

Certification of Key Performance Indicators

For the year ended 30 June 2018

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Finance's performance, and fairly represent the performance of the Department for the financial year ended 30 June 2018.



Stephanie Black
Acting Director General
20 August 2018

Performance Assessment

Outcomes

The Government desired outcomes that the Department works to achieve through its services are:

Government Goals	Desired Outcomes	Services
Sustainable Finances: Responsible financial management and better service delivery.	Due and payable revenue is collected and eligible grants, subsidies and rebates paid.	Revenue assessment and collection, and grants and subsidies administration.
	Value-for-money from public sector procurement.	Development and management of Common Use Contract Arrangements, State Fleet leasing and disposal and providing facilitation service for agency specific contracts.
	Efficient and effective corporate services to client agencies.	Corporate services to client agencies.
	Value-for-money from the management of the Government's non-residential buildings and public works.	Leads the planning, delivery, management and maintenance of government buildings, projects and office accommodation. Leads the planning and delivery of new government buildings.

Measuring the Performance

The Department of Finance measures its performance through statistical information and survey questionnaires. Statistical indicators are included to help report performance in both outcome and service areas. The use of in-house statistical data complements the survey-based results and adds scope and objectivity to the sources of information used in measuring our performance.

Key Effectiveness Indicators

State Revenue

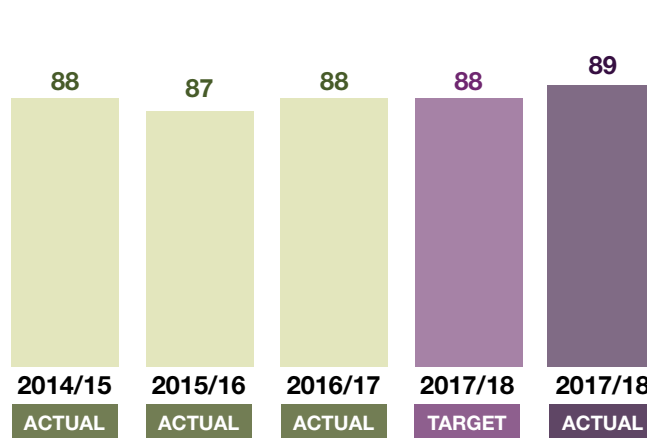
Outcome 1: Due and payable revenue is collected and eligible grants, subsidies and rebates paid

The Department, through State Revenue, administers a range of revenue laws on behalf of the Government. This involves the collection of revenue raised and payment of grants and subsidies under relevant legislation, as well as a number of administrative-based schemes.

The key effectiveness indicator for revenue collection provides a measure of the accuracy of the revenue assessment process, the level of compliance by taxpayers and the timeliness of processing assessments. These are considered the key elements in the effective collection of revenue.

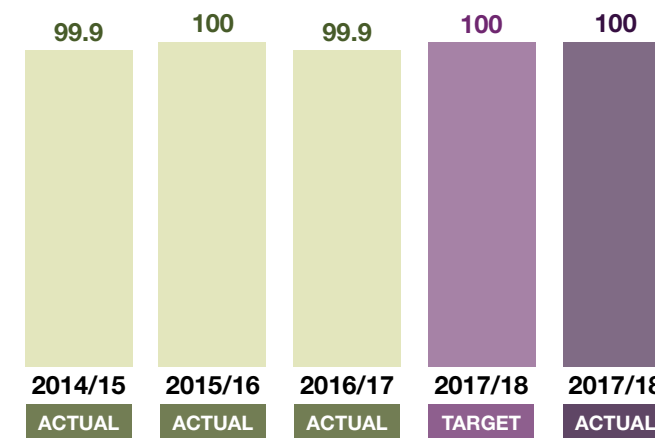
The key effectiveness indicator for grant, subsidy and rebate payments provides an indicator of the accuracy of these government payments to eligible applicants.

Extent to which due revenue is collected (%)^(a)



(a) This key performance indicator (KPI) is calculated as an average for land tax, payroll tax and duties assessments. The amounts are calculated by subtracting the number of penalties from the total number of assessments (or returns for return-based taxes) and dividing the result by the total number of assessments.

Extent to which correct grants, subsidies and rebates are paid (%)^(b)



(b) The measurement of the extent to which grants, subsidies and rebates are paid correctly is calculated by totalling the number of claims paid, and subtracting the total number of claims paid incorrectly. This is expressed as a percentage of the total number of claims paid. The payments are for First Home Owner Grants, Pensioners and Seniors Rebates, the Life Support Equipment Electricity Subsidy, the Thermoregulatory Dysfunction Energy Subsidy and the Energy Concession Extension Scheme.

Key Efficiency Indicators

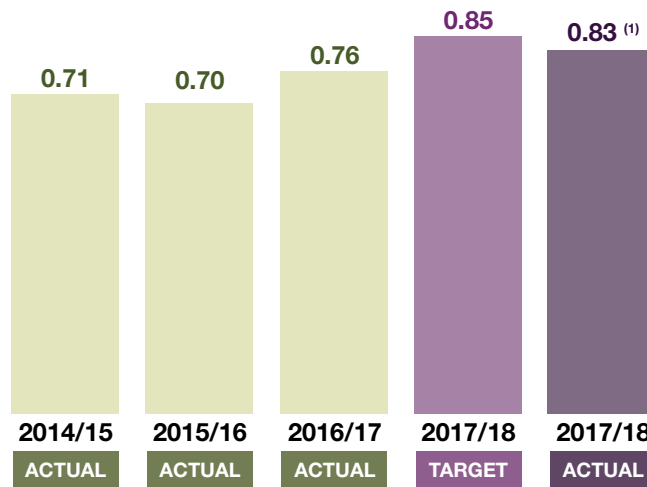
State Revenue

Service 1: Revenue assessment and collection, and grants and subsidies administration

This service involves the assessment and collection of a range of statutory based revenue, including duties, land tax and payroll tax, and those that are collected on behalf of other agencies (e.g. Perth Parking Licence fees on behalf of Department of Transport) or other jurisdictions (for example, collection of a range of taxes for the Commonwealth in the Indian Ocean Territories). State Revenue is also involved in the assessment and payment of a range of grants and subsidies under both statutory and administrative schemes. The major payments relate to the First Home Owner Grant Scheme, as well as concessions on water rates, local government rates and the Emergency Services Levy for pensioners and seniors.

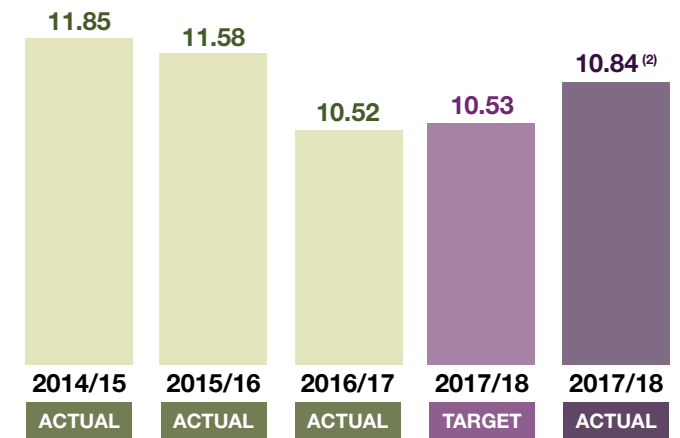
The indicators represent the costs per unit of taxation raised and grant/subsidy processed in a given year. Taken into account with the notes explaining any variances it provides a measure of efficiency.

Cost per \$100 of revenue raised (\$) ^(a)



(a) Calculated as the total of State Revenue costs by total revenue raised and multiplied by 100. A cost allocation model is used to apportion the costs of taxation administration based on full-time equivalent numbers and resource usage.

Average cost per application/claim processed (\$) ^(b)



(b) Calculated as the total of State Revenue costs by the number of first home owner grant applications, pensioner concession claims and minor energy subsidy scheme applications. A cost allocation model is used to apportion the costs of processing of applications and claims based on full-time equivalent numbers and resource usage.

1. The increase in the 2017-18 actual cost compared with 2016-17 actual reflects reduced revenue due to a decline in economic activity and slight increases in administrative costs.
2. The 3% increase in the average cost per application/claim processed is higher in 2017-18 due to a slight increase in costs while the number of applications remain stable.

Key Effectiveness Indicators

Government Procurement

Outcome 2: Value-for-money from public sector procurement

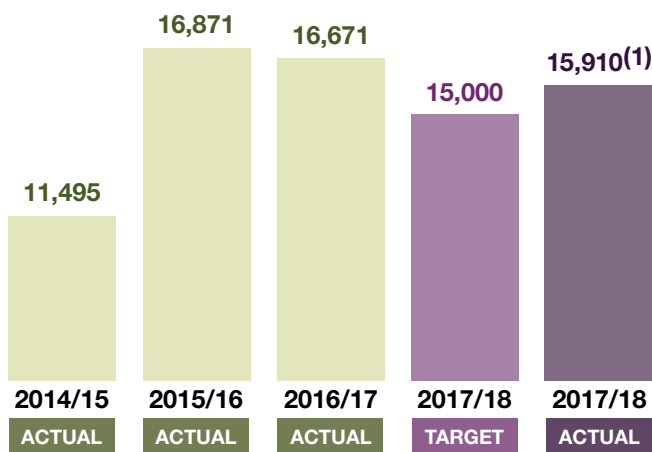
This outcome aims to deliver value-for-money procurement services and frameworks across the Western Australian public sector.

Value-for-money is a key policy objective and ensures public authorities achieve the best possible outcome for the amount of money spent when purchasing goods and services.

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

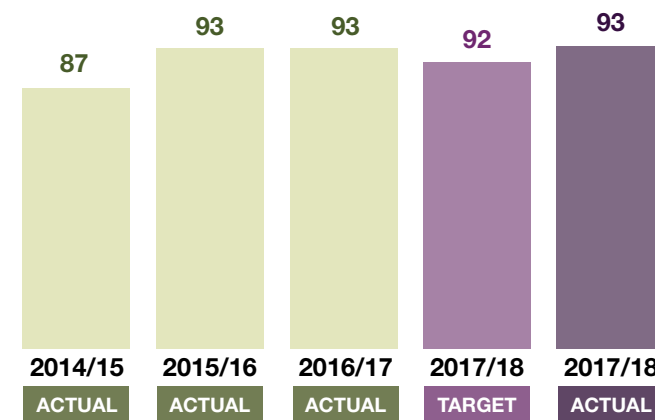
- ✦ Client agencies agree that Common Use Arrangements (CUAs) are awarded and managed on a value-for-money basis. This includes the value-for-money results from the State Fleet surveys. State Fleet is surveyed annually using a similar value-for-money method to other CUAs and agency specific contract surveys;
- ✦ Client agencies agree that their contracts are awarded on a value-for-money basis;
- ✦ Economies of scale are achieved through the aggregation of the acquisition, fleet management and disposal activities related to the Government's light vehicle fleet.

Profitability of the State's light vehicle fleet (\$'000)^(a)



(a) KPI is calculated by subtracting the operating expenses of the fleet from the operating revenue.

Extent to which client agencies agree that their agency contracts and CUAs achieved value-for-money (%)^(b)



(b) This indicator is calculated by dividing the total number of satisfied responses by the total number of survey respondents for users of CUAs and clients of agency specific contracts (827 surveys issued; 709 responses; 86 per cent response rate; 1.4 per cent at 95 per cent confidence level).

1. State Fleet's profitability has improved compared to 2017-18 target because of better than forecast sales results from the disposal of State Fleet vehicles.

Key Efficiency Indicators

Government Procurement

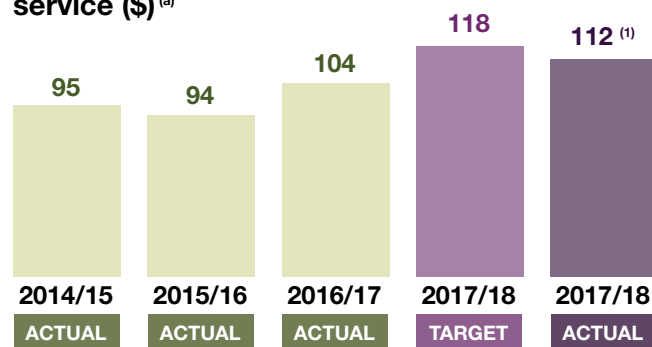
Service 2: Development and management of Common Use Contract Arrangements, State Fleet Leasing and Disposal and Providing Facilitation Service for Agency Specific Contracts

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.

In facilitating the development and management of client agency contracts, State Fleet and CUAs, the Department needs to effectively manage the cost of delivering this service which ensures agencies achieve value-for-money outcomes.

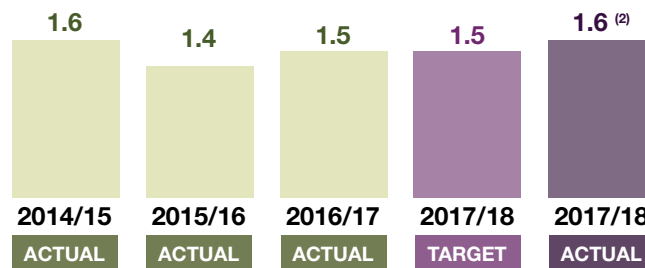
The Department is responsible for managing the State's vehicle fleet to ensure an efficient and effective use of government vehicles with particular focus on the delivery of a sustainable vehicle fleet. The indicator demonstrates the efficiency of managing the financing and administration of the Government's light vehicle fleet.

Average administrative cost per vehicle for financing and managing the State Fleet service (\$) ^(a)



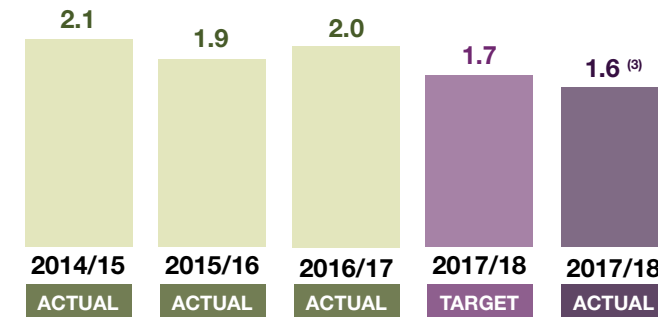
(a) This indicator is calculated by dividing the State Fleet operating costs by the number of vehicles managed by the State Fleet.

Cost of developing and managing whole-of-government CUAs as a percentage of the total annual value of purchases through the arrangements (%) ^(b)



(b) This indicator is calculated by dividing the costs of delivering this service by the total CUAs turnover.

Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value (%) ^(c)



(c) This indicator is calculated by dividing the costs of delivering this service by the total contract value for agency contracts awarded during the year.

1. Average administrative cost per vehicle is lower than budget as a result of both operational and fleet efficiencies. The increase in costs from 2016-17 to 2017-18 is attributable to the overall reduction in the fleet size.
2. The higher than target result is due to a reduction in CUA turnover which was partially offset by lower than estimated costs.
3. The decrease in costs from 2016-17 to 2017-18 was due to an increase in total awarded contract value while costs remained relatively static.

Key Efficiency & Effectiveness Indicators

Corporate Services

Outcome 3: Efficient and effective corporate services to client agencies

Service 3: Corporate services to client agencies

Effectiveness and efficiency indicators are not reported for this outcome as it relates to the corporate services provided directly by the Department to support the outcomes and activities of the Department of Treasury, the Office of the Government Chief Information Officer (OGCIO) and the Government Employees Superannuation Board (GESB). An exemption from the requirements of Treasurer's Instruction 904 (2)(iv) Key Performance Indicators, has been provided by the Under Treasurer in 2016-17.

Key Effectiveness Indicators

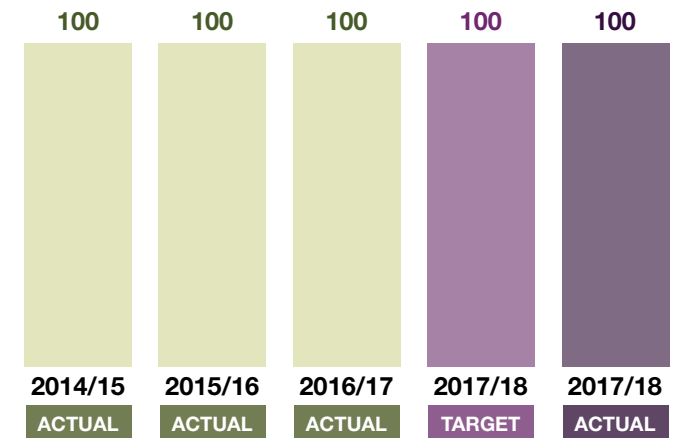
Building Management and Works

Outcome 4: Value-for-money from the management of the Government's non-residential buildings and public works

The Department, through Building Management and Works, delivers a range of services to lead the planning and delivery of a property portfolio that supports the delivery of government services to the community.

This indicator demonstrates the ability of Building Management and Works to deliver non-residential buildings for its client agencies within 10 per cent of the approved budget and focuses on significant projects within the works program. Achievement of projects on-budget is an important requirement for client agencies and is a key contributor to value-for-money outcomes.

Percentage of significant projects in the New Buildings program delivered within 10% of approved budget (%)^(a)



(a) This indicator measures the percentage of projects with current approved budgets of \$5 million or more that have been handed over to the client agency in the financial year. The calculation compares the anticipated final cost for each project with its current approved budget. Each project is deemed to meet the effectiveness indicator if the anticipated final cost does not exceed the current approved budget by more than 10 per cent.

Key Efficiency Indicators

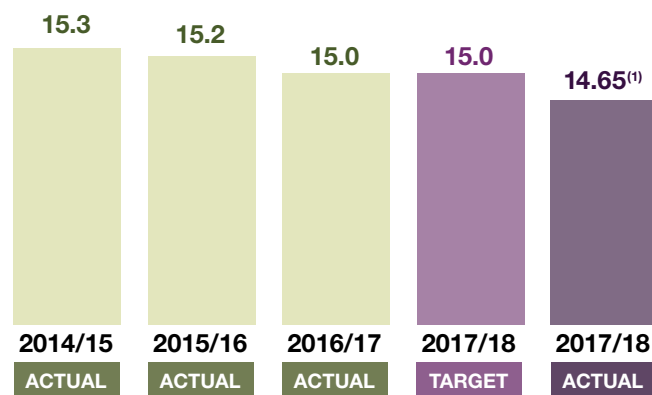
Building Management and Works

Service 4: Leads the planning, delivery, management and maintenance of government buildings, projects and office accommodation

This service 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.

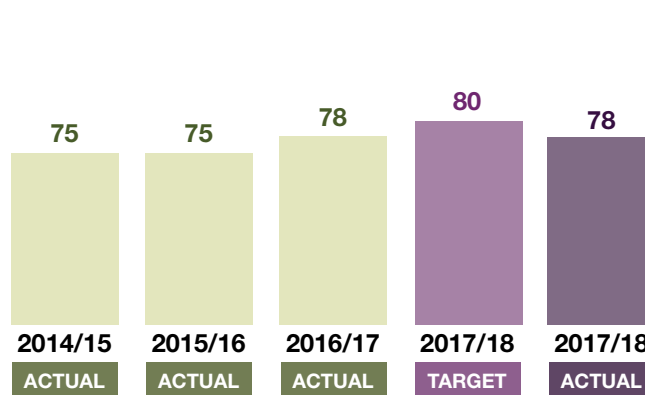
These indicators demonstrate the ability of Building Management and Works to achieve a reduced accommodation footprint for government use, ensure the timely response to maintenance issues, and deliver capital works programs on behalf of client agencies in a timely manner.

Average office accommodation floor space per work point (m²)^(a)



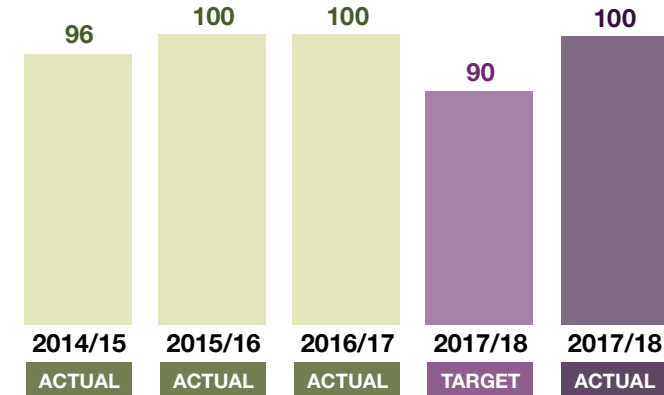
(a) This indicator measures the utilisation of government office accommodation through determining the average amount of floor area allocated per workspace across the government office accommodation portfolio.

Percentage of maintenance services delivered within 10% of approved timeframe (%)^(b)



(b) The indicator measures the percentage of high priority breakdown repairs attended to within 10 per cent of the approved timeframe across the State. High priority breakdowns are more time-critical and typically include breakdowns or failures that have an immediate adverse effect on the security, safety and/or health of occupants.

Percentage of significant projects in New Buildings Program delivered within three months of approved timeframe (%)^(c)



(c) This indicator measures the percentage of projects with current approved budgets of \$5 million or more that have been handed over to the client agency within three months of the approved date for handover in the current financial year.

- Improvement is due to the termination of leases (21,993 m²) with poor average workspace density (15.33 m²/workpoint) and the completion of fit-out works (17,504 m²) where the average workspace density was below the benchmark density (11.90 m²/workpoint).

Key Effectiveness Indicators

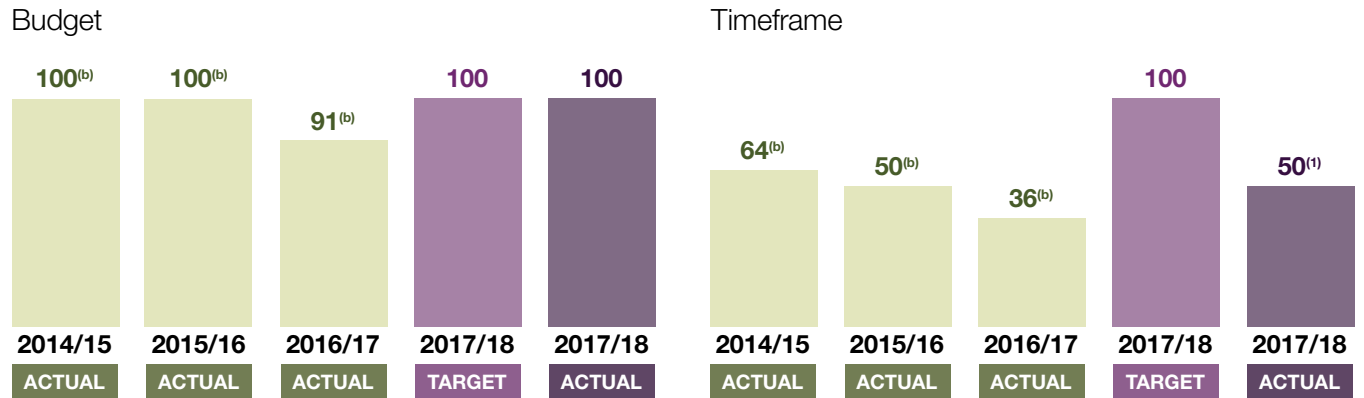
Strategic Projects

Outcome 4: Value-for-money from the management of the Government's non-residential buildings and public works

The Department works closely with agencies involved in the high value, high risk projects through joint development of business cases and Project Definition Plans as well as joint governance arrangements to reflect respective responsibilities between the Department and the agency.

This indicator demonstrates the ability of Strategic Projects to deliver major projects for its client agencies within approved budget and timeframe. Delivering significant projects within approved budget and timeframe is an important requirement for client agencies and is a key contributor to value-for-money outcomes.

Percentage of significant^(a) projects in the New Buildings program delivered within approved (%)



(a) Significant projects are those defined as high risk infrastructure projects typically in excess of \$100 million in value.

(b) The Strategic Projects function transferred from the Department of Treasury to Finance on 1 July 2017 as a result of Machinery of Government changes. Prior year results were previously disclosed in the annual report of Treasury.

- Five of the 10 major projects overseen by Strategic Projects that were active during 2017-18 have been, or are expected to be, completed within approved timeframes: Optus Stadium, Western Australia Schools Public Private Partnership, New Western Australian Museum, Inner City College, and the fit-out of a Bio-Resources Laboratory at the Sarich Neuroscience Research Institute. The remaining five projects have been subject to delays, as follows:
 - Perth Children's Hospital was significantly delayed by construction and commissioning issues before its commencement of clinical services in May 2018;
 - Eastern Goldfields Regional Prison and Busselton Health Campus also experienced construction and commissioning delays, however are now fully operational;
 - The procurement process for Karratha Health Campus was delayed to ensure the transition to operations occurred after the 2017-18 wet season;
 - The Casuarina Prison Expansion is currently indicating a delay however the timeframe will be reviewed subject to tender results.

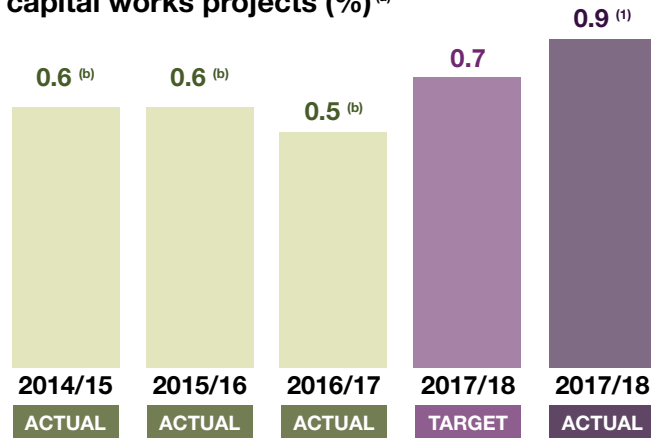
Key Efficiency Indicators

Strategic Projects

Service 5: Leads the planning and delivery of new government buildings

This service encompasses strategic leadership and facilitation in the planning, project management and procurement of major new non-residential buildings. It contributes to the desired outcome of value-for-money from the management of the Government's non-residential buildings and public works.

Cost as a percentage of the total annual value of the planning and delivery of capital works projects (%)^(a)



(a) This KPI is based on the costs associated with the planning and delivery of projects from the Department of Finance's Strategic Projects (SP) division, which include expenses for construction and other contractors, consultants, salaries of project team members (SP, client and other agencies), and general disbursements (corporate services).

(b) The Strategic Projects function transferred from the Department of Treasury to Finance on 1 July 2017 as a result of Machinery of Government changes. Prior year results were previously disclosed in the annual report of Treasury.

1. The increase in cost is the result of a reduction in the overall value of the major project portfolio due to completion of major projects such as the Optus Stadium and Perth Children's Hospital.