



Agency Performance

Advise

Summary of Non-Financial
Performance for 2018-19

Build

Summary of Financial
Performance for 2018-19

Buy

Cost of Services for 2018-19

Collect

Significant Issues

Our People



Agency Performance

Finance is sought out by the public sector for its leadership, knowledge and innovative thinking.

Several projects across the financial year have been integral to government and influenced by Finance.

Simplifying buying goods, services and works through procurement reform.

Finance leads the *Enhance Public Sector Procurement* initiative – one of 20 State Government priority reform projects underway to deliver better outcomes for the WA community.

The key objective of the project is to introduce a consolidated whole-of-government procurement framework to bring together the disparate approaches to goods, services, community services and works procurement.

The Service Priority Review, Special Inquiry into Government Programs and Projects, and recent investigations into unethical behaviour in procurement are key drivers for this reform project. They identified that the fragmentation and inconsistency in the current procurement framework leads to confusion for industry and agencies, increases the risk of poor process and limits government's ability to readily deliver social and economic policy outcomes across government expenditure.

By incorporating recommendations from these reviews and subsequent stakeholder consultation, Finance's reform efforts will:

- reduce complexity and inconsistencies to encourage industry participation;
- increase public confidence in procurement integrity;
- build sector-wide procurement capability;
- encourage collaboration and knowledge sharing across the public sector; and
- unlock opportunities for innovation and more strategic decision making through better collection and analysis of procurement data.

Throughout the 2018-19 financial year, Finance delivered stage one of the project – the development of a contemporary procurement framework. More than 500 people from industry, regional businesses, government agencies and public authorities were consulted throughout the year with feedback sought through targeted surveys, face-to-face consultation, and cross-sector procurement forums.

Changes to the procurement framework will be supported by an online 'one-stop shop,' which will assist industry and agency practitioners to navigate all aspects of government buying in WA. Developed in June 2019, it is expected the new content will launch on the State Government's WA.gov.au platform in the second half of 2019.

Works Agency Council

Finance, in conjunction with the Department of Premier and Cabinet, initiated the Works Agency Council to promote greater cooperation between agencies involved in the delivery of public works and to support the achievement of the procurement reform outcomes.

Chaired by Finance due to its expertise in delivering major infrastructure, the Council facilitates cross-agency collaboration, coordination and information-sharing on policy implementation, procurement, project management and asset management matters.

This year, the Council has capitalised on areas of common experience to focus on:

- readiness for implementation of project bank accounts (PBAs) and procurement reform;
- the challenges and opportunities in responding to the Government's policy objectives; and
- providing advice to the Department of Mines, Industry Regulation and Safety on a security of payment recommendation in the Fiocco Report and the use of standard contract forms.

Finance is well placed to share learnings with regard to PBA implementation as it is the only WA government department to have applied these to the majority of works contracts since September 2016.

Responsible Supplier Pact

A draft Responsible Supplier Pact was developed this year and will ultimately ensure government does business with suppliers who act ethically. The draft Pact, which comprises ethical procurement principles and a supplier code of conduct, has been released for public comment (phase 1) with enforcement mechanisms being considered as part of phase 2.



Finance presenting on the new contemporary procurement framework at the Leadership in Procurement Forum.

Driving innovation from the private sector through Market-led Proposals.

The implementation of the Market-led Proposals Policy in April 2019 is another example of Finance providing advice and expertise across government and to industry.

Market-led Proposals (MLPs) are proposals from the private or not-for-profit sector to build or finance infrastructure, or provide goods or services where the State Government has not requested the proposal. These proposals are generally outside the normal competitive procurement processes of government but still deliver value to the community.

The Department of the Premier and Cabinet developed the policy with Finance responsible for its implementation and ongoing management. As part of implementing the policy, Finance worked in close collaboration with

the Department of the Premier and Cabinet to advise on policy and governance improvements.

The Policy, which provides a whole-of-government approach to managing unsolicited proposals, was enacted on 12 April. Finance was integral in the preparatory works prior to implementation, including consultation with both government agencies and industry on the MLP template, and the development of an online portal with all the relevant information and tools for industry to submit proposals.

Finance was integral in establishing a steering committee with an independent chairperson, which will evaluate proposals, ensure collaboration across government and provide recommendations directly to the Government.

Several proposals have already been received from industry with feedback highlighting the policy is very much welcomed and supported.

The introduction of the MLPs policy offers another avenue for job creation for Western Australians, harnesses innovative ideas from the private sector and delivers on the Government's election commitments outlined in the *Plan for Jobs* policy.

Bold and Innovative

Finance's focus on innovation through digital transformation

The emergence of high-speed networks coupled with the proliferation of affordable customer devices continues to drive a preference towards digital channels for service delivery across society.

Finance is embracing digital transformation to better service its customers and as such has developed *The Department of Finance Digital Strategy 2018-2022* (the Strategy).

The Strategy ultimately commits Finance to transitioning its services online with the aspiration of using digital channels to deliver 90 per cent of the most meaningful customer-facing transactions by 2022.

Finance conducts in excess of half-a-million customer-facing transactions a year across 190 different transaction types. With almost half of these transaction types performed digitally, Finance continued to take steps during 2018-19 to increase its volume of online transactions.

Moving towards its digital future will help Finance improve services to customers, achieve its strategic goals and deliver cost savings to the WA taxpayer.

Leadership in government's digital transformation

Finance has taken a leadership role in the implementation of GovNext-ICT – a whole-of-government initiative to transition government from being an owner and operator of ICT infrastructure to a consumer of commercial compute, storage and network services.

This year, Finance not only assisted other government agencies in successfully implementing GovNext-ICT initiatives but also completed its own transition to cloud technology – a secure, reliable and scalable on-demand consumption based ICT service model.

As a result we were able to transition workloads from approximately 850 on premise servers to 330 virtual servers. This move enabled us to streamline staff processes, automate repetitive tasks such as power scheduling, and scale our resource needs to meet changing workloads and customer demands.

Importantly, Finance's move to the cloud allows us to more rapidly adopt new technologies and platforms that will enable the transformation of services outlined in the Strategy.

The final Gateway Review of the transition noted: "A concerted effort was made throughout the program to be an exemplar for similar future processes initiated by other Government Agencies. In this sense Finance has paved the way for other agencies to move into the GovNext arrangements."

Focus on business analytics

Finance was applauded this year for its capabilities in and use of data analytics to underpin good policy development and better targeted service delivery.

Finance's Government Procurement business unit manages 33 whole-of-government Common Use Arrangements (CUAs) through which approximately \$1 billion of goods and services are purchased annually. Business intelligence tools provide a source of open and transparent data and are used to support public authorities in making better procurement decisions, including extracting better value and reducing cost. This information has also led to increased transparency and accountability across the sector.

The Office of the Auditor General, Victoria tabled a report on State Purchase Contracts (SPCs) (the equivalent to WA's CUAs) on 20 September 2018 and identified Finance's Business Intelligence Reports and dashboards as examples of good practice: "the Western Australian (WA) Department of Finance provides a better practice example of how a central procurement body can capture procurement data to analyse government spending patterns and help identify opportunities to establish SPCs."

Business intelligence has been rapidly adopted across the organisation. We commenced with a small proof of concept, building capability among 50 staff who adopted the technology to visualise reports from the large number of separate data sources. Within the year, usage has increased to approximately 350 users who actively investigate and analyse data, and develop reports.

It is expected by enhancing data analytics and reporting it will lead to improved insight, accurate reporting on sector-wide buying behaviours, identification of aggregated buying

opportunities across all goods and services, informed policy-making, and ultimately better procurement outcomes for the sector.

Transition to WA.gov.au

Finance recognises the importance of a unified and cohesive approach to online service delivery for customers within the State. We have committed to transitioning our online presence into the whole-of-government website – WA.gov.au – to set an example for others in the sector and to create the blueprint for change that can be shared and reused.

This year we worked directly with customers to better understand user-journeys, pain points and expectations so that information and services can be designed around customer needs and away from traditional agency-centric architectures. The approach to co-design helps to validate design choices inherent in WA.gov.au and introduce features and services that directly benefit customers including improving accessibility, increasing search ability and enabling access across a range of mobile friendly devices.

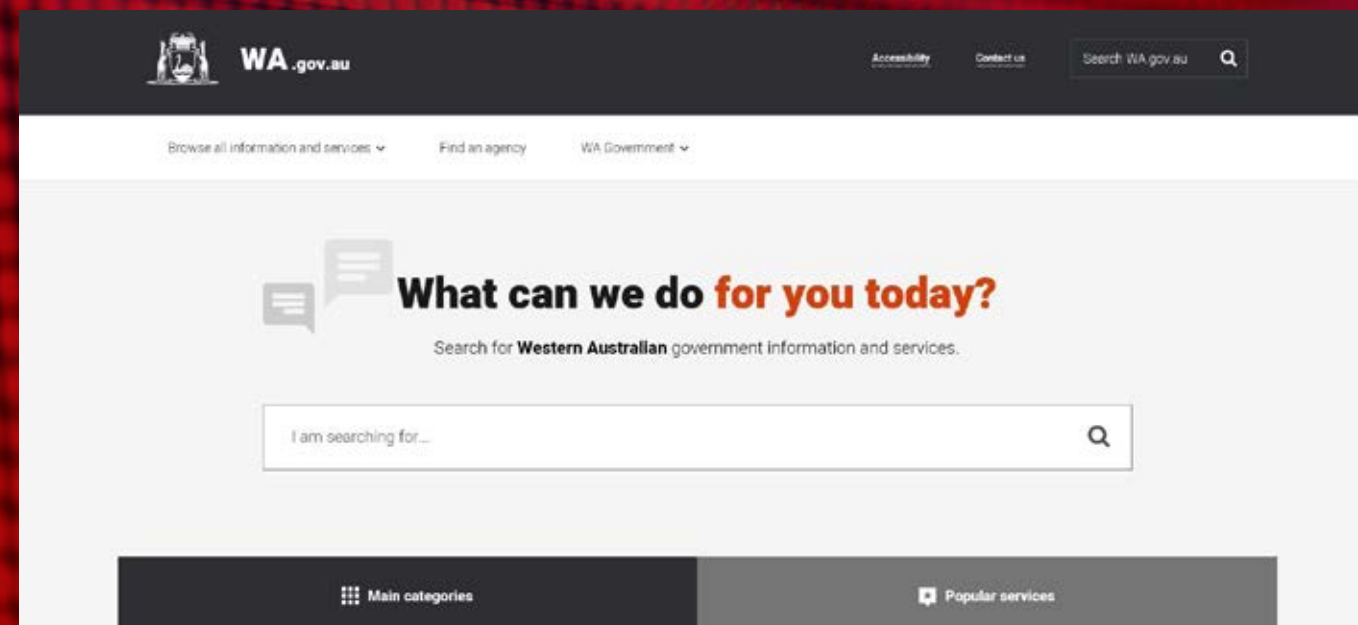
Finance is scheduled to transition to WA.gov.au at the start of the 2019-20 financial year.

New annual report template

Finance is thinking innovatively in developing this annual report. We have purposely utilised the WA.gov.au style guide to create an HTML (online digital) version and accompanying PDF of our annual report, which can be repurposed in future years. The template can also be circulated across the public sector for use by other government agencies.

This highlights Finance's leadership in trying to find innovative ways to improve government efficiency and generate further savings to the WA taxpayer.

Homepage of WA.gov.au



Overview

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We also actioned over 160,000 maintenance requests across more than 2,500 non-residential government sites across the State.



Six new schools, with a total works value in excess of \$160 million, were delivered by Finance ahead of the 2019 school year.

- the \$16.8 million Aspiri Primary School in Piara Waters;
- Aveley North Primary School valued at more than \$21.5 million;
- the \$18.5 million Oakwood Primary School located near Mandurah; and
- the \$17.5 million Southern Grove Primary School.

- Stage 1 of Ridge View Secondary College valued at \$40.6 million, which included the development of classrooms, a library, sports hall and specialist facilities including information technology workshops; and
- Stage 2 of the Shenton College works valued at \$46.18 million, which included the development of new facilities that will cater for an additional 1,000 students.

Stage 1 of the Coastal Lakes College project, which is being delivered through the WA Schools Public Private Partnership, was also completed this year.



Karratha Health Campus



Construction underway at Bob Hawke College



Artist impression of the Bob Hawke College

Science in schools

In addition to the new schools delivered on behalf of the Department of Education this year, Finance successfully delivered the first two stages of the four-year Science in Schools program.

The program will deliver new science laboratories or the refurbishment of existing science laboratories at up to 200 schools across WA to promote the take up of Science, Technology, Engineering and Mathematics (STEM) by students.

This year Finance completed works at 48 schools (34 metropolitan and 14 regional schools) with a total value of approximately \$2.5 million.

This adds to the work at 49 schools in the previous financial year valued at \$3 million.

Finance has commenced planning the third stage of the program involving 51 schools (33 metropolitan and 18 regional schools) to be delivered in 2019-2020.

Southern Inland Health Initiative

In 2018-19, there were a number of significant achievements across the Southern Inland Health Initiative:

- Stream 2: practical completion was reached on the Katanning Health Service, Warren Hospital and Merredin Hospital projects;
- Stream 3: practical completion was reached on the hospitals at Pingelly and Cunderdin; and
- Stream 4: the completion of 24 Small Hospital and Health Services.

The focus for 2019-20 will be the completion of Stream 2 construction at Northam and Narrogin.

Karratha Health Campus opens

The works to deliver the Karratha Health Campus were completed this year with the Premier officially opening the \$173.15 million facility in October 2018.

The Karratha Health Campus, which replaced the ageing Nickol Bay Hospital, incorporates an expanded emergency department, a brand new surgical centre, a new outpatients’ area, a maternity wing and delivery suites with purpose built baths to provide pain relief for women during labour.

Finance provided project and contract management support and advice to the WA Country Health Service throughout the year and has continued to provide ongoing support following the official opening, including completing project documentation and deliverables. We will continue to oversee the two-year defects liability period up to final completion.

Bob Hawke College

Stage 1 construction to create the new Bob Hawke College (formerly the Inner City College) in Subiaco is on track to open for the start of the 2020 school year.

Significant construction work was completed this year including the roof and superstructures for all buildings. Work is now focused on the installation of services and completing the fit-out inside the building.

The College will be a central hub for the Subiaco community, providing important social infrastructure for Subiaco East and surrounding areas.

The College and its access points have been designed to enable and promote community use of the school facilities and grounds after hours, including the gymnasium, central courtyard, cafeteria and teaching spaces.

WA Industry Participation Strategy

Finance is implementing the Government’s WA Industry Participation Strategy (WAIPS) through building projects to deliver local jobs and apprenticeships, and maximise opportunities for WA businesses.

Under the strategy, prospective tenderers of government contracts are now required to submit participation plans outlining their commitments to engage local industry.

Eight pilot projects have been established with five being delivered by Finance:

- New Museum project;
- Casuarina Prison expansion and upgrade;
- Bunbury Prison expansion;
- Southern River College upgrade; and
- Melville Senior High School – new theatre project.



Artist impression of the New Museum

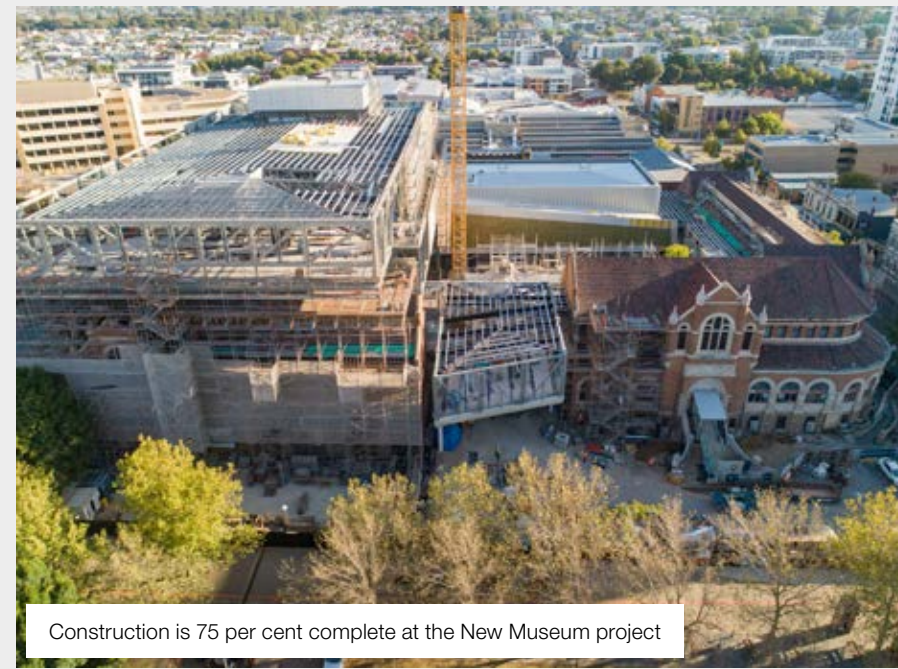
New Museum project

The New Museum for WA is the next major infrastructure project for the State and the most significant cultural infrastructure project underway in Australia. The \$395.9 million project being delivered in the heart of the Perth Cultural Centre is on schedule and expected to open in late 2020.

The design of the Museum includes a mix of heritage and contemporary architecture that will contribute to the revitalisation of the Perth Cultural Centre. It will showcase Western Australia to the world, featuring new galleries that share the stories of WA's people and places, with objects and stories about our State's past, present and future.

A new 1,000 square metre temporary exhibition space will allow the Museum to stage large-scale special exhibitions, and dynamic and flexible multi-purpose venue spaces will contribute to Perth's vibrant event scene.

The iconic blue whale will return in a spectacular new display, alongside world-class displays and visitor experiences. The New Museum is set to be a major attraction for local visitors and tourists to the State.



Construction is 75 per cent complete at the New Museum project

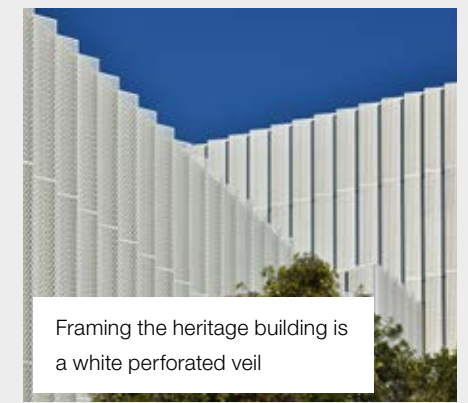
Construction progress

Construction of the New Museum reached 75 per cent completion this year with some significant milestones reached:

- seismic strengthening of the heritage-listed buildings was completed in April 2019. The steel reinforcement brings the buildings up to the relevant, current building codes, ensuring they are preserved for generations to come;
- heritage conservation and construction work started in mid-2018, revealing heritage features not seen before by visitors. Integrating the contemporary building with the existing buildings will allow visitors to see the heritage buildings from new vantage points, including the sheoak timber shingles installed on the Old Gaol this year. The timber roof is similar to the original material installed by convicts in the mid-1850s;

- floating above and framing the heritage buildings, the white, perforated veil was installed on the upper level of the Museum in mid-2019. The veil shimmers and reflects sunlight as it moves over the Cultural Centre, and at night will glow from the internal lighting, illuminating the landmark facility; and
- improved visitor access is a key feature of the Museum design and in May 2019 the staircases, escalators and two of the passenger lifts were installed. Universal access has greatly improved throughout the Museum.

Construction contracts worth \$30 million were awarded by the Contractor this financial year. WA companies continue to benefit from this world-class project with approximately 82 per cent of the total value of all contracts – around \$131 million – expected to be awarded to WA businesses.



Framing the heritage building is a white perforated veil

The construction workforce peaked in mid-2019 with around 298 workers on site, the majority of whom were WA-based. In addition, 60 local apprentices were engaged by the Contractor and its subcontractors this year, contributing to WA's skills capabilities.

Next year the focus will turn to producing content including audio visual, interactive and graphic design for the exhibitions. The gallery fit-out and installation of internal furniture will commence in mid-2020 ahead of the New Museum opening to the public in late-2020.



Project drawings for the Casuarina Prison Expansion Project

Casuarina Prison Expansion Project

Construction of the \$96.6 million Casuarina Prison Expansion Project is more than 20 per cent complete and is progressing on track to meet the milestone completion dates.

Site establishment works for the project were completed in February this year with earthworks and the installation of hydraulic and electrical in-ground infrastructure services nearing completion. Concrete works and the offsite manufacture of precast concrete panels for the new accommodation units has commenced.

The new kitchen will be located in an existing building within the Prison and demolition works within that building are complete. The installation of structural steel for the new kitchen is also complete and concrete works have commenced.

The project will deliver:

- four new accommodation units each holding 128 beds, and two new ancillary support buildings;
- a new kitchen and meals facility which will cater for up to 2,000 inmates and 300 staff;
- a new reception storage facility;
- upgrades to existing visitor and medical centres, substation and infrastructure; and
- an extension of car parking facilities.

A male Alcohol and Other Drug (AOD) prison, as part of the Government's Methamphetamine Action Plan, will be delivered as part of the Project. Accommodation for AOD affected prisoners will be constructed in addition to a new precinct within Casuarina Prison, which will offer specialised health treatments and associated withdrawal services including education and counselling.

Construction works have been staged. The construction and commissioning of the new kitchen and meals facility are expected to be completed in October 2019 followed by the first of the accommodation units in December 2019. The design and construction of the entire project is due for completion by April 2020.

It is expected that more than 1,200 local workers will be employed on the Project including 20 apprentices.



Artist impression of the new theatre at Melville Senior High School

Bunbury Regional Prison Expansion

Construction of a new 160-bed double storey accommodation unit is underway at the Bunbury Regional Prison as part of the \$15.4 million expansion project.

The contract was awarded to a local Western Australian contractor in November 2018, with site works being undertaken by a Bunbury-based builder.

As part of WAIPS, more than 700 local workers have been committed to the project including 37 apprentices, who will gain valuable experience and expertise.

In addition to the expansion there will be upgrades to the reception and educational facilities, as well as the kitchen and a dining room.

The project is expected to be completed and handed over to the Department of Justice in late 2019.

New theatre project for Melville Senior High School

Construction of a new \$4.47 million theatre is underway at Melville Senior High School and will be delivered by more than 90 local workers.

The theatre will feature two connected spaces for drama and dance, both with sprung floors and divided by a movable wall, plus retractable seating for 300 people, a green room, foyer and gallery space, as well as storage and a staff study.

The works are being delivered by a local Western Australian contractor and are on schedule to be completed in late 2019.

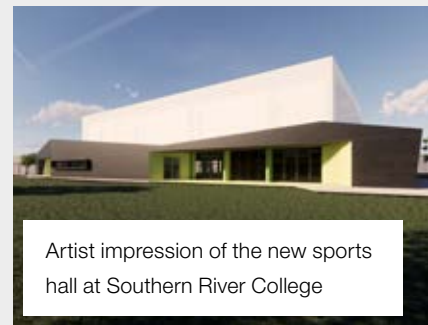
Construction of a new sports hall at Southern River College

Stage 1 of the \$8.4 million Southern River College upgrade – the installation of new hard courts – was completed this year.

Stage 2, the construction of a new sports hall is now underway and is on track to be completed by late-2019.

The third and final stage of the project – the refurbishment of the science and STEM facilities, a lecture theatre for 120 students and a performing arts centre with seating capacity for 250 people, will start in late-2019 and be completed by mid-2020.

Up to 190 local workers will be used to deliver the project and includes 37 apprentices.



Artist impression of the new sports hall at Southern River College



Passionate and committed

to Government Office Accommodation reforms

Finance remains committed to realising significant savings to government and the WA taxpayer via the Government Office Accommodation (GOA) Reform Program in support of government's Debt Reduction Strategy.

In only its second year of operation, Finance has exceeded the expected annual targets and identified significant opportunities to reduce the size and cost of government office accommodation.

To date, Finance has reported total savings across the existing office accommodation portfolio of over \$113 million. In 2018-19, significant savings were achieved through the renegotiation of several high priority government leases in the Perth CBD to take advantage of the current favourable property market conditions.

Finance manages over 560,000 square metres of office accommodation across WA. Our whole-of-government approach to the planning, procurement and management of accommodation enables us to aggregate agencies' office accommodation needs and utilise government's large buying power to further reduce the overall expenditure.

Additionally, Finance's commitment to collecting and analysing information on 155 agency-owned buildings is progressing well with value-for-money accommodation proposals expected to be identified and presented to government by the end of 2019.

The program is expected to reduce government office accommodation by around 50,000 square metres and realise a further \$30.5 million by June 2022.

Relocation of government offices

This year saw Finance reach a major milestone with the successful relocation of over 700 Department of Water and Environmental Regulation (DWER) staff to a new leased building, Prime House, in Joondalup.

DWER Director General Mike Rowe acknowledged the Department of Finance team who led the Joondalup accommodation project stating: "The team at the Department of Finance worked with us tirelessly to plan for the move, identify our requirements, and assist us in the change management program to support staff in making this significant shift. They did a magnificent job in delivering our excellent new head office."

The relocation to Joondalup will save an estimated \$28 million over 15 years and reduce government's office accommodation footprint

by 3,800 square metres. The relocation is expected to play a significant role in the future growth and development of Joondalup as a vibrant and vital city centre.

The relocation of the Department of Communities head office functions to new premises in Fremantle is progressing, and more than 1,500 staff are expected to move to Kings Square Fremantle in early 2020.

Finance has also undertaken various expressions of interest (EOI) for office space, including space for a Western Australia Police Force headquarters, a police complex in Fremantle, a Parliamentary Precinct in West Perth and a consolidation of agencies in Bunbury. Subject to the outcomes of the EOIs, submissions will be made to the Government.

Co-Working Hub Strategy

Joondalup and Fremantle are vital cogs in government's Co-Working Hub Strategy, which leverages the GovNext service to allow staff to access their agency's network services from selected government office buildings in strategic metropolitan locations.

The decentralisation of government agencies to major metropolitan activity centres will drive the growth in infrastructure, public transport, local business and services within neighbouring suburbs. It is expected to ease the strain on public transport into Perth during peak periods and assist the reduction of traffic congestion in the Perth CBD.

Finance is the leader in government procurement or “buying” on behalf of government.

We manage 33 whole-of-government Common Use Arrangements (CUAs) through which approximately \$1 billion of expenditure is entered into annually. We leverage our strong buying power to deliver value for money to the community.



The new electricity contract extends across 81 PTA sites

A key function of a CUA is the opportunity to substantially reduce the administrative cost and duplication for 139 public authorities and other government entities, which access the CUAs. Additionally, CUAs offer government protection with consistent and well-established terms and conditions to mitigate financial, legal and reputational risk.

Central to our ability to generate savings and accommodate changes in the market place is the evidence-based advice we provide to government via business intelligence tools. Details about this initiative are available on page [22](#).

CUAs – savings for WA

Finance has generated savings through CUAs again this year. Across the 2018-19 period, CUAs have saved the WA Government approximately \$202 million through lower priced goods and services.

One example was a new electricity contract that extends across 81 Public Transport Authority (PTA) sites including train electrification networks, train stations, bus shelters, and car parks.

Finance developed a pricing framework and contract term structure, which was the catalyst for competitive tension between CUA suppliers. Following a pricing analysis of quotes by Finance, PTA awarded the contract under the electricity CUA, which achieves:

- a saving of \$35 million over the contract term (five years), when the current spend (\$167 million) was compared to forecast spend under the new contract (\$132 million);

- the option to roll in newly constructed sites (for example, METRONET) under the same discounted rates;
- a single supplier arrangement resulting in administrative efficiencies; and
- an electricity contract with terms and conditions, which favoured the PTA more than its previous arrangement.

Finance saved an estimated \$714,511 in the reticulated gas contract for the South Metropolitan Health Service, reducing current contract rates by nearly 42 per cent.

Through site and consumption analysis followed by a thorough pricing evaluation, Finance was able to recommend awarding a two-year contract to a single supplier. The contract was awarded by the South Metropolitan Health Service in March 2019.



Finance gets tick of approval from customers

It is worth noting Finance's CUAs offer more than just savings to its customers. Externally conducted satisfaction surveys from the last four years confirmed:

98% OF 2,500 CUA PUBLIC SECTOR PRACTITIONERS EXPRESSED AN OVERALL SATISFACTION WITH CUAS

94% CONFIRMED CUAS REPRESENTED VALUE FOR MONEY

96% SATISFACTION WITH SUPPLIER PERFORMANCE

96% SATISFIED WITH EASE OF PURCHASE THROUGH CUAS

97% CONFIRMED THAT GOODS OR PRODUCTS AVAILABLE THROUGH CUAS MET BUSINESS NEEDS

Agency Procurement Services client satisfaction results also illustrate the calibre of Finance staff in the delivery of procurement services.

The latest survey results from March 2019 confirmed that 95 per cent of respondents were satisfied with the level of procurement knowledge and expertise and 97 per cent of staff demonstrated a professional approach to procurement.

One of the key learnings was that our clients would like us to engage with them face-to-face and better explain procurement processes – feedback Finance will look to action as it adapts its services over the coming year.

Fleet

This year saw significant changes to the State Government fleet with agency vehicle fleet caps to reflect each agency's actual fleet size as at 1 January 2019. This saw a total cap reduction of 572 vehicles.

Additionally, a review of vehicle usage levels was undertaken, which identified 211 of the Government Vehicle Scheme (GVS) vehicles in the metropolitan area were underutilised. These vehicles will be progressively removed from the fleet from 1 July 2019, generating savings of \$1.1 million annually across government.

Finance has been trialling telematics (in-vehicle monitoring systems) technology and a Poolcar shared booking system within its own fleet. It is now facilitating the implementation of this technology across government, which will improve fleet utilisation data across the sector and enable government to identify further opportunities for fleet efficiencies.

Ultimately, the indicative annual whole-of-life cost of the fleet has reduced from \$119.3 million to \$99.6 million – a reduction of \$19.7 million per year. The reduction is a result of longer vehicle lease terms, lower fringe benefits tax and savings on operational fleet costs.

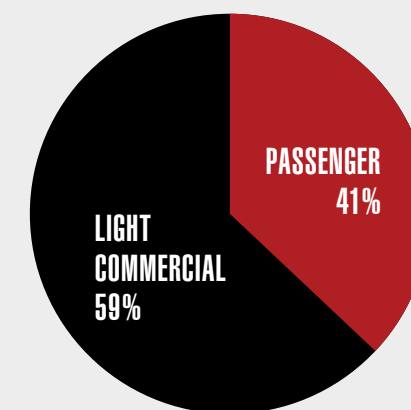
Fleet facts

FLEET VALUE \$330m

57months/95,000kms

Average lease term is around 57 months/95,000 kilometres and is likely to continue to increase.

FLEET SIZE AND COMPOSITION OUT OF 8,818 VEHICLES:



Agencies are required to choose new vehicles with CO₂ output below 185 grams of CO₂/km for passenger vehicles and 195 grams/km for SUVs.

1,656 NEW VEHICLES PURCHASED

2017-18 – 2,086 new vehicles (monthly average 174) were purchased valued at \$78 million (excluding GST). 2018-19 – 1,656 vehicles (monthly average 138) valued at \$62 million (excluding GST).

1,636 VEHICLES SOLD BY STATE FLEET

Vehicles sold by State Fleet in 2018-19 – 1,636 (\$28 million excluding GST).



Influencing progress

through the Aboriginal Procurement Policy

Finance has led the Government's commitment to increasing the economic participation of Aboriginal businesses through the implementation of the Aboriginal Procurement Policy and is on track to exceed the first year mandated target by 400 per cent.

In the first six months of the Policy, more than four per cent of all State Government contracts have been awarded to registered Aboriginal businesses with 98 per cent of those based in Western Australia. This is a significant outcome that demonstrates the strength of the local Aboriginal business sector.

The Policy requires WA government agencies to award a minimum of one per cent of contracts to registered Aboriginal business throughout the 2018-19 financial year.

A total of 74 government contracts were awarded to 53 registered Aboriginal businesses from 1 July to 31 December 2018, representing an approximate value of \$25 million.

Finance has been integral to the implementation and success of the Aboriginal Procurement Policy. We have undertaken a number of education and training sessions with Aboriginal businesses and government agencies in the metropolitan area, Kalgoorlie and Karratha during the 2018-19 financial year.

Additional training will be delivered across the State to Aboriginal businesses in regional and metropolitan locations from June to September 2019. The goal of this training is to ensure government procurement processes and practices are understood to maximise the opportunity for Aboriginal businesses to harness opportunities presented by the Policy.

Finance will soon award contracts for capability building services to further support the development of the Aboriginal business sector, including emerging Aboriginal businesses located throughout Western Australia.

Another Aboriginal Business Expo will be held late in 2019, which will continue to support relationship building between government and the Aboriginal business sector. This year's event will celebrate outcomes from the first year of the Policy and see government present contracting opportunities to the Aboriginal business sector. The 2018 expo saw more than 60 Aboriginal businesses connect with approximately 200 government attendees.



Justine Kinney,
Cultural Creative Agency

Finance's State Revenue collects around \$7 billion in taxation revenue annually on behalf of the State Government.

Key outcomes for the year included amendments to the duties and payroll tax legislation, as well as the introduction of the point-of-consumption betting tax scheme.

Finance focused on improving online services for customers through more efficient and streamlined processes, reducing red tape, and making it easier to interact with the Department.



Foreign Buyers Duty introduced

The Foreign Buyers Duty scheme, which was a government election commitment, was introduced on 1 January 2019. This imposes an additional duty of seven per cent on certain purchases of residential property made by foreign persons.

Finance was responsible for designing and implementing the legislative and administrative scheme, which included:

- instructing the Parliamentary Counsel's Office during drafting of the Bill;
- in conjunction with the Department of Treasury, supporting the Minister and his representative in the Legislative Council during passage of the legislation through Parliament;
- publishing support materials and delivering customer education sessions to help taxpayers and their representatives understand their obligations;
- identifying opportunities for data exchange with Australian Border Force and other regulatory bodies to underpin compliance programs; and
- implementing user friendly systems to allow foreign buyers duty transactions to be self-assessed.

As at 30 June 2019, 208 transactions have been assessed with Foreign Buyers Duty raising just over \$5.5 million.

Betting Tax legislation passed

The point-of-consumption betting tax scheme was introduced on 1 January 2019. The new legislation replaced the previous place-of-supply model and simplified betting tax arrangements in Western Australia. The new arrangements require tax to be paid to Western Australia for bets placed by Western Australians (rather than other jurisdictions, as previously experienced).

Finance's role in delivering the scheme included:

- instructing the Parliamentary Counsel's Office during drafting of the Bill;
- in conjunction with the Department of Treasury, supporting the Minister and his representative in the Legislative Council during passage of the legislation through Parliament;
- delivering an easy to use online system to allow taxpayers to self-assess and pay betting tax; and
- identifying opportunities for compliance programs.

As at 30 June 2019, there are 23 betting tax operators registered and paying the tax with \$30 million in revenue raised against the estimated \$31 million for 2018-19.

Tax amendments to fund Trainee Incentive Scheme

Finance delivered amendments to the *Pay-roll Tax Assessment Act 2002* this year to implement stage two of the Government's reforms to the exemption for trainees. This involved removing the remaining exemption for wages paid to new worker trainees.

The estimated revenue savings from this measure – \$109 million over the forward estimates – will be used to fund a new employer incentive scheme administered by the Department of Training and Workforce Development. This scheme will be available to all businesses (not just those paying payroll tax) and will support new apprenticeships and traineeships being created.

The payroll tax changes were critical for the State to be able to access up to \$110 million of funding under the Commonwealth Government's *Skilling Australians Fund National Partnership*, a deal negotiated by government in September 2018.

The amendments operate from 1 July 2019.



Innovative online services portal

A win for taxpayers

State Revenue continued to focus on providing customers with easier access to services through the expansion of its Online Services Portal in 2018-19.

Access to First Home Owner Grant Unique Identification Number Look-up

The First Home Owner Grant (FHOG) is a one-off payment to assist eligible first home buyers to purchase a new home for use as their principal place of residence.

Finance recognises its important role in assisting first home buyers through an often stressful period and, as a result, expanded its FHOG web-based tool in July 2018. The facility assists both applicants and their agents (for example, conveyancers or mortgage brokers) to check on the status of a FHOG application via the Online Services Portal.

The tool, which has seen a high uptake level with nearly 38,000 FHOG status checks since July 2018, offers increased convenience for customers who can access application information as and when it suits them. The use of technology to enable customer self-service has led to reduced costs in administering these processes, while empowering staff to focus on improved service delivery outcomes.

Land Tax services

Land tax is an annual tax on land and is a source of general revenue for government. As a key revenue stream, it assists in the funding of critical services to the community such as education, health, law and order, and critical infrastructure.

Finance has worked hard to improve the experience and efficiency of tax obligations on community and businesses alike. In the last year, Finance has enhanced its online services portal to include digital facilities that enable customers to more easily fulfil their land tax responsibilities, alleviating the burden of manual paper-based processes and reducing the overheads associated with supporting analogue channels. Customers are now able to self-serve by:

- viewing their account summary, land holdings and valuations;
- accessing past and present-day assessment notices; and
- conducting a range of other online transactions including payment extensions, refunds and enquiries.

The system is still in its infancy and has already registered more than 1,500 users at the end of the financial year.

Fully-automated payment arrangements

Finance has created an online solution for customers to apply for payment plans for land tax, payroll tax, duties and first home owner grant debts.

The facility offers increased convenience for customers who can now apply online for a tax payment arrangement and receive a decision in real time. This removes delays previously associated with customers submitting written applications to State Revenue for manual processing. It also provides a common method of requesting and administering payment plans across various revenue lines.

Since its launch, the system has processed nearly 3,200 payment arrangements valued at around \$109 million in managed debt. Importantly, this feature can help ease financial pressure on families and businesses by giving them increased flexibility to meet their State tax obligations.

Expansion of payment methods and refunds

Electronic payment methods were expanded in July 2018 to include Electronic Funds Transfer (EFT), BPAY and credit card across various revenue lines, and electronic refunds were introduced for all revenue lines.

Previously, some payments were restricted to non-electronic methods (cash or cheque) or only had limited electronic methods available (credit card, BPAY, direct debit). As at the end of June 2019, around 90 per cent of all payments for the 2018-19 financial year were made electronically, offering improved customer convenience and significantly reducing costs associated with processing non-electronic payments.

All refunds were previously paid by cheque only. So far, nearly 75 per cent of refund applications made through the Online Services Portal have been paid by EFT, improving the timely access to funds for customers.

Our People

A key focus of the One Finance project is to make Finance the best place to work in government by enhancing the skills and capabilities of our staff and creating a diverse and inclusive culture.

Several key achievements this year have brought us closer to our objective.



Finance graduates are recruited on their values rather than on their particular field of study



Honest and respectful approach

**makes Graduate program
number 1 in Australia**

This year Finance was named Australia's number one graduate employer by the Australian Association of Graduate Employers Top 75 list, improving on its thirteenth position last year. This achievement marks the first time a government agency has achieved this ranking nationally.

More than 2,500 graduates across Australia were anonymously surveyed and asked to rate their employer on a number of key areas including:

- orientation or induction program;
- training and development program;
- quality of work;
- career progression;
- supervisor or manager;
- compensation and benefits;
- work/life balance; and
- company culture.

Seven graduates with a diverse range of qualifications, approaches to innovation, problem-solving and critical thinking skills were recruited by Finance in 2019.

Graduates are rotated throughout the organisation offering insight into the diverse services we deliver, helping them develop transferrable skills. Gaining knowledge from a number of business units helps Finance to improve the way we work through fostering professional relationships and eliminating silos.

Our program, which has seen 134 graduates participate since it was established in 2011, provides opportunities to interact with a wide variety of stakeholders, including working collaboratively with other government agencies and accompanying the Director General and other senior staff to work-related events.

Another key component of our success is our focus on relationships and the support provided by management, supervisors, co-workers and the graduate alumni to help our graduates transition smoothly from study to a professional working environment.

The success of the program allows Finance to share its knowledge and experience with other agencies and provide advice on how to establish or improve their own Graduate Programs. Due to the high calibre of applicants, Finance shares the applicants placed in a graduate pool with other agencies.



A graduate perspective

**Comments from
2019 graduate
Victoria Gray**

Finance has a really positive attitude towards training and retaining graduates so I felt like my contribution was valued right from day one. My first rotation was in the Information Technology and Communications team in Corporate Services where I was engaged in the development of policies to support the Department's Information Security Management Framework.

Finance has a focus on recruiting graduates based on their values and all university degrees are considered. The benefit of values-based recruitment has been obvious in our graduate cohort. Despite coming from vastly different backgrounds we have been bonded by our shared values and attitudes.

The program includes Community Involvement Development, which we spent with Conservation Volunteers Australia at Lesmurdie Falls National Park. This gave us an opportunity to give back to the community and further share experiences as a cohort.

Rather than just a job, I have been given countless opportunities to develop myself as an individual and as a professional. Within the program, there is an internal training calendar that focusses on developing transferrable skills. This skill development is continued through the Public Sector Commission's Graduate Development Program, which has exposed me to parts of government that I never even knew existed while studying at university. Further to this, your supervisor and graduate coordinator work to identify your strengths and weaknesses and seek to individually tailor training, allowing you to reach your full potential.

The program creates an environment that not only wants you to flourish, but gives you tailored support to achieve your potential. This has seen the majority of previous graduates gain full-time employment within the Department or with other agencies. Last year, 100 per cent of graduates secured roles within Finance, and I hope to see the same outcome for our cohort.



Finance transitions to a collaborative work environment

In 2018, Finance transitioned to Activity Based Work (ABW) – a flexible and community-based work environment that offers a variety of spaces relevant to specific work being undertaken.

Our ABW office is separated into three distinct zones:

- Collaboration zone – where staff can brainstorm and collaborate freely.
- Focus zone – a quiet area (no phones) where staff can read or focus on specific tasks.
- Process zone – for standard work practices.

Staff members do not have an assigned desk but rather select the type of work setting that best suits their work activities for the day or a portion of the day. Teams are assigned to ‘home bases’ but are encouraged to work alongside other teams as needed.

The creation of an ABW workplace for Finance at the Optima Centre in Osborne Park has not only enabled the consolidation of approximately 200 staff from the CBD to this space and saving of nearly \$2 million per annum, but also supports:

- a culture of flexibility and mobility;
- a paper-light environment through follow-me printing;
- greater collaboration between groups and individuals across the business; and
- greater application of technology to enable more agile work practices.

Finance is now working with the Department of Planning, Lands and Heritage to deliver ABW within their existing office space at Gordon Stephenson House, and the Departments of Transport and Communities for their new ABW workplace in Fremantle. These transitions will result in approximately 800 Department of Planning Lands and Heritage staff consolidating across two floors and approximately 1,500 staff moving to Fremantle.

Finance is also conducting regular tours and presentations about ABW with other government agencies.

Interagency mentoring program

Finance’s Interagency Mentoring Program is in its fourteenth year and over that time has helped 880 participants across the public sector to build their knowledge and experience.

Nine agencies are participating in the program across the 2019 calendar year with 103 mentors and mentees paired from different agencies, providing opportunities to grow employee networks and facilitate future collaboration.

The Interagency Mentoring Program provides a forum to build relationships and capability across the public sector by:

- facilitating quality mentee/mentor matches;
- developing and improving professional competence;
- supporting networking and knowledge exchange across the sector; and
- providing guidance in developing career goals.

The program supports the Government’s Public Sector Reform initiatives by offering employees at all levels the opportunity to engage in an environment that supports sector-wide leadership, cooperation and collaboration.

Training and events

Finance is committed to building capability and supporting staff at all levels to achieve their personal and professional goals. Our training and development programs focus on enabling a highly-skilled workforce to think innovatively about the way services are delivered to the community and provide value-for-money outcomes for all Western Australians.

In 2018-19, staff participated in a broad range of development opportunities, many of which were delivered in-house by our own experienced staff and through online systems to minimise costs. These are outlined below:

- approximately 1,400 staff undertook industry specific training, such as Project Management, Contract Negotiation and Asset Management;
- technical skills training, such as Workflow Mastery, Advance Skype Functions and Power BI was undertaken up by 900 staff members;
- innovation and future skills training including Design Thinking, Strategic Planning, Growth Mindset and Innovation workshops with guest speakers was conducted for 200 staff;

- personal and professional development was popular this year with approximately 1,200 participating in courses such as Emotional Intelligence, Leadership, Confidence for Women and Personal Productivity; and
- training specific to working in the public sector, such as Occupational Health and Safety, Disability, Access and Inclusion, Cultural Awareness and Accountable and Ethical Decision-making was undertaken by 1,800 staff.

Our role in the regions

Through our 12 regional offices, Finance facilitates the delivery of building maintenance services, the management of non-residential building projects, and planning and delivery of services for government assets.

Some of the key services provided to our client agencies in the regions include:

- 24/7 breakdown repair services;
- urgent works in emergencies caused by cyclones, flooding, storms, earthquakes, bushfires and major acts of vandalism;
- building condition assessments and the development of strategic maintenance plans;
- planning and delivery of maintenance programs; and
- coordination of building projects which includes managing the tender process with

particular consideration to government’s Buy Local Policy, support for Aboriginal businesses, value-for-money assurances and risk management, as well as project management including administration, quality control, practical completion and handover.

This year has seen some major achievements for our regional offices including:

- on-time, on-budget delivery of the Dolphin Discovery Centre on behalf of the City of Bunbury. The Centre showcases the latest interactive marine display with interactions with wild dolphins. This project is a big boost for tourism for the City;
- numerous police station upgrades across the regions;
- recommissioning of workshops at the South Hedland TAFE after these had been shut down; and
- delivery of a number of programs of work for the Department of Education (schools), including ceiling remediation/replacement, asbestos removal and other upgrades.

Summary of Non-Financial Performance for 2018-19

Outcome

Key Effectiveness Indicator	Unit	Target	Actual	Page
Debt as a percentage of revenue raised	%	1.03	1.11	127
Extent to which correct grants, subsidies and rebates are paid	%	100	100	127
Average annual vehicle net capital cost: Per passenger vehicle	\$	4,600	4,995	131
Per commercial vehicle	\$	4,575	4,823	131
Extent to which client agencies agree that their agency contracts and Common Use Arrangements achieved value for money	%	92	96	131
Percentage of new buildings projects within the Building Management and Works Program, valued over \$5 million, delivered within the approved budget	%	100	100	137
Average office accommodation floor space per work point	m ²	14.50	14.42	137
Percentage of major projects in Strategic Projects' program of works delivered (or forecast to be delivered) within approved budget	%	100	100	141

Service

Key Efficiency Indicator	Unit	Target	Actual	Page
Average cost per tax or duty determination	\$	27.36	25.91	129
Average cost per grant or subsidy determination	\$	11.16	10.76	129
Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value	%	1.4	2.0	133
Average administrative cost per vehicle for financing and managing the State Fleet service	\$	124	110	133
Cost of developing and managing whole-of-government Common Use Contract Arrangements as a percentage of the total annual value of purchases through the arrangements	%	1.7	1.6	133
Percentage of new buildings projects within the Building Management and Works Program, valued over \$5 million, delivered by the approved handover date	%	100	76	139
Percentage of high priority breakdown repairs completed within agreed timeframes	%	80	75	139
Project, contract and administration costs to deliver whole-of-government non-residential building, maintenance and accommodation services as a percentage of services delivered	%	8.28	7.08	139
Percentage of major projects in Strategic Projects' Program delivered (or forecast to be delivered) within approved timeframes	%	100	60	143
Cost of project management as a percentage of total project costs	%	1.5	1.76	143



Summary of Financial Performance for 2018-19

—

The Department of Finance 2018-19 estimated total cost of services allocation was approximately \$1.43 billion, funded largely through the charging of other government departments for building works, maintenance and leasing. The other key funding source is appropriation of \$0.17 billion.

The estimated \$1.43 billion in expenses primarily relates to building works across the whole-of-government (\$1.2 billion), employee expenses (\$0.12 billion) and depreciation (\$0.08 billion).

Actual results versus estimate	Estimate ^(a) \$000	Actual \$000	Variance \$000	Reason for significant variation between actual and estimate
Total cost of services (expense limit)	1,430,273	1,267,833	162,440	Actual expenditure was below estimate primarily due to a reduction in the whole-of-government capital works program delivered by Building Management and Works on behalf of government agencies.
Net cost of services	159,688	132,635	27,053	The 2019 actual was lower than estimate as a result of reduced expenditure offset by a reduction in revenue received from the capital works program delivered by Building Management and Works on behalf of government agencies.
Total equity	1,203,658	1,142,331	(61,327)	Total equity has been reduced as a result of lower capital investment combined with a reduction in receivables.
Net increase/ (decrease) in cash held	13,079	5,868	(7,211)	Cash balances are lower than estimate due to a reduction in State fleet borrowings.
Approved salary expense level	101,824	93,381	8,443	Reduced expenditure on salaries is a result of higher than forecast vacancy levels and reduced recruitment levels.
Agreed borrowing limit	78,433	62,151	16,282	Reduction due to State Fleet reforms reducing the purchasing of new vehicles and significant reduction of debt.
Working cash limit	66,912	60,752	(7,514)	The working cash limit is 5 per cent of recurrent payments (operating and financing) and the variation reflects the reduction in actual cost of services.

(a) Approved as part of the 2018-19 State Budget process

Further explanations are contained in [Note 9](#) of the financial statements.

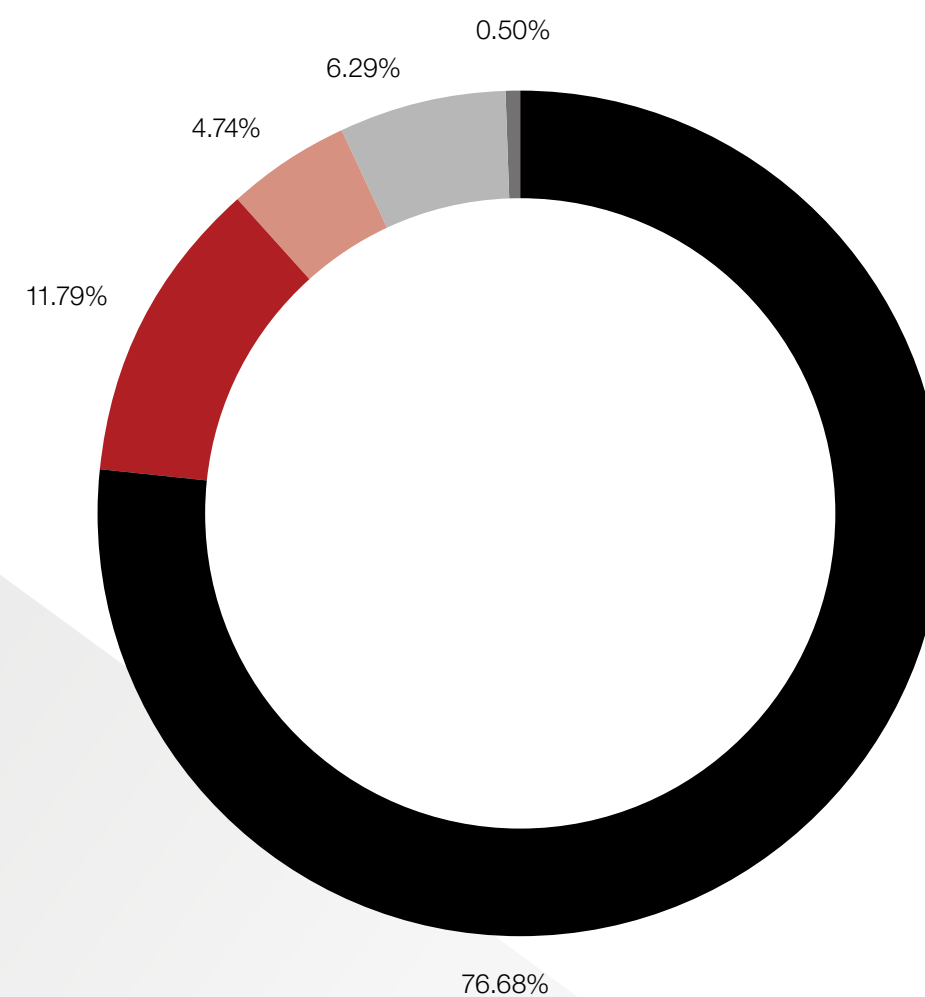




Cost of services for 2018-19

Services	Cost (\$)	%
Revenue assessment and collection, and grants and subsidies administration	60,062	4.74%
Development and management of Common Use Contract Arrangements, State fleet leasing and disposal, and providing facilitation service for agency specific contracts	79,805	6.29%
Corporate Services to client agencies	6,364	0.50%
Leads the planning, delivery, management and maintenance of government buildings, projects and office accommodation	972,170	76.68%
Leads the planning and delivery of major government building projects	149,431	11.79%

Breakdown of total cost of services %



Significant Issues

Enhancing workforce diversity

Finance has implemented several initiatives to create diversity within the organisation to better represent and serve the members of our community. Whilst some targets have been achieved, we recognise that additional focus and works needs to be applied.

Aboriginal employment

Finance's Corporate Executive is committed to improving the employment outcomes specifically for persons with a disability and Aboriginal and Torres Strait Islander peoples.

In 2017, Finance initiated the *Diversity in Finance Employment Plan 2017-22* which outlines targets and steps for improving employment outcomes and creating diversity in the Department.

However, despite these initiatives, Finance is tracking at 0.6 per cent against the 3 per cent target.

As a result we will review our employment and management practices and continue to deliver Cultural Awareness training to create a more inclusive work environment.

Women in management

Following the Government's Service Priority review, which noted the under-representation of women in the senior echelons of the public sector, Finance commissioned an evidence-based review on the nature and cause of the under-representation of women in management positions.

This review identified barriers to women's progression and developed a suite of recommendations to achieve a target of 50 per cent of women in management roles (Public Service and Government Officers General Agreement Level 6 equivalent and above).

The Gender Equity Action Plan was implemented throughout the year and included:

- flexible working arrangements for management roles (including part-time arrangements);
- improved recruitment practices and unconscious bias training for decision-makers; and
- more rigorous and frequent reporting on gender metrics.

Recent reviews have highlighted that despite these initiatives, Finance has to change its culture in order to effect change.

The proportion of women in management positions remains at around 45 per cent as more work is required to progress towards the target.

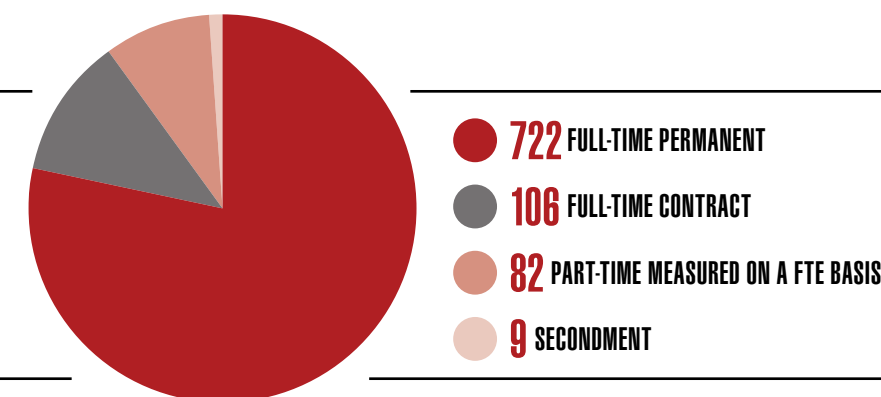
The Corporate Executive has renewed its commitment to the Gender Equity Charter and will:

- focus on installing an inclusive culture including demonstrating inclusive leadership practices;
- respectfully call out behaviours and decisions that are not consistent with the gender equity charter;
- investigate gender equity issues specific to each business unit; and
- continue with the whole-of-department initiatives included in the Gender Equity Action Plan.

A Gender Equity Champions Group was established in January 2019 and has discussed targeted actions to deliver an inclusive workplace culture that achieves gender balance in management.

Workforce Profile

FULL-TIME EQUIVALENT
—
TOTAL 919 FTEs



STAFF DIVERSITY

21% FROM CALD
(target: 15%)

2.1% WITH DISABILITIES
(target: 2%)

0.6% ABORIGINAL
(target: 3%)

1.6% YOUTH
(target: 5%)



RETENTION AND YEARS OF SERVICE

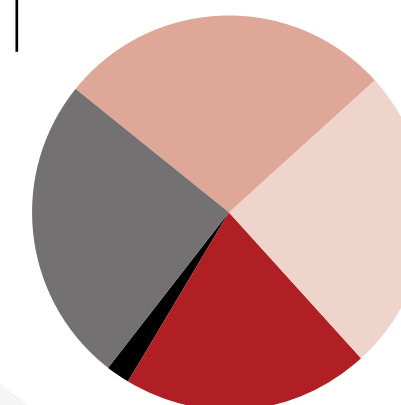
11 AVERAGE YEARS OF AGENCY SERVICE

92% EMPLOYEE RETENTION IN 2018-19

78% STAFF EMPLOYED OVER 5 YEARS



134 GRADS STARTED SINCE 2011



AGE PROFILE

55+
25.4%

45-54
27.5%

35-44
25%

25-34
20.4%

UNDER 25
1.6%



Contract negotiations

The State continues its discussions with John Holland regarding a range of contractual matters for the Perth Children's Hospital. These include the State's and John Holland's claims relating to the delivery of the hospital.

Finance, which delivered the project, is in close consultation with the State's Solicitor's Office on the matter.

Combatting corruption in procurement

In August 2018, the Corruption and Crime Commission (CCC) released a report into bribery and corruption within the North Metropolitan Health Service, which highlighted serious misconduct by several former public servants and numerous contractors engaged.

Given the serious nature of the findings, government announced an independent review of all existing contractual arrangements with the companies highlighted in the CCC report.

The findings confirmed that the State's exposure was limited, identifying a total of 15 existing contracts across 129 agencies. As a result, 11 of the 15 contracts were terminated, two were in contractual notice period for termination and the remaining two were essentially inactive as they related to projects which had reached practical completion and were in the defects liability period.

This review coupled with the CCC report has highlighted the need for government agencies and suppliers who do business with government to observe higher standards of ethical conduct.

Finance is responding to this issue through its *Enhance Public Sector Procurement* reform initiative as part of the Public Sector Reform Program.

In addition, a Responsible Supplier Pact has been drafted, which incorporates ethical procurement principles and a supplier code of conduct, encourages industry to:

- deliver fair work conditions;
- provide safe and healthy workplaces;
- operate in an environmentally sustainable manner;
- act inclusively; and
- refrain from corrupt, fraudulent and illegal behaviour.

The draft Pact has been launched for public consultation following significant stakeholder input.

