency level .....	146%	145.7%	145.5%	142.8%	
Net loss ratio .....	64.4%	98%	95.5%	104%	
Net expense ratio .....	6.5%	7.7%	7.5%	7.8%	
Net combined ratio .....	70.9%	105.7%	103%	111.8%	2
MVCIF:					
Solvency level .....	129.2%	128.5%	131.6%	130.9%	
Net loss ratio .....	65.3%	90%	72.5%	94.2%	
Net expense ratio .....	4.5%	6.2%	5.8%	6.2%	
Net combined ratio .....	69.8%	96.2%	78.3%	100.4%	3
RiskCover Fund:					
Solvency level .....	108.1%	126.6%	110.1%	113.4%	
Net loss ratio .....	112.7%	95.6%	97.1%	100%	
Net expense ratio .....	8.5%	9.5%	9.5%	8.7%	
Net combined ratio .....	121.2%	105.1%	106.6%	108.7%	4
<b>Outcome: Provide efficient, timely and affordable insurance services that deliver care and compensation to claimants and agencies:</b>					
Motor Injury Insurance (MII):					
Affordability Index <sup>(c)</sup> .....	23.6%	27.5%	27.5%	27.5%	
Proportion of claims payments made for the direct benefit of claimants .....	94.4%	95%	95%	95%	
Timeliness of liability determination .....	78.5%	80%	80%	80%	
Claim administration costs as a ratio of gross claims paid .....	6.5%	6.1%	6.4%	6.8%	
Customer satisfaction .....	58%	65%	65%	65%	
Median claim duration .....	18.3 months	17.5 months	17.5 months	17.5 months	

	2021-22 Actual	2022-23 Budget	2022-23 Estimated Actual	2023-24 Budget Target	Note
RiskCover Fund:					
Affordability Index <sup>(d)</sup> .....	1.6%	1.5%	1.5%	1.5%	
Proportion of claims payments made for the direct benefit of claimants.....	91.8%	90%	94.5%	94.5%	
Timeliness of liability determination .....	97.8%	90%	90%	90%	
Claim administration costs as a ratio of gross claims paid .....	10.4%	10.5%	10.4%	10.2%	
Customer satisfaction .....	73%	75%	76%	78%	
Median claim duration .....	5.9 months	4.8 months	5.5 months	5.2 months	

(a) Further details in support of the key performance indicators are provided in the Commission's Annual Report.

(b) New key performance indicator implemented in 2022-23, when the MVCIF reaches seven years from inception.

(c) The MII Affordability Index calculates the MII premium for the average family vehicle as a percentage of one week's worth of Western Australia's average weekly earnings.

(d) The RiskCover Fund's Affordability Index is calculated as workers' compensation agency premiums as a percentage of total agency wages.

## Explanation of Significant Movements

(Notes)

- Following the Commission's 17.7% investment return in 2020-21, the Commission delivered negative investment returns of -3.5% and -3% for the Main Investment Fund and MVCIF respectively in the 2021-22 Actual. The 2021-22 year was marked by continued re-opening of economies post COVID-19 related lockdowns and escalating geopolitical tensions, including the Russian invasion of Ukraine in February 2022. The Commission's investment returns portfolio is forecast to deliver positive returns of 4.6% and 5.1% for the Main Investment Fund and MVCIF respectively in the 2022-23 Estimated Actual. The 2023-24 Budget Target has been prepared using the investment long-term targets of the Consumer Price Index (CPI) +3% (6.2%) for the Main Investment Fund and CPI +3.25% (6.5%) for the MVCIF.
- The TPIF's net combined ratio is projected to increase to 111.8% in the 2023-24 Budget Target, compared to the 2021-22 Actual and the 2022-23 Estimated Actual. This reflects the Fund's forecast underwriting loss for the year. The estimated increase in the number of harvested claims and larger average claim size driven by higher inflation rates (whilst partly offset by an increase in discount rates) has resulted in an upward revision to the actuary's assessment of future claims liabilities.
- The MVCIF's net combined ratio is projected to increase to 78.3% in the 2022-23 Estimated Actual compared to the 2021-22 Actual, and to then increase to 100.4% in the 2023-24 Budget Target. The 2021-22 Actual of 69.8% reflects the underwriting profit for the year. This result was mainly attributed to a lower than expected increase in claims liabilities arising from an increase in the discount rate and fewer new scheme participants with catastrophic injuries than expected. These movements reflect the financial volatility experienced by the MVCIF as it continues to grow.
- The RiskCover Fund's net combined ratio of 121.2% in the 2021-22 Actual reflects the Fund's underwriting loss for the financial year. The loss was largely due to higher than expected claims costs driven by an increase in the number, size and severity of liability and workers' compensation claims. This ratio is forecast to decrease to 108.7% in the 2023-24 Budget Target, reflecting a continued but smaller underwriting loss forecast for the year.

## Asset Investment Program

- The Commission's Asset Investment Program across the forward estimates period totals \$20.2 million. The major components include:
  - \$12.9 million for 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 to upgrade a range of systems identified in the Commission's strategic planning; and
  - \$3.8 million for ICT hardware, including scheduled replacement of desktop workstations, storage catering for operational capacity requirements, continual ICT security enhancements and enhanced disaster recovery capability.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-23 \$'000	2022-23 Estimated Expenditure \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
<b>COMPLETED WORKS</b>							
ICT Hardware - 2022-23 Program .....	1,285	1,285	1,285	-	-	-	-
ICT Software - 2022-23 Program .....	2,920	2,920	2,920	-	-	-	-
Motor Vehicles - 2022-23 Program .....	558	558	558	-	-	-	-
Other Fixed Assets - 2022-23 Program .....	180	180	180	-	-	-	-
Plant and Equipment - 2022-23 Program .....	44	44	44	-	-	-	-
<b>NEW WORKS</b>							
ICT Hardware							
2023-24 Program .....	1,010	-	-	1,010	-	-	-
2024-25 Program .....	935	-	-	-	935	-	-
2025-26 Program .....	905	-	-	-	-	905	-
2026-27 Program .....	905	-	-	-	-	-	905
ICT Software							
2023-24 Program .....	3,345	-	-	3,345	-	-	-
2024-25 Program .....	3,020	-	-	-	3,020	-	-
2025-26 Program .....	3,250	-	-	-	-	3,250	-
2026-27 Program .....	3,250	-	-	-	-	-	3,250
Motor Vehicles							
2023-24 Program .....	545	-	-	545	-	-	-
2024-25 Program .....	800	-	-	-	800	-	-
2025-26 Program .....	800	-	-	-	-	800	-
2026-27 Program .....	800	-	-	-	-	-	800
Other Fixed Assets							
2023-24 Program .....	100	-	-	100	-	-	-
2024-25 Program .....	120	-	-	-	120	-	-
2025-26 Program .....	120	-	-	-	-	120	-
2026-27 Program .....	120	-	-	-	-	-	120
Plant and Equipment							
2023-24 Program .....	15	-	-	15	-	-	-
2024-25 Program .....	80	-	-	-	80	-	-
2025-26 Program .....	60	-	-	-	-	60	-
2026-27 Program .....	60	-	-	-	-	-	60
<b>Total Cost of Asset Investment Program .....</b>	<b>25,227</b>	<b>4,987</b>	<b>4,987</b>	<b>5,015</b>	<b>4,955</b>	<b>5,135</b>	<b>5,135</b>
<b>FUNDED BY</b>							
Internal Funds and Balances .....			4,987	5,015	4,955	5,135	5,135
<b>Total Funding .....</b>			<b>4,987</b>	<b>5,015</b>	<b>4,955</b>	<b>5,135</b>	<b>5,135</b>

## Financial Statements

### Insurance Commission of Western Australia

#### Income Statement

##### Revenue

1. Total revenue is forecast to increase by \$514.1 million in the 2022-23 Estimated Actual compared to the 2021-22 Actual, and to further increase by \$150.1 million in the 2023-24 Budget Year. These movements reflect the Commission's investment loss of \$214.1 million in the 2021-22 Actual, compared to investment income gains forecast for the 2022-23 Estimated Actual and 2023-24 Budget Year. Investment income is based on forecast returns of CPI +3% for the Main Investment Fund and CPI +3.25% for the MVCIF.

##### Expenses

2. Total expenses are estimated to increase by \$317.7 million in the 2022-23 Estimated Actual compared to the 2021-22 Actual, and by a further \$183.5 million in the 2023-24 Budget Year. These movements mainly reflect changes in claims expenses.

3. Claims expenses are forecast to increase by \$231.3 million in the 2022-23 Estimated Actual compared to the 2021-22 Actual, and by a further \$145.6 million in the 2023-24 Budget Year. Claims expenses in 2021-22 were significantly lower than expected as a result of large increases in the discount rate (based on Government Bond rates) which reduced estimated future claim costs. For the 2023-24 Budget Year, an estimated increase in the number of harvested claims and larger average claim size driven by higher inflation rates (whilst partly offset by an increase in discount rates), have resulted in an upward revision to the actuary's assessment of future claims costs.
4. Dividends will decrease by \$508.6 million in the 2022-23 Estimated Actual compared to the 2021-22 Actual. This reflects the impact of large dividend payments in the 2021-22 Actual resulting from the Bell Group settlement proceeds.

### Statement of Financial Position

5. Total equity is forecast to increase by \$129.6 million in the 2022-23 Estimated Actual compared to the 2021-22 Actual, and to further increase by \$111.5 million in the 2023-24 Budget Year. These movements are largely due to forecast growth in investment assets.

### Statement of Cashflows

6. The 2023-24 Budget Year closing cash assets balance of \$404.1 million represents an increase of \$14.5 million when compared to the 2021-22 Actual and an increase of \$28.1 million from the 2022-23 Estimated Actual. These movements primarily reflect returns from investing activities, partially offset by dividend and tax payments to Government.

### INCOME STATEMENT <sup>(a)</sup> (Controlled)

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
<b>REVENUE</b>							
<b>Revenue from operations</b>							
Premium revenue.....	891,247	917,226	923,095	962,393	997,268	1,036,026	1,076,288
Other revenue.....	(74,784)	398,516	407,473	518,279	492,864	526,512	561,825
<b>TOTAL REVENUE.....</b>	<b>816,463</b>	<b>1,315,742</b>	<b>1,330,568</b>	<b>1,480,672</b>	<b>1,490,132</b>	<b>1,562,538</b>	<b>1,638,113</b>
<b>Expenses</b>							
Claim expenses.....	612,981	887,028	844,315	989,928	1,075,608	1,134,766	1,200,339
Employee benefits <sup>(b)</sup> .....	41,576	46,209	48,912	53,953	55,476	56,863	58,545
Accommodation.....	290	300	300	300	307	315	323
Depreciation and amortisation.....	5,220	5,657	5,485	5,654	6,792	6,294	4,206
Finance and interest costs.....	369	50,455	50,455	82,466	77,654	83,469	89,540
Other expenses.....	76,581	105,711	105,280	105,921	110,562	115,192	122,184
<b>TOTAL EXPENSES.....</b>	<b>737,017</b>	<b>1,095,360</b>	<b>1,054,747</b>	<b>1,238,222</b>	<b>1,326,399</b>	<b>1,396,899</b>	<b>1,475,137</b>
<b>NET PROFIT/(LOSS) BEFORE TAX.....</b>	<b>79,446</b>	<b>220,382</b>	<b>275,821</b>	<b>242,450</b>	<b>163,733</b>	<b>165,639</b>	<b>162,976</b>
National Tax Equivalent Regime							
Current tax equivalent expense.....	194,214	24,029	40,833	22,197	11,528	9,250	5,518
Deferred tax equivalent expense.....	(178,339)	42,086	41,912	50,538	37,591	40,442	43,375
<b>NET PROFIT/(LOSS) AFTER TAX.....</b>	<b>63,571</b>	<b>154,267</b>	<b>193,076</b>	<b>169,715</b>	<b>114,614</b>	<b>115,947</b>	<b>114,083</b>
<b>Dividends.....</b>	<b>572,083</b>	<b>63,532</b>	<b>63,500</b>	<b>58,211</b>	<b>58,915</b>	<b>58,824</b>	<b>58,349</b>

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

(b) The full-time equivalents (FTEs) for 2021-22 Actual, 2022-23 Estimated Actual and 2023-24 Budget Year are 396, 440 and 465 respectively. The growth in FTEs is predominantly due to increases in workers' compensation and harvested TPIF claim volumes.

**STATEMENT OF FINANCIAL POSITION <sup>(a)</sup>**  
**(Controlled)**

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CURRENT ASSETS</b>							
Cash assets .....	389,628	382,976	375,988	404,103	429,854	455,961	482,734
Receivables .....	82,481	91,507	82,147	81,245	80,591	79,819	79,097
Other investments .....	4,487,667	5,712,737	4,796,041	5,207,369	5,584,047	5,965,992	6,357,694
Government securities .....	160,811	128,737	171,869	186,619	200,126	213,821	227,866
Other .....	18,566	5,165	18,567	18,567	18,567	18,567	18,567
Total current assets .....	5,139,153	6,321,122	5,444,612	5,897,903	6,313,185	6,734,160	7,165,958
<b>NON-CURRENT ASSETS</b>							
Property, plant and equipment .....	12,969	12,028	10,953	8,537	5,606	3,380	3,435
Intangibles .....	9,434	7,167	10,697	12,238	13,036	13,807	14,385
Receivables .....	366,930	459,935	377,993	390,565	403,465	416,482	430,824
Other investments .....	1,316,834	993,774	1,407,383	1,528,162	1,638,768	1,750,919	1,865,936
Other .....	16,523	-	-	-	-	-	-
Total non-current assets .....	1,722,690	1,472,904	1,807,026	1,939,502	2,060,875	2,184,588	2,314,580
<b>TOTAL ASSETS</b> .....	<b>6,861,843</b>	<b>7,794,026</b>	<b>7,251,638</b>	<b>7,837,405</b>	<b>8,374,060</b>	<b>8,918,748</b>	<b>9,480,538</b>
<b>CURRENT LIABILITIES</b>							
Outstanding claims .....	622,697	597,490	622,697	622,697	622,697	622,697	622,697
Employee provisions .....	8,648	7,888	8,633	8,658	8,683	8,709	8,735
Payables .....	139,257	109,714	11,267	3,377	(6,558)	(31,717)	(57,757)
Borrowings and leases .....	3,463	3,680	3,693	3,910	2,762	-	-
Other .....	1,226,881	1,381,501	1,294,240	1,425,480	1,551,710	1,679,789	1,814,151
Total current liabilities .....	2,000,946	2,100,273	1,940,530	2,064,122	2,179,294	2,279,478	2,387,826
<b>NON-CURRENT LIABILITIES</b>							
Outstanding claims .....	3,144,742	3,696,688	3,427,050	3,772,920	4,154,323	4,538,762	4,933,443
Employee provisions .....	6,958	7,565	7,043	7,130	7,219	7,311	7,405
Borrowings and leases .....	10,342	6,672	6,672	2,762	-	-	-
Other .....	-	42,087	41,912	50,536	37,590	40,440	43,373
Total non-current liabilities .....	3,162,042	3,753,012	3,482,677	3,833,348	4,199,132	4,586,513	4,984,221
<b>TOTAL LIABILITIES</b> .....	<b>5,162,988</b>	<b>5,853,285</b>	<b>5,423,207</b>	<b>5,897,470</b>	<b>6,378,426</b>	<b>6,865,991</b>	<b>7,372,047</b>
<b>NET ASSETS</b> .....	<b>1,698,855</b>	<b>1,940,741</b>	<b>1,828,431</b>	<b>1,939,935</b>	<b>1,995,634</b>	<b>2,052,757</b>	<b>2,108,491</b>
<b>EQUITY</b>							
Accumulated surplus/(deficit) .....	1,676,161	1,951,791	1,805,737	1,917,241	1,972,940	2,030,063	2,085,797
Reserves .....	22,694	(11,050)	22,694	22,694	22,694	22,694	22,694
<b>TOTAL EQUITY</b> .....	<b>1,698,855</b>	<b>1,940,741</b>	<b>1,828,431</b>	<b>1,939,935</b>	<b>1,995,634</b>	<b>2,052,757</b>	<b>2,108,491</b>

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

**STATEMENT OF CASHFLOWS <sup>(a)</sup>**  
**(Controlled)**

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Premium receipts .....	1,009,018	1,028,420	1,040,515	1,083,047	1,125,524	1,169,036	1,214,558
GST receipts .....	131,819	132,045	128,853	136,444	142,935	149,930	157,236
Other receipts .....	332,482	216,097	204,927	274,790	306,391	327,205	347,897
<b>Payments</b>							
Claim payments .....	(511,376)	(619,832)	(562,007)	(644,058)	(694,205)	(750,326)	(805,658)
Employee benefits .....	(41,251)	(46,135)	(48,803)	(53,841)	(55,361)	(56,746)	(58,425)
Accommodation .....	(290)	(300)	(300)	(300)	(307)	(315)	(323)
GST payments .....	(132,019)	(132,045)	(128,853)	(136,444)	(142,935)	(149,930)	(157,236)
Finance and interest costs .....	(369)	(50,455)	(50,455)	(82,466)	(77,654)	(83,469)	(89,540)
Other payments .....	(187,725)	(207,623)	(208,390)	(213,246)	(222,068)	(231,037)	(242,541)
<b>Net cash from operating activities .....</b>	<b>600,289</b>	<b>320,172</b>	<b>375,487</b>	<b>363,926</b>	<b>382,320</b>	<b>374,348</b>	<b>365,968</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds from sale of non-current assets .....	394	258	258	236	296	296	296
Other receipts .....	3,830,246	2,628,219	2,927,810	3,136,510	3,278,978	3,438,915	3,610,850
<b>Payments</b>							
Purchase of non-current assets .....	(6,943)	(4,987)	(4,987)	(5,015)	(4,955)	(5,135)	(5,135)
Other payments .....	(3,663,293)	(2,789,626)	(3,092,964)	(3,333,639)	(3,496,063)	(3,648,730)	(3,814,857)
<b>Net cash from investing activities .....</b>	<b>160,404</b>	<b>(166,136)</b>	<b>(169,883)</b>	<b>(201,908)</b>	<b>(221,744)</b>	<b>(214,654)</b>	<b>(208,846)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>							
<b>Payments</b>							
Repayment of borrowings and leases .....	(3,268)	(3,450)	(3,443)	(3,693)	(3,910)	(2,763)	-
<b>Net cash from financing activities .....</b>	<b>(3,268)</b>	<b>(3,450)</b>	<b>(3,443)</b>	<b>(3,693)</b>	<b>(3,910)</b>	<b>(2,763)</b>	<b>-</b>
<b>CASHFLOWS FROM GOVERNMENT</b>							
<b>Payments</b>							
Dividends to Government .....	(572,083)	(63,532)	(63,500)	(58,211)	(58,915)	(58,824)	(58,349)
National Tax Equivalent Regime - Income Tax ....	(201,349)	(91,201)	(152,301)	(71,999)	(72,000)	(72,000)	(72,000)
<b>Net cash provided to Government .....</b>	<b>773,432</b>	<b>154,733</b>	<b>215,801</b>	<b>130,210</b>	<b>130,915</b>	<b>130,824</b>	<b>130,349</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD .....</b>	<b>(16,007)</b>	<b>(4,147)</b>	<b>(13,640)</b>	<b>28,115</b>	<b>25,751</b>	<b>26,107</b>	<b>26,773</b>
Cash assets at the beginning of the reporting period .....	405,635	387,123	389,628	375,988	404,103	429,854	455,961
<b>Cash assets at the end of the reporting period .....</b>	<b>389,628</b>	<b>382,976</b>	<b>375,988</b>	<b>404,103</b>	<b>429,854</b>	<b>455,961</b>	<b>482,734</b>

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

**RiskCover Fund****Income Statement***Revenue*

1. Total revenue is forecast to increase by \$52.5 million in the 2022-23 Estimated Actual compared to the 2021-22 Actual, and to further increase by \$106.8 million in the 2023-24 Budget Year.
2. Revenue from premiums charged to agencies is forecast to increase from \$418.4 million in the 2021-22 Actual to \$495.7 million in the 2023-24 Budget Year, rising to \$576.5 million by the end of the forward estimates period. This reflects significant increases in the number and size of workers' compensation and liability insurance claims.
3. The RiskCover Fund is forecast to receive investment income of \$50.2 million in the 2022-23 Estimated Actual, compared to an investment loss of \$33.1 million in the 2021-22 Actual. The 2023-24 Budget Year includes investment income of \$82.3 million.

*Expenses*

4. Total expenses are estimated to decrease by \$86.9 million in the 2022-23 Estimated Actual compared to the 2021-22 Actual, and to then increase by \$87.3 million in the 2023-24 Budget Year, mainly reflecting higher than expected claims costs, due to an increase in the number and average size of new claims in the workers' compensation and liability classes. This adverse claims' experience forecast in the 2023-24 Budget Year has resulted in a forecast increase in premiums received from agencies for the 2023-24 Budget Year.

**Statement of Financial Position**

5. Total equity is forecast to increase by \$23.6 million in the 2022-23 Estimated Actual compared to the 2021-22 Actual, and by a further \$43 million in the 2023-24 Budget Year. These movements reflect a projected increase in investment assets resulting from positive investment returns, partially offset by an increase in future outstanding claims liabilities.

**INCOME STATEMENT <sup>(a)</sup>**  
**(Controlled)**

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>REVENUE</b>							
<b>Revenue from operations</b>							
Premium revenue.....	418,433	413,760	421,116	495,667	520,241	548,552	576,538
Other revenue.....	9,653	60,223	59,511	91,722	87,577	94,374	100,934
<b>TOTAL REVENUE.....</b>	<b>428,086</b>	<b>473,983</b>	<b>480,627</b>	<b>587,389</b>	<b>607,818</b>	<b>642,926</b>	<b>677,472</b>
<b>Expenses</b>							
Claim expenses.....	446,954	370,440	382,708	461,009	493,214	514,327	539,542
Finance and interest costs.....	33,113	-	-	-	-	-	-
Other expenses.....	63,840	72,605	74,337	83,369	89,528	96,863	103,033
<b>TOTAL EXPENSES.....</b>	<b>543,907</b>	<b>443,045</b>	<b>457,045</b>	<b>544,378</b>	<b>582,742</b>	<b>611,190</b>	<b>642,575</b>
<b>NET PROFIT/(LOSS) BEFORE TAX .....</b>	<b>(115,821)</b>	<b>30,938</b>	<b>23,582</b>	<b>43,011</b>	<b>25,076</b>	<b>31,736</b>	<b>34,897</b>

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



**STATEMENT OF FINANCIAL POSITION <sup>(a)</sup>**  
**(Controlled)**

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CURRENT ASSETS</b>							
Cash assets .....	6,426	4	9	18	17	14	18
Receivables .....	10,559	13,734	33,034	33,471	33,988	34,684	35,233
Other investments .....	873,755	1,011,635	926,765	1,044,675	1,154,153	1,265,068	1,381,518
Other .....	22,386	6,130	7,976	7,976	7,976	7,976	7,976
Total current assets .....	913,126	1,031,503	967,784	1,086,140	1,196,134	1,307,742	1,424,745
<b>NON-CURRENT ASSETS</b>							
Receivables .....	150,126	108,406	150,126	150,126	150,126	150,126	150,126
Total non-current assets .....	150,126	108,406	150,126	150,126	150,126	150,126	150,126
<b>TOTAL ASSETS</b> .....	<b>1,063,252</b>	<b>1,139,909</b>	<b>1,117,910</b>	<b>1,236,266</b>	<b>1,346,260</b>	<b>1,457,868</b>	<b>1,574,871</b>
<b>CURRENT LIABILITIES</b>							
Outstanding claims .....	326,325	270,369	314,612	308,682	300,775	292,868	284,961
Payables .....	68,917	48,318	68,917	68,917	68,917	68,917	68,917
Total current liabilities .....	395,242	318,687	383,529	377,599	369,692	361,785	353,878
<b>NON-CURRENT LIABILITIES</b>							
Outstanding claims .....	588,620	581,475	631,409	712,684	805,509	893,288	983,301
Total non-current liabilities .....	588,620	581,475	631,409	712,684	805,509	893,288	983,301
<b>TOTAL LIABILITIES</b> .....	<b>983,862</b>	<b>900,162</b>	<b>1,014,938</b>	<b>1,090,283</b>	<b>1,175,201</b>	<b>1,255,073</b>	<b>1,337,179</b>
<b>NET ASSETS</b> .....	<b>79,390</b>	<b>239,747</b>	<b>102,972</b>	<b>145,983</b>	<b>171,059</b>	<b>202,795</b>	<b>237,692</b>
<b>EQUITY</b>							
Contributed equity .....	(379,020)	(379,021)	(379,020)	(379,020)	(379,020)	(379,020)	(379,020)
Accumulated surplus/(deficit) .....	458,410	618,768	481,992	525,003	550,079	581,815	616,712
<b>TOTAL EQUITY</b> .....	<b>79,390</b>	<b>239,747</b>	<b>102,972</b>	<b>145,983</b>	<b>171,059</b>	<b>202,795</b>	<b>237,692</b>

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

**STATEMENT OF CASHFLOWS <sup>(a)</sup>**  
**(Controlled)**

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Premium receipts .....	375,796	413,760	413,140	495,666	520,241	548,552	576,538
GST receipts .....	42,706	54,875	55,115	64,813	68,476	72,673	76,630
Other receipts .....	7,810	58,564	59,219	89,866	85,452	91,867	98,407
<b>Payments</b>							
Claim payments .....	(320,003)	(342,804)	(351,632)	(385,664)	(408,296)	(434,455)	(457,436)
GST payments .....	(42,406)	(54,876)	(55,115)	(64,812)	(68,475)	(72,673)	(76,630)
Finance and interest costs.....	(33,113)	-	-	-	-	-	-
Other payments.....	(63,840)	(71,198)	(74,134)	(81,950)	(87,921)	(95,052)	(101,055)
<b>Net cash from operating activities .....</b>	<b>(33,050)</b>	<b>58,321</b>	<b>46,593</b>	<b>117,919</b>	<b>109,477</b>	<b>110,912</b>	<b>116,454</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
Other receipts .....	31,313	-	-	-	-	-	-
<b>Payments</b>							
Other payments.....	-	(58,319)	(53,010)	(117,910)	(109,478)	(110,915)	(116,450)
<b>Net cash from investing activities .....</b>	<b>31,313</b>	<b>(58,319)</b>	<b>(53,010)</b>	<b>(117,910)</b>	<b>(109,478)</b>	<b>(110,915)</b>	<b>(116,450)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD .....</b>	<b>(1,737)</b>	<b>2</b>	<b>(6,417)</b>	<b>9</b>	<b>(1)</b>	<b>(3)</b>	<b>4</b>
Cash assets at the beginning of the reporting period .....	8,163	2	6,426	9	18	17	14
<b>Cash assets at the end of the reporting period .....</b>	<b>6,426</b>	<b>4</b>	<b>9</b>	<b>18</b>	<b>17</b>	<b>14</b>	<b>18</b>

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