



Government of **Western Australia**
Department of **Environment Regulation**

ANNUAL REPORT

2013–14

Produced and published by

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Further reporting requirements are specified in the Public Sector Commission's *Annual Reporting Framework* available at: www.publicsector.wa.gov.au/.

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Accessibility

This document is available in alternative formats and languages on request to the Department of Environment Regulation.

STATEMENT OF COMPLIANCE

Honourable Albert Jacob MLA
Minister for Environment; Heritage

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Department of Environment Regulation for the financial year ended 30 June 2014.

The Annual Report has been prepared in accordance with the provisions of section 61 of the *Financial Management Act 2006*.



Jason Banks
Director General

22 September 2014

DIRECTOR GENERAL'S FOREWORD

On 1 May 2014, the Department's Corporate Executive implemented a new agency structure to enable a sharper focus on our core business.

I am pleased to present the inaugural Annual Report for the Department of Environment Regulation.

The Department, created on 1 July 2013 with its separation from the Department of Environment and Conservation, is now better positioned to deliver on its core roles and responsibilities of:

- protecting public health;
- minimising environmental impact;
- implementing environmental policy; and
- maximising agency performance.

Significantly, on 1 May 2014, the Department's Corporate Executive implemented a new agency structure to enable a sharper focus on our core business. The new structure enables the Department to:

- deliver regionally through functional areas rather than geographical locations;
- group key regulatory functions by aligning approvals and licensing, and compliance and enforcement;
- support approvals and licensing with key technical services in air, noise and contaminated sites;
- complement compliance and enforcement with pollution response and legal capability;
- consolidate policy and programs across all subject areas; and
- centralise corporate services.

I take this opportunity to thank all staff for their professionalism in making the transition to a new agency and structure, and for remaining committed to getting the job done.



Jason Banks
Director General

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OVERVIEW

EXECUTIVE SUMMARY

The Department of Environment Regulation came into being on 1 July 2013 with the mission to advise on and implement strategies for a healthy environment, for all current and future Western Australians, through two service areas:

- Service 1: Environmental Regulation—performing environmental regulation functions of approvals, compliance and enforcement.
- Service 2: Environmental Sustainability and Climate Change—advising on and implementing the State Government’s environmental policies and programs.

The Department was created as a new agency, following the separation of the former Department of Environment and Conservation (DEC) into two departments. The continuing agency, renamed the Department of Parks and Wildlife (Parks and Wildlife), has had the responsibility of providing bureau services to the Department in the areas of information and communication technology, human resources management, financial management, and recordkeeping.

Key performance indicator outcomes are reported in detail on pages 52–54. The Department publishes quarterly summaries on its website of its targets, performance, activities and outcomes in works approvals and licensing, compliance inspections, native vegetation clearing permit approvals, contaminated sites, and environmental enforcement. These summaries are available at www.der.wa.gov.au/about-us/regulatory-performance-and-reporting.

A structural realignment implemented from 1 May 2014 has enabled the Department to focus more sharply on its core business, through clarity of roles between licensing/approvals and compliance/enforcement, consolidated corporate services throughout the Department, and better coordination of functions across regional and administrative boundaries.

The following mandatory reporting areas relied on bureau services from the continuing agency Parks and Wildlife in 2013–14:

- Disability Access and Inclusion Plan
- Recordkeeping Plan
- Substantive equality
- Occupational safety and health and injury management.

PERFORMANCE HIGHLIGHTS

The Environmental Offsets Register, launched in August 2013, provides a public database of environmental offsets designed to counterbalance the impact of development on environmental and biodiversity values.

The Department made a number of significant achievements in its first year of operation.

- **Environmental Offsets Register:** launched by Environment Minister Albert Jacob in August 2013, the register provides a public database of environmental offsets designed to counterbalance the impact of development on environmental and biodiversity values. It is a consolidated record of environmental offsets, incorporating ministerial conditions imposed following assessment by the Environmental Protection Authority and conditions of clearing permits.

The register includes information on the spatial location of the offset; the type of offset and values being offset; the compensatory values of the offset; milestones and time frames for implementation.

The register is strongly supported across government, industry and environment groups.

- **Compliance program inspection targets exceeded:** the Department carries out a planned annual industry compliance program, setting targets to inspect and assess prescribed premises, controlled waste operations, industry sector (packaged fertiliser, asbestos management in construction/demolition, bulk port facilities, cattle feedlots and regional industrial areas) and risks presented by industries operating outside the *Environmental Protection Act 1986* (EP Act).

In 2013–14, the Department exceeded its target by 11 per cent, carrying out a total of 840 inspections, against the target of 758.

- **REFIRE licence reform progress:** the improved licensing format developed under the Department's Re-Engineering for Industry Regulation and Environment (REFIRE) program was applied to all works approvals and licences granted during the year, and 34 per cent of existing licences were converted to the new format.

Ninety-four per cent of approvals were completed within the 60-day target time frame.

- **Amendments to *Environmental Protection (Clearing of Native Vegetation) Regulations 2004***

amendments to these regulations were gazetted in December 2013. The amendments increase the period to maintain previously lawfully cleared areas for pasture, cultivation or forestry from 10 to 20 years, and increase the total area allowed per financial year per property from one hectare to five hectares.

- **Amendments to *Environmental Protection (Noise) Regulations 1997***

also gazetted in December 2013, these amendments brought the noise regulations into line with national standards and significantly improved their workability.

- **Completion of energy efficient swimming pools project:**

in May 2014 Environment Minister Albert Jacob marked the successful completion of the City of Kalgoorlie-Boulder's Low Emissions Energy Development (LEED) funded project by unveiling a screen that provides a live feed of the cost and energy savings of using combined solar energy and ground source heat pumps to heat two swimming pools in Kalgoorlie. An estimated 8,400 tonnes of carbon dioxide is expected to be saved over the life of the project, which is equivalent to growing 50,000 Australian native trees.

The State Government provided \$533,790 for the project through the LEED fund, which supports the development of new, low emission technologies.

The City of Kalgoorlie-Boulder's project has resulted in similar technologies being implemented at other WA community pools.

- **Registered training organisation status:** in April 2014 the Department was officially registered as a nationally accredited training organisation. This registration has facilitated the continued development and delivery of a suite of nationally recognised training courses and supporting resources, and is enabling the development of public administration capabilities across the agency.

The Department's scope of registration includes Certificate IV in Government (Statutory Compliance), Certificate IV in Government (Investigation) and Certificate IV in Government, which underpins the Department's Graduate Development Program.

OPERATIONAL STRUCTURE

In 2013–14, the Department delivered services through its two key service areas:
Environmental Regulation
and
Environmental Sustainability and Climate Change.

In 2013–14, the Department delivered services through its two key service areas:

- **Service Area 1**—Environmental Regulation—regulates emissions and discharges to the environment and the transport of hazardous wastes. Regulates the investigation, classification and management of contaminated sites.
- **Service Area 2**—Environmental Sustainability and Climate Change—develops and implements policies and strategies that promote environmentally sustainable practices in industry, government and the community, and provides leadership in the development and implementation of strategies to reduce the impact of climate change for Western Australia.

ENABLING LEGISLATION

On 1 July 2013, the Department of Environment Regulation was established under *the Public Sector Management Act 1994*.

RESPONSIBLE MINISTER

The Department's responsibility during the reporting period was to the Minister for Environment; Heritage, Hon. Albert Jacob MLA.

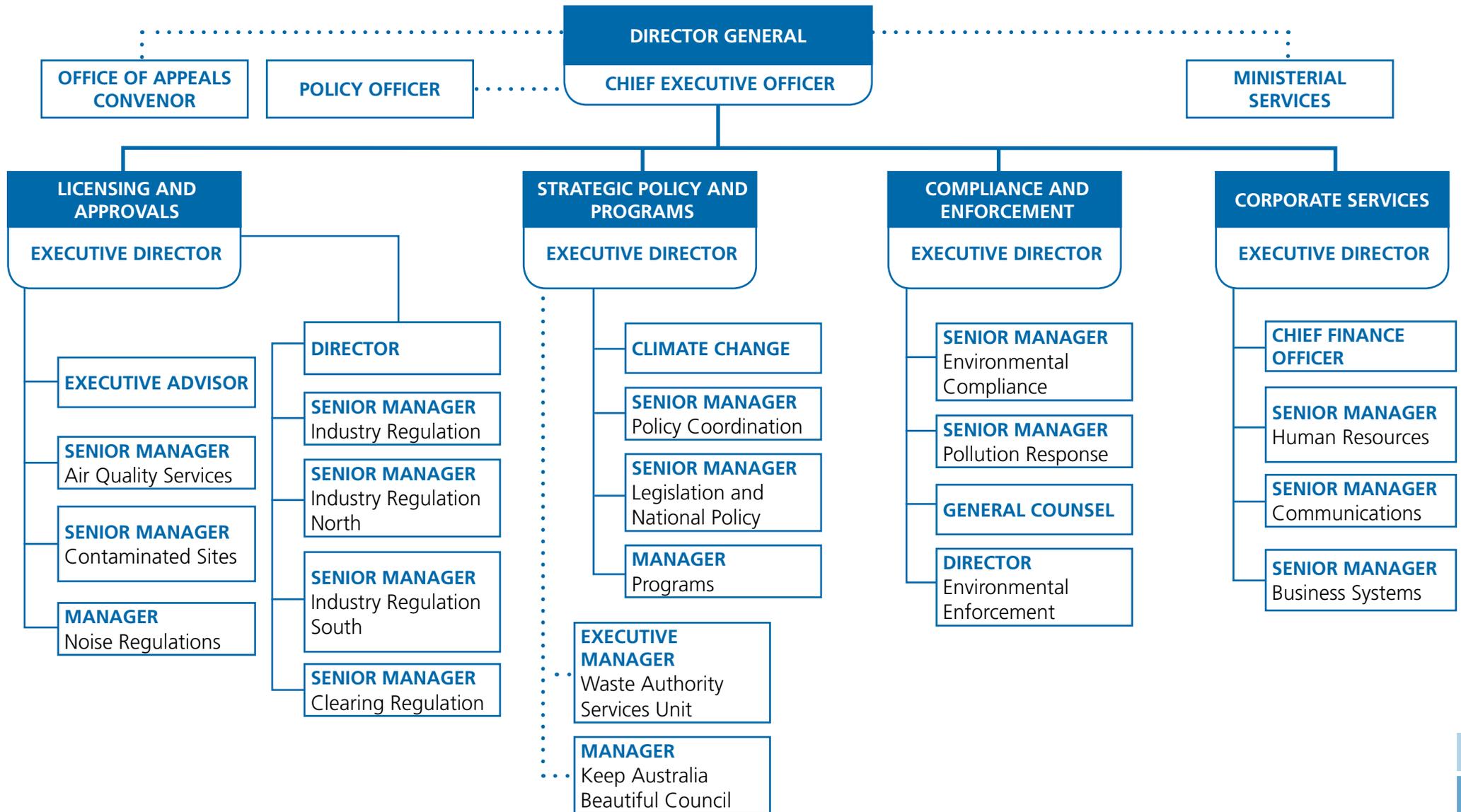
The Minister exercised authority under the *Environmental Protection Act 1986*, the *Contaminated Sites Act 2003*, *Waste Avoidance and Resource Recovery Act 2007* and other Department-administered legislation.

ORGANISATIONAL STRUCTURE

Purpose

To advise on and implement strategies for a healthy environment for all Western Australians.

Organisational chart – as at 30 June 2014



Functions

Licensing and Approvals

- Efficiently grant environmental regulatory instruments which are effective and enforceable, within target time frames.
- Primary responsibility for oversight of environmental management of activities for which environmental regulatory instruments have been granted.
- Primary responsibility for management of contentious issues associated with activities for which environmental regulatory instruments have been granted.
- Regulation of contaminated sites.

Strategic Policy and Programs

- Efficiently and effectively deliver the Government's policy agenda and programs within agreed time frames.
- Primary responsibility for all legislative amendments to Acts and subsidiary legislation administered by the Department.
- Primary responsibility for delivery of all Department programs.
- Provision of efficient and effective support services to the Waste Authority and the Keep Australia Beautiful Council.

Compliance and Enforcement

- Efficiently deliver integrated environmental compliance, enforcement, pollution response services which are effective and timely.
- Primary responsibility for environmental compliance programs across the state.
- Primary responsibility for environmental enforcement activities across the state.
- Provision of efficient, quality and timely legal services across the Department.

Corporate Services

- Efficiently and effectively deliver corporate services to the Department.
- Primary responsibility for direct delivery and management of bureau corporate services.

LEGISLATION ADMINISTERED AT 30 JUNE 2014

Copies of the legislation are available at www.der.wa.gov.au/about-us/legislation. Legislation can also be accessed at www.slp.wa.gov.au/Index.html.

Acts

Carbon Rights Act 2003

Contaminated Sites Act 2003

Environmental Protection Act 1986

Environmental Protection (Landfill) Levy Act 1998

Litter Act 1979

National Environment Protection Council (Western Australia) Act 1996

Waste Avoidance and Resource Recovery Act 2007

Waste Avoidance and Resource Recovery Levy Act 2007

Regulations

Clean Air (Determination of Air Impurities in Gases Discharged to the Atmosphere) Regulations 1983

Contaminated Sites Regulations 2006

Environmental Protection Regulations 1987

Environmental Protection (Abattoirs) Regulations 2001

Environmental Protection (Abrasive Blasting) Regulations 1998

Environmental Protection (Clearing of Native Vegetation) Regulations 2004

Environmental Protection (Concrete Batching and Cement Product Manufacturing) Regulations 1998

Environmental Protection (Controlled Waste) Regulations 2004

Environmental Protection (Domestic Solid Fuel Burning Appliances and Firewood Supply) Regulations 1998

Environmental Protection (Fibre Reinforced Plastics) Regulations 1998

Environmental Protection (Goldfields Residential Areas) (Sulfur Dioxide) Regulations 2003

Environmental Protection (Kwinana) (Atmospheric Wastes) Regulations 1992

Environmental Protection (Metal Coating) Regulations 2001

Environmental Protection (NEPM-NPI) Regulations 1998

Environmental Protection (NEPM-UPM) Regulations 2013

Environmental Protection (Noise) Regulations 1997

Environmental Protection (Packaged Fertiliser) Regulations 2010

Environmental Protection (Petrol) Regulations 1999

Environmental Protection (Recovery of Vapours from the Transfer of Organic Liquids) Regulations 1995

Environmental Protection (Rural Landfill) Regulations 2002

Environmental Protection (Unauthorised Discharges) Regulations 2004

Litter Regulations 1981

Noise Abatement (Noise Labelling of Equipment) Regulations (No. 2) 1985

Waste Avoidance and Resource Recovery Regulations 2008

Waste Avoidance and Resource Recovery Levy Regulations 2008

Environmental Protection Policies

Environmental Protection (Swan Coastal Plain Lakes) Policy 1992

Environmental Protection (Gnangara Mound Crown Land) Policy 1992

Environmental Protection (Peel Inlet–Harvey Estuary) Policy 1992

Environmental Protection (South West Agricultural Zone Wetlands) Policy 1998

Environmental Protection (Kwinana) (Atmospheric Wastes) Policy 1999

Environmental Protection (Goldfields Residential Areas) (Sulphur Dioxide) Policy 2003

Environmental Protection (Western Swamp Tortoise Habitat) Policy 2011

Changes made in 2013–14 to legislation administered

A number of changes to legislation administered by the Department occurred during the reporting period. These include:

- Amendments to the *Environmental Protection Regulations 1987* through the *Environmental Protection Amendment Regulations (No. 3) 2013* to increase fees were gazetted on 18 June 2013—commencing on 1 July 2013.
- The *Environmental Protection Amendment Regulations 2013* amend the *Environmental Protection Regulations 1987* to correct an obsolete reference to a repealed provision of the Act, correct punctuation and consequentially amend the Act due to the commencement of the *Fines, Penalties and Infringement Notices Enforcement Amendment Act 2012* s 14. They were gazetted on 20 August 2013.
- New regulations to enforce the National Environment Protection Measure (NEPM-UPM) were gazetted on 24 September 2013. The regulations accommodate minor amendments necessary to give effect to this NEPM.
- The *Environmental Protection Amendment Regulations (No. 2) 2013* amend Schedule 6 of the *Environmental Protection Regulations 1987* relating to offences in the *Environmental Protection (NEPM-UPM) Regulations 2013*. They were gazetted on 24 September 2013.
- The *Environmental Protection (Controlled Waste) Amendment Regulations (No. 2) 2013* were gazetted on 14 November 2013. They amend the *Environmental Protection (Controlled Waste) Regulations 2004* by consequentially amending the definition of ‘disposal site’ following the commencement of the *Water Services Act 2012* Part 2. In addition, the commencement of this Act introduced minor consequential amendments to Schedule 1 clause 1 to the *Environmental Protection (Clearing of Native Vegetation) Regulations 2004* through the *Environmental Protection (Clearing of Native Vegetation) Amendment Regulations 2013*.
- The *Environmental Protection (Clearing of Native Vegetation) Amendment Regulations (No. 2) 2013* were gazetted on 3 December 2013, and amend regulation 5(1) of the *Environmental Protection (Clearing of Native Vegetation) Regulations 2004* to increase the period to maintain previously lawfully cleared areas for pasture, cultivation or forestry from 10 to 20 years (regulation 5, item 14) and to increase the total area allowed per financial year, per property, for prescribed limited clearing from one hectare to five hectares.
- Amendments to the *Environmental Protection (Noise) Regulations 1997* were gazetted on 5 December 2013. These significant changes improve the Regulations’ effectiveness and workability, and bring them into line with national standards. Further minor amendments to the *Environmental Protection (Noise) Amendment Regulations 2014* were gazetted on 18 May 2014.
- The *Waste Avoidance and Resource Recovery Amendment (Validation) Bill 2014* was passed by the Legislative Assembly on 11 June 2014 and by the Legislative Council on 27 June 2014. It amends the *Waste Avoidance and Resource Recovery Act 2007* (WARR Act) to ratify the WARR Levy Regulations and amendments to those regulations; and to provide that those regulations are taken to be validly made, and that the rights and liabilities of all persons shall be the same as if the WARR Levy Regulations had been validly made.

OTHER KEY LEGISLATION RELEVANT TO THE DEPARTMENT

The Department is responsible for the implementation of seven National Environment Protection Measures (NEPMs) established under the *National Environment Protection Council Act 1994* (Cwth).

The Department reports annually to the National Environment Protection Council on the implementation of the following NEPMs:

- Air Toxics
- Ambient Air Quality
- Assessment of Site Contamination
- Diesel Vehicle Emissions
- Movement of Controlled Waste
- National Pollutant Inventory
- Used Packaging Materials (UPM).

In the performance of its functions, the Department also complies with the following relevant written laws.

Auditor General Act 2006

Disability Services Act 1993

Equal Opportunity Act 1984

Financial Management Act 2006

Freedom of Information Act 1992

Industrial Relations Act 1979

Minimum Conditions of Employment Act 1993

Occupational Safety and Health Act 1984

Public Sector Management Act 1994

Salaries and Allowances Act 1975

State Records Act 2000

State Supply Commission Act 1991

NOTICES, ORDERS, APPROVALS AND REFUSALS TO APPROVE

Environmental Notices, Orders, Exemption Orders, Approvals and Refusals to Approve Draft Policy are made under legislation by the Minister for Environment and are available in the *Western Australian Government Gazette*.

During the 2013–14 reporting year, the Minister approved the following under the *Environmental Protection (Noise) Regulations 1997* to exceed or vary noise emission standards:

- *Environmental Protection (Wagerup Alumina Refinery Noise Emissions) Amendment Approval 2013*, gazetted 10 December 2013; and
- *Environmental Protection (Western Power Electrical Distribution Transformer Noise Emissions) Approval 2014*, gazetted 6 May 2014.

Copies of the legislation administered by the Department are available through the Department's website at www.der.wa.gov.au/about-us/legislation.

Copies of Environmental Notices, Orders, Exemption Orders, Approvals and Refusals to Approve Draft Policy are available on the State Law Publisher website at www.slp.wa.gov.au/gazette/gazette.nsf.

MODIFIED PENALTIES

Under s 99E of the EP Act, the Department is required to publish notice of payment of any modified penalties during the financial year in its Annual Report.

There were no modified penalties issued or paid in 2013–14.

PERFORMANCE MANAGEMENT FRAMEWORK

OUTCOME BASED MANAGEMENT FRAMEWORK

The Department directly contributes to the State Government strategic goals, specifically:

- ensuring that economic activity is managed in a socially and environmentally responsible manner for the long-term benefit of the state.

The following table illustrates the relationship between agency-level desired outcomes and the Government’s goal. The key efficiency indicators monitor the relationship between the service delivered and the resources used to produce the service.

Government Goal	Service and Performance Indicators
<p>Social and environmental responsibility: Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long-term benefit of the State.</p>	<p>Service Area 1—Environmental Regulation</p> <p><i>Key effectiveness indicators:</i></p> <ul style="list-style-type: none"> Number of exceedences of approved environment criteria by regulated activities Number of National Environment Protection Measure (NEPM) exceedences per annum of criteria pollutants <p><i>Key efficiency indicators:</i></p> <ul style="list-style-type: none"> KPI 1.1 Average cost per air monitoring station KPI 1.2 Average cost per industry licence KPI 1.3 Average cost per contaminated site assessment KPI 1.4 Average cost of remediating state sites <p>Service Area 2—Environmental Sustainability and Climate Change</p> <p><i>Key effectiveness indicators:</i></p> <ul style="list-style-type: none"> Percentage of waste in the metropolitan area diverted from landfill through recycling <p><i>Key efficiency indicators:</i></p> <ul style="list-style-type: none"> KPI 2.1 Cost of administering Waste Avoidance and Resource Recovery Account as a percentage of total funds KPI 2.2 Cost of administering Low Emissions Energy Development fund as a percentage of total funds
<p>Desired outcome</p> <p>Emissions and discharges meet acceptable criteria.</p>	
<p>Desired outcome</p> <p>Adoption of environmentally sustainable practices to protect, manage and restore the State’s natural resources.</p>	

AGENCY PERFORMANCE

REPORT ON OPERATIONS

Structured realignment of key functional areas ensures that the Department will continue to adapt and improve service delivery to Government, industry and the community.

The Department of Environment Regulation was restructured from 1 May 2014. Structural realignment of key functional areas ensures that it will continue to adapt and improve service delivery to Government, industry and the community.

Information is published each quarter on the Department's targets, performance, activities and outcomes for the following functions:

- works approvals and licences—number and timeliness of works approvals and licences granted for major resource and other projects, and controlled waste licences;
- environmental compliance—industry regulation proactive compliance inspection program;
- native vegetation clearing permits—number and timeliness of decisions on clearing permit applications made by the Departments of Environment Regulation and Mines and Petroleum (by delegation under the EP Act);

- contaminated sites—number of classifications of reported known or suspected contaminated sites, and number and timeliness of review of mandatory auditor's reports; and
- environmental enforcement—statistical and supporting information outlining the Department's enforcement activity and outcomes.

Quarterly approvals summaries and performance reports are publicly available at www.der.wa.gov.au/about-us/regulatory-performance-and-reporting.

SERVICE AREAS

The Department advises on and implements strategies and policies for a healthy environment for all Western Australians.

SERVICE 1: ENVIRONMENTAL REGULATION

The Department has adopted a multi-faceted approach to delivering its regulatory role, which broadly fits into three main functions:

- approvals and licensing;
- monitoring, audit and compliance inspections; and
- enforcement, including complaint and incident investigation.

Licensing and Approvals

The Department assesses, determines and/or advises on environmental licences and approvals in the areas of:

- industry regulation;
- contaminated sites regulation;
- clearing regulation; and
- noise regulation.

Core regulatory instruments include works approvals, licences, classifications, clearing permits and exemptions. These are assessed and determined in accordance with statutory and target time frames. Performance against time frames is reported quarterly on the Department's website at www.der.wa.gov.au/about-us/regulatory-performance-and-reporting.

The Department maintains a regional presence to oversee the operational environmental management of activities subject to works approvals or licences.

Compliance

The Department conducts annual targeted risk-based compliance activities, including inspections, to assess compliance with the legislation and the regulatory instruments it administers.

Enforcement

The Department responds to pollution incidents to reduce the potential impacts of such incidents on public health and the environment.

The Department enforces the legislation and regulatory instruments it administers by conducting formal investigations into complaints and reported incidents; and where a *prima facie* case is established, and it is in the public interest to do so, administering an appropriate sanction.

Regional investigators are located around the state to respond to and investigate incidents and complaints.

Service 1—Environmental Regulation—Performance Summary

	2013–14 Target ⁽¹⁾	2013–14 Actual	Variation ⁽²⁾
	\$'000	\$'000	\$'000
Total cost of service	39,033	41,431	(2,398)
<i>Less total income other than income from State Government</i>	23,763	29,356	5,593
Net income (cost of services)	(15,270)	(12,075)	3,195
Employees (full-time equivalents)	305	225	(80)
Key efficiency indicators	\$	\$	\$
Average cost per air monitoring station	430,769	532,462	(101,693)
Average cost per industry licence	25,236	26,048	(812)
Average cost per contaminated site assessment	5,625	5,626	(1)
Average cost of remediating state sites	285,154	150,500	134,654

(1) As specified in the 2013–14 Budget Statements.

(2) Further explanations are contained in the [key efficiency indicators section](#) within this Annual Report.

SERVICE 1 KEY DELIVERABLES

Industry regulation

The Department continued implementation of its Re-Engineering for Industry Regulation and Environment (*REFIRE*) reform program, to improve consistency, efficiency, quality and effectiveness. During this reporting period:

- all works approvals and licences for new premises granted were in the new *REFIRE* format; and
- thirty-four per cent of existing licences were converted to *REFIRE* format.

The 60-working-day target time frame for decisions on works approvals and licences for major resource projects was achieved for 94 per cent of approvals during the 2013–14 reporting period.

Clearing permit system upgrade

An upgrade to the Department's clearing permit system was commissioned to enhance reporting.

Clearing regulation

Amendments to the *Environmental Protection (Clearing of Native Vegetation) Regulations 2004* were gazetted on 3 December 2013. The amendments:

- reduce the administrative burden on land owners and land managers;
- recognise the need to maintain agricultural productivity and protect water quality; and
- prevent significant environmental impacts that would otherwise result from inappropriate clearing.

Compliance

Proactive industry regulation compliance activities are coordinated through the annual *Industry Regulation Compliance* program. The Department exceeded its target of 758 compliance inspections under its Industry Regulation Compliance program for 2013–14, which included inspections across prescribed premises, controlled waste, industry sectors and special risk sectors. A total of 840 sites was inspected.

Asbestos compliance

Following on from the 2012–13 *Asbestos Management in Construction and Demolition Waste Compliance* program at recycling facilities, the Department worked with other waste industries throughout 2013–14, including waste storage and transfer facilities, to reduce the potential for asbestos in re-use and recycling processes.

Noise regulation

Amendments to the *Environment Protection (Noise) Regulations 1997* were gazetted on 5 December 2013. The amendments:

- introduce new regulations to better manage noise from motorsports venues, shooting venues, major concert venues and some essential services;
- align blasting levels with national best practice and relax industry-to-industry noise levels within the Kwinana Industrial Area; and
- clarify and update a number of existing provisions.

Enforcement

The Department administered 270 environmental sanctions in the 2013–14 financial year including infringement notices, formal warnings and prosecutions.

Pollution response

The Department responded to 156 pollution incidents within WA including a number of hazardous materials fires, chemical spills, tanker roll overs, clandestine drug laboratories and illegal dumping of hazardous chemicals.

SERVICE 2: ENVIRONMENTAL SUSTAINABILITY AND CLIMATE CHANGE

The Department of Environment Regulation develops and implements:

- policies and strategies to promote environmentally sustainable practice by industry, government and the community; and
- strategies to reduce the impact of climate change for Western Australia.

Under the *Environment Protection and Biodiversity and Conservation Act 1999* (EPBC Act) the Department:

- supported negotiations for assessment and approvals bilateral agreements with the Commonwealth Government to accredit the clearing permit process as part of the Australian Government's "one-stop shop"; and
- continued to support the strategic assessment of the impact of development in the Perth and Peel regions on matters of national environmental significance.

In this reporting period the Department:

- commenced a statutory review, on behalf of the Minister for Environment, of the *Waste Avoidance and Resource Recovery Act 2007* (WARR Act) to assess its effectiveness in delivery of waste outcomes;
- continued to participate in the development of a new *National Clean Air Agreement* which will provide a national air quality policy framework;
- continued to administer the *Perth Air Quality Management Plan* in 2013–14 in consultation with the Air Quality Coordinating Committee; and
- in cooperation with industry, maintained its governance role in the monitoring of rock art on the Burrup Peninsula to ensure its protection against air pollutants.

The Department provided climate change advice to state agencies, local governments and other stakeholders on undertaking climate change risk and vulnerability assessments and adaptation planning and integrating adaptation considerations into existing policies, programs and decision-making.

The Department coordinated the provision of data to the National Pollutant Inventory, a publicly accessible internet database (www.npi.gov.au) that provides the community, industry and government with information on the emissions of 93 selected substances from industry, transport and commercial premises to air, land and water.

In this reporting period, the Department developed and implemented the:

- *BurnWise* program, to promote correct wood heater operation and provide support and tools to local government environmental health officers to reduce adverse smoke impacts; and
- *CleanRun* program, a key initiative for implementing the National Environment Protection (Diesel Vehicle Emissions) Measure in Western Australia and vehicle related actions under the Perth Air Quality Management Plan. *CleanRun* consists of three key initiatives:
 - a Smoky Vehicle Reporting Program targeting gross polluting vehicles;
 - monitoring of the in-service vehicle fleet with the *CleanRun* remote sensing device; and
 - *EcoDrive*, a driver behaviour change program to promote the reduction of fuel emissions by professional drivers of commercial diesel vehicles.

Service 2—Environmental Sustainability and Climate Change—Performance Summary

	2013–14 Target ⁽¹⁾	2013–14 Actual	Variation ⁽²⁾
	\$'000	\$'000	\$'000
Total cost of service	27,218	27,437	(219)
<i>Less total income other than income from State Government</i>	44,592	47,373	(2,781)
Net income (cost of services)	17,374	19,936	(2,562)
Employees (full-time equivalents)	75	98	23
Key efficiency indicators			
Cost of administering Waste Avoidance and Resource Recovery Account as a percentage of total funds	8%	11%	(3%)
Cost of administering Low Emissions Energy Development (LEED) fund as a percentage of total funds	0.60%	0.59%	0.01%

(1) As specified in the 2013–14 Budget Statements.

(2) Further explanations are contained in the [key efficiency indicator section](#) within this Annual Report.

SERVICE 2 KEY DELIVERABLES

● Environmental offsets register

Launched on 13 August 2013 by the Environment Minister Albert Jacob, the register provides a consolidated record of the state's environmental offsets under WA legislation or agreements and meets government, community and industry expectations for transparency and accountability. See <https://offsetsregister.wa.gov.au>.

● Low Emissions Energy Development (LEED) funded projects

The LEED Fund invests in the development of technologies to cut greenhouse gas emissions from the energy sector. The fund is now fully allocated. More than \$5.6 million of LEED funding for successfully completed milestones has been paid. In 2013–14:

- Curtin University's Fuels and Energy Technology Institute commissioned a demonstration pyrolyser, enabling research into using biomass such as mallee to produce renewable solid, liquid and gas fuels.
- The University of Western Australia built a multi-column pressure swing adsorption prototype system and has been using it to develop ways to separate methane and other gases at LNG facilities.

- Carnegie Wave Energy completed construction of three buoyant actuators. The buoys were unveiled at Henderson by the Federal Industry Minister, Hon Ian MacFarlane, on 9 April 2014. The project has also completed the subsea foundation and the pipework to shore.
- The City of Kalgoorlie-Boulder's ground source heat pump and solar project to heat the Goldfields Oasis Leisure Centre pools was opened by the Environment Minister Albert Jacob on 27 May 2014. The project is expected to save 11,000 tonnes of carbon dioxide emissions over its working life. Several other public pools have also initiated renewable heating projects, showing the wider adoption that results from supporting new technologies.

In this reporting period, two LEED projects completed their final milestones:

- an anaerobic digester at Richgro's Jandakot facility; and
- a ground source heat pump at the City of Kalgoorlie-Boulder's Goldfields Oasis Leisure Centre.

WASTE AUTHORITY

Support for the Waste Authority.

Environment Minister Albert Jacob has a statutory responsibility to resource the Waste Authority.

The Department of Environment Regulation employs staff to support the Waste Authority, and the implementation of the programs and projects in the Waste Authority Business Plan 2013–14.

The Waste Avoidance and Resource Recovery (WARR) Account is to be administered by the Waste Authority (s 79(2) of the WARR Act).

KEY DELIVERABLES

In this reporting period, the Department of Environment Regulation:

- established key performance indicators for the dedicated waste and recycling inspection and compliance function;
- supported development of guidelines for the management of asbestos at construction and demolition waste recycling facilities; and
- participated on national waste policy working groups, such as the waste paint, and handheld battery product stewardship initiatives.

The Waste Authority reports on its activities annually to Parliament — see www.wasteauthority.wa.gov.au/publications/category/annual-reports. The Waste Authority financials are reported to Parliament by way of the Department of Environment Regulation financial statements in this report as required under s 81(2) of the WARR Act.

BUDGET AND KEY PERFORMANCE INDICATOR SUMMARY

TARGET VERSUS ACTUAL RESULTS

Financial Targets

	2013–14 Target ⁽¹⁾ \$'000	2013–14 Actual \$'000	Variation ⁽²⁾ \$'000
Total cost of services (expense limit) – sourced from Statement of Comprehensive Income	66,251	68,868	(2,617)
Net income (cost of services) – sourced from Statement of Comprehensive Income	2,104	7,861	(5,757)
Total equity – sourced from Statement of Financial Position	18,169	39,635	(21,466)
Net increase in cash held – sourced from Statement of Cash Flows	2,940	6,144	(3,204)
	2013–14 Target	2013–14 Actual	Variation
Approved full-time equivalent (FTE) staff level	380	320*	(60)

(1) As specified in the 2013–14 Budget Statements.

(2) Further explanations are contained in [Note 34 'Explanatory statement'](#) within this Annual Report.

* Average FTE for 2013–14.

Summary of Key Performance Indicators

	2013–14 Target ⁽¹⁾	2013–14 Actual	Variation ⁽²⁾
<i>Outcome 1: Emissions and discharges meet acceptable criteria</i>			
Key Effectiveness Indicator(s):			
Number of exceedences of approved environment criteria by regulated activities	25	37	(12)
Number of National Environment Protection Measures (NEPM) exceedences per annum of criteria pollutants	28	8	20
<i>Service Area 1: Environmental Regulation</i>			
Key Efficiency Indicator(s):			
Average cost per air monitoring station	\$ 430,769	\$ 532,462	\$(101,693)
Average cost per industry licence	25,236	26,048	(812)
Average cost per contaminated site assessment	5,625	5,626	(1)
Average cost of remediating state sites	285,154	150,500	134,654
<i>Outcome 2: Adoption of environmentally sustainable practices to protect, manage and restore the State's natural resources</i>			
Key Effectiveness Indicator(s):			
Percentage of waste in the metropolitan area diverted from landfill through recycling	45%	47%	(2%)
<i>Service Area 2: Environmental Sustainability and Climate Change</i>			
Key Efficiency Indicator(s):			
Cost of administering Waste Avoidance and Resource Recovery Account as a percentage of total funds	8%	11%	(3%)
Cost of administering Low Emissions Energy Development fund as a percentage of total funds	0.60%	0.59%	0.01%

(1) As specified in the 2013–14 Budget Statements.

(2) Explanations for the variations between target and actual results are presented in the [key effectiveness and efficiency indicator section](#) within this Annual Report.

SIGNIFICANT ISSUES

SIGNIFICANT ISSUES

The Department is continuing to focus upon its regulatory performance and reforms to streamline and improve regulatory processes.

The Department is continuing to focus upon its regulatory performance and reforms to streamline and improve regulatory processes.

The Department is participating in the Government's negotiations with the Commonwealth to remove duplication of matters of national environmental significance regulated by clearing permits.

The increase to the landfill levy is forecast to result in receipts to the WARR Account as follows: \$15 million (2014–15), \$26 million (2015–16), \$26.25 million (2016–17) and \$27 million (2017–18). These funds will be used to implement initiatives related to the management, reduction, re-use, recycling, monitoring or measurement of waste.

All receipts from the landfill levy in excess of the Department's approved expenditure are forecast to be paid into the Consolidated Account as follows: \$20.5 million (2014–15), \$62.2 million (2015–16), \$61.8 million (2016–17) and \$64 million (2017–18).

DISCLOSURES AND LEGAL COMPLIANCE

AUDITOR GENERAL'S OPINION

“In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Department of Environment Regulation at 30 June 2014 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer’s Instructions.”



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

DEPARTMENT OF ENVIRONMENT REGULATION

Report on the Financial Statements

I have audited the accounts and financial statements of the Department of Environment Regulation.

The financial statements comprise the Statement of Financial Position as at 30 June 2014, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information, including Administered transactions.

Director General's Responsibility for the Financial Statements

The Director General is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Director General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Director General, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Department of Environment Regulation at 30 June 2014 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

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7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500 FAX: 08 6557 7600

Report on Controls

I have audited the controls exercised by the Department of Environment Regulation during the year ended 30 June 2014.

Controls exercised by the Department of Environment Regulation are those policies and procedures established by the Director General to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Director General's Responsibility for Controls

The Director General is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Department of Environment Regulation based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Department complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the controls exercised by the Department of Environment Regulation are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2014.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Department of Environment Regulation for the year ended 30 June 2014.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Director General's Responsibility for the Key Performance Indicators

The Director General is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Director General determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Director General's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the key performance indicators of the Department of Environment Regulation are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2014.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Department of Environment Regulation for the year ended 30 June 2014 included on the Department's website. The Department's management is responsible for the integrity of the Department's website. This audit does not provide assurance on the integrity of the Department's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.


COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
19 September 2014

FINANCIAL STATEMENTS

CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of the Department of Environment Regulation have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2014 and the financial position as at 30 June 2014.



FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

DEPARTMENT OF ENVIRONMENT REGULATION

Statement of Comprehensive Income

For the year ended 30 June 2014

	Note	2014 \$000
COST OF SERVICES		
Expenses		
Employee benefits expense	6	35,237
Supplies and services	7	10,361
Depreciation and amortisation expense	8	382
Accommodation expenses	9	4,724
Grants and subsidies	10	16,045
Other expenses	11	2,104
Loss on disposal of non-current assets		15
Total cost of services		68,868
Income		
<i>Revenue</i>		
User charges and fees	12	23,643
Commonwealth grants and contributions	13	248
Interest revenue		717
Landfill levy	14	46,661
Other revenue	15	5,460
Total revenue		76,729
Total income other than income from State Government		76,729
NET INCOME (COST OF SERVICES)		7,861
Income from State Government		
Service appropriation	16	5,158
Services received free of charge		999
Royalties for Regions Fund		125
Total income from State Government		6,282
SURPLUS FOR THE PERIOD		14,143
OTHER COMPREHENSIVE INCOME		
Items not reclassified subsequently to profit or loss		
Changes in asset revaluation surplus	28	70
Total other comprehensive income		70
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		14,213



See also the 'Schedule of Income and Expenses by Service'

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

DEPARTMENT OF ENVIRONMENT REGULATION

Statement of Financial Position

As at 30 June 2014

	Note	2014 \$000
ASSETS		
Current Assets		
Cash and cash equivalents	29	5,711
Restricted cash and cash equivalents	17,29	26,580
Receivables	18	13,492
Other current assets	19	381
Total Current Assets		46,164
Non-current Assets		
Restricted cash and cash equivalents	17,29	1,017
Amounts receivable for services	20	433
Property, plant and equipment	21	2,955
Intangible assets	23	1,596
Total Non-current Assets		6,001
TOTAL ASSETS		52,165
LIABILITIES		
Current Liabilities		
Payables	25	4,115
Provisions	26	4,638
Other current liabilities	27	850
Total Current Liabilities		9,603
Non-current Liabilities		
Provisions	26	2,927
Total Non-current Liabilities		2,927
TOTAL LIABILITIES		12,530
NET ASSETS		39,635
EQUITY		
Contributed equity	28	25,422
Reserves		70
Accumulated surplus		14,143
TOTAL EQUITY		39,635



See also the 'Schedule of Assets and Liabilities by Service'.

The Statement of Financial Position should be read in conjunction with the accompanying notes.

DEPARTMENT OF ENVIRONMENT REGULATION

Statement of Changes in Equity

For the year ended 30 June 2014

	Note	Contributed Equity \$000	Reserves \$000	Accumulated surplus \$000	Total equity \$000
Balance at 1 July 2013	28	-	-	-	-
Surplus		-	-	14,143	14,143
Other comprehensive income		-	70	-	70
Total comprehensive income for the period		-	70	14,143	14,213
Transactions with owners in their capacity as owners:					
Capital appropriations		855	-	-	855
Other contributions by owners		31,477	-	-	31,477
Distributions to owners		(6,910)	-	-	(6,910)
Total		25,422	-	-	25,422
Balance at 30 June 2014		25,422	70	14,143	39,635



The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

DEPARTMENT OF ENVIRONMENT REGULATION

Statement of Cash Flows

For the year ended 30 June 2014

	Note	2014 \$000
CASH FLOWS FROM STATE GOVERNMENT		
Service appropriation		4,725
Royalties for Regions Fund		125
Capital contributions		855
Distributions to owners		(6,910)
Net cash provided to State Government		(1,205)
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits		(34,925)
Supplies and services		(7,893)
Accommodation		(4,577)
Grants and subsidies		(15,993)
GST payments on purchases		(1,795)
Other payments		(2,104)
Receipts		
User charges and fees		23,474
Commonwealth grants and contributions		248
Interest received		717
Landfill levy		45,995
GST receipts on sales		69
GST receipts from taxation authority		1,365
Other receipts		4,426
Net cash provided by operating activities	29	9,007
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments		
Purchase of non-current physical assets		(1,658)
Net cash used in investing activities		(1,658)
Net increase in cash and cash equivalents		6,144
Cash and cash equivalents transferred from DPaW		27,164
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	29	33,308



The Statement of Cash Flows should be read in conjunction with the accompanying notes.



DEPARTMENT OF ENVIRONMENT REGULATION

Schedule of Income and Expenses by Service

For the year ended 30 June 2014

	Environmental Regulation 2014 \$000	Environmental Sustainability and Climate Change 2014 \$000	Total 2014 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	28,038	7,199	35,237
Supplies and services	7,046	3,315	10,361
Depreciation and amortisation expense	382	-	382
Accommodation expenses	3,162	1,562	4,724
Grants and subsidies	1,738	14,307	16,045
Other expenses	1,050	1,054	2,104
Loss on disposal of non-current assets	15	-	15
Total cost of services	41,431	27,437	68,868
Income			
User charges and fees	23,643	-	23,643
Commonwealth grants and contributions	248	-	248
Interest revenue	717	-	717
Landfill levy	-	46,661	46,661
Other revenue	4,748	712	5,460
Total income other than income from State Government	29,356	47,373	76,729
NET INCOME (COST OF SERVICES)	(12,075)	19,936	7,861
Income from State Government			
Service appropriation	3,384	1,774	5,158
Services received free of charge	683	316	999
Royalties for Regions Fund	125	-	125
Total income from State Government	4,192	2,090	6,282
SURPLUS/(DEFICIT) FOR THE PERIOD	(7,883)	22,026	14,143

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DEPARTMENT OF ENVIRONMENT REGULATION

Schedule of Assets and Liabilities by Service

As at 30 June 2014

	Environmental Regulation 2014 \$000	Environmental Sustainability and Climate Change 2014 \$000	Total 2014 \$000
Assets			
Current assets	21,020	25,144	46,164
Non-current assets	5,543	458	6,001
Total Assets	26,563	25,602	52,165
Liabilities			
Current liabilities	6,838	2,765	9,603
Non-current liabilities	2,003	924	2,927
Total Liabilities	8,841	3,689	12,530
NET ASSETS	17,722	21,913	39,635

The Schedule of Assets and Liabilities by Service should be read in conjunction with the accompanying notes.

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DEPARTMENT OF ENVIRONMENT REGULATION

Summary of Consolidated Account Appropriations and Income Estimates

For the year ended 30 June 2014

	2014 Estimate \$000	2014 Actual \$000	Variance \$000
Delivery of Services			
Item 104 Net amount appropriated to deliver services	434	4,886	4,452
Section 25 Transfer of service appropriation Amount Authorised by Other Statutes - <i>Salaries and Allowances Act 1975</i>	-	-	-
Total appropriations provided to deliver services	706	5,158	4,452
Capital			
Item 169 Capital appropriations	855	855	-
GRAND TOTAL	1,561	6,013	4,452
Details of Expenses by Service			
Environmental Regulation	39,033	41,431	2,398
Environmental Sustainability and Climate Change	27,218	27,437	219
Total Cost of Services	66,251	68,868	2,617
Less Total Income	(68,355)	(76,729)	(8,374)
Net Income (Cost of Services)	2,104	7,861	5,757
Adjustments	(1,398)	(2,703)	(1,305)
Total appropriations provided to deliver services	706	5,158	4,452
Capital Expenditure			
Purchase of non-current physical assets	855	1,658	803
Adjustments for other funding sources	-	(803)	(803)
Capital appropriations	855	855	-
Details of Income Estimates			
Income disclosed as Administered income	30	4	(26)
Total administered transactions	30	4	(26)

Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation.

Note 34 'Explanatory Statement' provides details of any significant variations between estimates and actual results for 2014.



DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

1. Australian Accounting Standards

General

The Department of Environment Regulation's (DER) financial statements for the year ended 30 June 2014 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

This is the Department's first annual report. From 1 July 2013 DER and the Department of Parks and Wildlife (DPaW) have delivered services previously offered by the Department of Environment and Conservation (DEC).

DER has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

DER cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by DER for the annual reporting period ended 30 June 2014.

2. Summary of significant accounting policies

(a) General statement

DER is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's Instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for land which has been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000).

Note 3 'Judgments made by management in applying accounting policies' discloses judgments that have been made in the process of applying DER's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that



DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Reporting entity

The reporting entity comprises the Department and bodies included at note 38 'Related and affiliated bodies'.

Mission

To advise on and implement strategies for a healthy environment, for all Western Australians.

DER is predominantly funded by fees received for the provision of services to the public and supplemented by Parliamentary appropriations. The financial statements encompass all funds through which DER controls resources to carry on its functions.

Services

DER provides the following services:

Service 1: Environmental Regulation—by performing environmental regulation functions of approvals, compliance and enforcement.

Service 2: Environmental Sustainability and Climate Change—by advising on and implementing the State Government's environmental policies and programs.

DER administers income and expenses on behalf of Government which are not controlled by, nor integral to the function of DER. These administered transactions are not recognised in the principal financial statements of DER but schedules are prepared using the same basis as the financial statements and are presented at note 42 'Disclosures of administered income and expenses by service'.

(d) Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed equity.

Transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non reciprocal.

(e) Income**Revenue recognition**

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.



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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Provision of services

Revenue is recognised by reference to the stage of completion of the transaction.

Interest

Revenue is recognised as the interest accrues.

Service appropriations

Service appropriations are recognised as revenues at nominal value in the period in which DER gains control of the appropriated funds. DER gains control of appropriated funds at the time those funds are deposited to DER's bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Net appropriation determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of DER. In accordance with the determination specified in the 2013–14 Budget Statements, DER retained \$76.7 million in 2014 from the following:

- proceeds from user charges and fees
- Commonwealth specific purpose grants and contributions
- interest revenue
- landfill levy
- other revenue.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when DER obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Royalties for Regions funds are recognised as revenue at fair value in the period in which DER obtains control over the funds. DER obtains control of the funds at the time the funds are deposited into DER's bank account.

Gains

Realised or unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(f) Property, plant and equipment**Capitalisation/expensing of assets**

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income.



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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Initial recognition and measurement

Property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land and historical cost for all other property, plant and equipment. Land is carried at fair value less accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land is determined on the basis of current market buying values determined by reference to recent market transactions.

In the absence of market-based evidence, fair value of land is determined on the basis of existing use. This normally applies where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, ie. the depreciated replacement cost.

Land is independently valued annually by the Western Australian Land Information Authority (Valuation Services) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful life. Professional judgment by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets as described in note 21 'Property, plant and equipment'.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight-line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Information technology assets	4 years
Environmental assets	2-10 years
Office equipment	6-7 years
Software (a)	2-5 years
Plant and equipment	4-20 years

(a) Software that is integral to the operation of related hardware.



DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Land is not depreciated.

(g) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful lives. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by the Department have a finite useful life and zero residual value.

The expected useful lives for each class of intangible asset are:

Development costs	3 to 5 years
Computer software (a)	3 to 5 years
Website costs	3 to 5 years

(a) Software that is not integral to the operation of any related hardware.

Development costs

Research costs are expensed as incurred. Development costs incurred for an individual project are carried forward when the future economic benefits can reasonably be regarded as assured and the total project costs are likely to exceed \$50,000. Other development costs are expensed as incurred.

Computer software

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

Website costs

Website costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a website, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a website that can be reliably measured, are capitalised to the extent that they represent probable future economic benefits.

(h) Impairment of assets

Property plant and equipment are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is



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For the year ended 30 June 2014

recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation Decrement in other comprehensive income. As DER is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

(i) Non-current assets (or disposal groups) classified as held for sale

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount or fair value less costs to sell, and are disclosed separately from other assets in the Statement of Financial Position. Assets classified as held for sale are not depreciated or amortised.

All Crown land holdings are vested in the Department by the Government. The Department of Lands (DoL) is the only agency with the power to sell Crown land. The Department transfers the Crown land and any attached buildings to DoL when the land becomes available for sale.

(j) Leases

DER holds operating leases for buildings, office equipment and motor vehicles. Lease payments are expensed on a straight-line basis over the lease term as this represents the pattern of benefits derived from the leased assets.

(k) Financial instruments

In addition to cash, DER has two categories of financial instrument:

- loans and receivables; and
- financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- Financial Assets
 - cash and cash equivalents
 - restricted cash and cash equivalents
 - receivables
 - amounts receivable for services



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For the year ended 30 June 2014

- Financial Liabilities
 - payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(l) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents (and restricted cash and cash equivalent) assets comprise cash on hand.

(m) Accrued salaries

Accrued salaries (*refer to note 25 'Payables'*) represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. DER considers the carrying amount of accrued salaries to be equivalent to its net fair value.

The accrued salaries suspense account (*refer to note 17 'Restricted cash and cash equivalents'*) consists of amounts accrued over a period of 10 financial years to largely meet the additional cash outflow in each 11th year when 27 pay days occur instead of the normal 26.

(n) Amounts receivable for services (holding account)

DER receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(o) Receivables

Receivables are recognised at original invoice amount less an allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that DER will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(p) Payables

Payables are recognised at the amount payable when DER becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

(q) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions – employee benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.



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For the year ended 30 June 2014

Annual leave

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be 'other long-term employee benefits'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Long service leave

The liability for long service leave expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Long service leave not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as DER does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because DER has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Superannuation

The Government Employees Superannuation Board (GESB) and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the Department to GESB extinguishes the agency's obligations to the related superannuation liability.

DER has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who

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transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by DER to GESB.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2013, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund. DER makes concurrent contributions to GESB or other funds on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish DER's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

*Provisions – other**Employment on-costs*

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of DER's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

(r) Superannuation expense

The superannuation expense in the Statement of Comprehensive Income comprises of employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBS, or other superannuation funds. The employer contribution paid to GESB in respect of the GSS is paid back into the Consolidated Account by GESB.

(s) Assets and services received free of charge or for nominal cost

Assets or services received free of charge or for nominal cost that the Department would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(t) Comparative figures

The Department was designated from 1 July 2013 following the separation of the former DEC into DPaW and DER. Comparative figures are not provided due to 2013-14 being the Department's first year of operation.

3. Judgments made by management in applying accounting policies

The preparation of financial statements requires management to make judgments about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. DER evaluates these judgments regularly.

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For the year ended 30 June 2014

Operating lease commitments

DER has entered into a number of leases for buildings for branch office accommodation. Some of these leases relate to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

4. Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Long Service Leave

Several estimations and assumptions used in calculating DER's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

DER has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2013 that impacted on DER.

AASB 13	<i>Fair Value Measurement</i>	This Standard defines fair value, sets out a framework for measuring fair value and requires additional disclosures for fair value measurements for non financial assets and liabilities. There is no financial impact.
AASB 119	<i>Employee Benefits</i>	This Standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements. DER assessed employee leave patterns to determine whether annual leave is a short-term or other long-term employee benefit. The resultant discounting of annual leave liabilities that were previously measured at the undiscounted amounts is not material.
AASB 1048	<i>Interpretation of Standards</i>	This Standard supersedes AASB 1048 (June 2012), enabling references to the Interpretations in all other Standards to be updated by reissuing the service Standard. There is no financial impact.
AASB 2011-8	<i>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132].</i>	



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This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.

AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14].*

This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. The resultant discounting of annual leave liabilities that were previously measured at the undiscounted amounts is not material.

AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 132]*

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There is no financial impact.

AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009 11 Cycle [AASB 1, 101, 116, 132 & 134 and Int 2]*

This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There is no financial impact.

AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]*

This Standard amends the mandatory effective date of AASB 9 Financial Instruments to 1 January 2015 (instead of 1 January 2013). Further amendments are also made to numerous consequential amendments arising from AASB 9 that will now apply from 1 January 2015. There is no financial impact.

AASB 2012-9 *Amendment to AASB 1048 arising from the Withdrawal of Australian Int 1039*

The withdrawal of Int 1039 Substantive Enactment of Major Tax Bills in Australia has no financial impact for DER during the reporting period and at balance date. Measurement of tax assets and liabilities continues to be measured in accordance with enacted or substantively enacted tax law pursuant to AASB 112.46-47.

AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Int 12]*

The Standard introduces a number of editorial alterations and amends the mandatory application date of Standards for not for profit entities accounting for interests in other entities. There is no financial impact.



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AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.*

Part A of this omnibus Standard makes amendments to other Standards arising from revisions to the Australian Accounting Conceptual Framework for periods ending on or after 20 December 2013. Other Parts of this Standard become operative in later periods. There is no financial impact for Part A of the Standard.

Future impact of Australian Accounting Standards not yet operative

DER cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, DER has not applied early any of the following Australian Accounting Standards that have been issued that may impact DER. Where applicable, DER plans to apply these Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
Int 21	<p><i>Levies</i></p> <p>This Interpretation clarifies the circumstances under which a liability to pay a government levy imposed should be recognised. There is no financial impact for DER at reporting date.</p>	1 Jan 2014
AASB 9	<p><i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>The mandatory application date of this Standard was amended to 1 January 2018 by AASB 2014-1 <i>Amendments to Australian Accounting Standards</i>. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 10	<p><i>Consolidated Financial Statements</i></p> <p>This Standard, issued in August 2011, supersedes AASB 127 Consolidated and Separate Financial Statements and Int 112 Consolidation – Special Purpose Entities, introducing a number of changes to accounting treatments.</p> <p>Mandatory application was deferred by one year for not-for-profit entities by AASB 2012 10 <i>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments</i>. The adoption of the new Standard has no financial impact for DER as it doesn't impact accounting for related bodies and DER has no interests in other entities.</p>	1 Jan 2014



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For the year ended 30 June 2014

		Operative for reporting periods beginning on/after
AASB 11	<p><i>Joint Arrangements</i></p> <p>This Standard, issued in August 2011, supersedes AASB 131 <i>Interests in Joint Ventures</i>, introduces new principles for determining the type of joint arrangement that exists, which are more aligned to the actual rights and obligations of the parties to the arrangement.</p> <p>Mandatory application of the Standard was deferred by one year for not-for-profit entities by AASB 2012 10. There is no financial impact for DER as the new standard will continue to require proportional consolidation of DER's rights to assets and liabilities for the unincorporated joint operation.</p>	1 Jan 2014
AASB 12	<p><i>Disclosure of Interests in Other Entities</i></p> <p>This Standard, issued in August 2011, supersedes disclosure requirements under AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. Mandatory application was deferred by one year for not-for-profit entities by AASB 2012 10. There is no financial impact.</p>	1 Jan 2014
AASB 14	<p><i>Regulatory Deferral Accounts</i></p> <p>DER has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2016
AASB 127	<p><i>Separate Financial Statements</i></p> <p>This Standard, issued in August 2011, supersedes AASB 127 Consolidated and Separate Financial Statements, removing the consolidation requirements of the earlier standard whilst retaining accounting and disclosure requirements for the preparation of separate financial statements. Mandatory application was deferred by one year for not-for-profit entities by AASB 2012 10. There is no financial impact.</p>	1 Jan 2014
AASB 128	<p><i>Investments in Associates and Joint Ventures</i></p> <p>This Standard issued in August 2011, supersedes AASB 128 Investments in Associates, introducing a number of clarifications for the accounting treatments of changed ownership interest.</p> <p>Mandatory application was deferred by one year for not-for-profit entities by AASB 2012 10. The adoption of the new Standard has no financial impact for DER as it doesn't hold investments in associates or and the accounting treatments for joint operations is consistent with current practice.</p>	1 Jan 2014



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		Operative for reporting periods beginning on/after
AASB 1031	<i>Materiality</i> This Standard is an interim standard cross referencing definitions of 'materiality' in other Standards and will remain operative until references to AASB 1031 are removed from other Standards. There is no financial impact.	1 Jan 2014
AASB 1055	<i>Budgetary Reporting</i> This Standard specifies the nature of budgetary disclosures, the circumstances in which they are to be included in the general purpose financial statements of not-for-profit entities within the General Government Sector. DER will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.	1 Jul 2014
AASB 2009-11	<i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Int 10 & 12]</i> [modified by AASB 2010-7]	1 Jan 2015
AASB 2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i> This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. DER has not yet determined the application or the potential impact of the Standard.	1 Jan 2015



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		Operative for reporting periods beginning on/after
AASB 2011-7	<i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]</i> This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures. DER has undertaken an analysis of the suite of Consolidation and Joint Arrangements Standards and determined that there is no financial impact arising from adoption of the various Standards.	1 Jan 2014
AASB 2012-3	<i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</i> This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement.	1 Jan 2014
AASB 2013-3	<i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.</i> This Standard introduces editorial and disclosure changes. There is no financial impact.	1 Jan 2014
AASB 2013-4	<i>Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]</i> This Standard permits the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. DER does not routinely enter into derivatives or hedges, therefore there is no financial impact.	1 Jan 2014



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		Operative for reporting periods beginning on/after
AASB 2013-8	<i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049].</i>	1 Jan 2014
	The amendments, issued in October 2013, provide significant guidance to clarify whether determine whether a not-for-profit entity controls another entity when financial returns aren't a key attribute of the investor's relationship. The Standard has no financial impact in its own right, rather the impact results from the adoption of the amended AASB 10.	
AASB 2013-9	<i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.</i>	1 Jan 2014 1 Jan 2017
	This omnibus Standard makes amendments to other Standards arising from the deletion of references to AASB 1031 in other Standards for periods beginning on or after 1 January 2014 (Part B), and, defers the application of AASB 9 to 1 January 2017 (Part C). DER has not yet determined the application or the potential impact of AASB 9, otherwise there is no financial impact for Part B.	
AASB 2014-1	<i>Amendments to Australian Accounting Standards</i>	1 Jul 2014 1 Jan 2015 1 Jan 2016 1 Jan 2017
	The Department has not yet determined the application or the potential impact of the Standard.	



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For the year ended 30 June 2014

	2014 \$000
6 EMPLOYEE BENEFITS EXPENSE	
Wages and salaries ^(a)	30,963
Superannuation - defined contribution plans ^(b)	2,191
Enhanced Voluntary Separation Program ^(c)	2,083
	<u>35,237</u>
<p>(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.</p> <p>(b) Defined contribution plans include WSS, GSS, GESB and other eligible funds.</p> <p>(c) 19 staff undertook the Enhanced Voluntary Separation Program in 2013-14.</p> <p>Employment on-costs such as workers' compensation insurance are included at note 11 'Other expenses'.</p> <p>The employment on-costs liability is included at note 26 'Provisions'.</p>	
7 SUPPLIES AND SERVICES	
Consultants and contractors	5,805
Travel	497
Materials	602
Communications	356
Payroll tax	2,000
Other	1,101
	<u>10,361</u>
8 DEPRECIATION AND AMORTISATION EXPENSE	
<u>Depreciation</u>	
Information technology assets	8
Environmental assets	266
Office equipment	6
Plant and equipment	91
Total depreciation	<u>371</u>
<u>Amortisation</u>	
Computer software	11
Total amortisation	<u>11</u>
Total depreciation and amortisation	<u>382</u>
9 ACCOMMODATION EXPENSES	
Lease rentals	4,468
Power	256
	<u>4,724</u>
10 GRANTS AND SUBSIDIES	
Contaminated Sites Management Account (CSMA) Grants to State Agencies	1,411
Low Emissions Energy Development Fund	6,230
WA Local Government Regional Funding Program	1,562
Waste Avoidance and Resource Recovery Account (WARR)	5,394
Others	1,448
	<u>16,045</u>



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For the year ended 30 June 2014

	2014 \$000
11 OTHER EXPENSES	
Repairs and maintenance	1,873
Audit fees	75
Employment on-costs ^(a)	156
	<u>2,104</u>
 (a) Includes workers' compensation insurance and other employment on-costs.	
12 USER CHARGES AND FEES	
Industry licences	19,158
Controlled waste	4,210
Clearing permits	53
Other charges and fees	222
	<u>23,643</u>
13 COMMONWEALTH GRANTS AND CONTRIBUTIONS	
National Pollution Inventory	<u>248</u>
14 LANDFILL LEVY	
Landfill levy	<u>46,661</u>
 The WARR Account was established in 2008 under section 79 of the <i>Waste Avoidance and Resource Recovery Act 2007</i> (WARR Act). The WARR Account holds revenue allocated from the levy to fund programs and waste management.	
15 OTHER REVENUE	
State and private grants and cost recoupments	<u>5,460</u>
16 INCOME FROM STATE GOVERNMENT	
Appropriation received during the period:	
Service appropriation ^(a)	5,168
	<u>5,168</u>
 Services received free of charge from other State government agencies during the period	
Determined on the basis of the following estimates provided by agencies:	
Department of Finance	39
State Solicitor's Office	789
DPaW	40
Keep Australia Beautiful Council (WA) Inc (KABC)	131
	<u>999</u>
 Royalties for Region Fund:	
District Allowance	125
	<u>125</u>
	<u>6,282</u>

(a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the budgeted depreciation expense for the year and any agreed increase in leave liabilities during the year.



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For the year ended 30 June 2014

	2014 \$000
17 RESTRICTED CASH AND CASH EQUIVALENTS	
<u>Current</u>	
WARR Account	16,114
CSMA	3,269
Specific Purpose accounts ^(a)	7,197
	<u>26,580</u>
<u>Non-current</u>	
Accrued salaries suspense account ^(b)	<u>1,017</u>
 (a) These include industry grants, contributions and donations under contract or agreement for the benefit of environmental regulation and sustainability projects.	
 (b) Amount held in suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.	
18 RECEIVABLES	
<u>Current</u>	
Receivables	1,424
Allowance for impairment of receivables	(41)
Accrued revenue	11,647
GST receivable	462
	<u>13,492</u>
 Reconciliation of changes in the allowance for impairment of receivables:	
Balance transferred from DPaW	41
Doubtful debts expense	-
Balance at end of period	<u>41</u>
 The Department does not hold any collateral or other credit enhancements as security for receivables.	
19 OTHER ASSETS	
<u>Current</u>	
Prepayments	<u>381</u>
20 AMOUNTS RECEIVABLE FOR SERVICES (HOLDING ACCOUNT)	
Non-current	<u>433</u>
 Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.	
21 PROPERTY, PLANT AND EQUIPMENT	
<u>Land</u>	
At fair value ^(a)	1,620
Accumulated impairment losses	-
	<u>1,620</u>
 <u>Information technology assets</u>	
At cost	27
Accumulated depreciation	(8)
Accumulated impairment losses	-
	<u>19</u>



DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	2014 \$000
<u>Environmental assets</u>	
At cost	1,155
Accumulated depreciation	(266)
Accumulated impairment losses	-
	<u>889</u>
<u>Office equipment</u>	
At cost	26
Accumulated depreciation	(6)
Accumulated impairment losses	-
	<u>20</u>
<u>Plant and equipment</u>	
At cost	498
Accumulated depreciation	(91)
Accumulated impairment losses	-
	<u>407</u>
	<u>2,955</u>

(a) Land was revalued as at 1 July 2013 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2014 and recognised at 30 June 2014. In undertaking the revaluation, fair value was determined by reference to market values for land: \$1,620,000.



DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Reconciliation of property, plant and equipment

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out in the table below.

	Land \$000	Information technology assets \$000	Environmental assets \$000	Office equipment \$000	Plant and equipment \$000	Total \$000
2014						
Contributions by owners	1,550	11	1,143	26	470	3,200
Additions	-	16	30	-	28	74
Revaluation increments	70	-	-	-	-	70
Disposals	-	-	(15)	-	-	(15)
Transfers	-	-	(3)	-	-	(3)
Depreciation	-	(8)	(266)	(6)	(91)	(371)
Carrying amount at end of period	<u>1,620</u>	<u>19</u>	<u>889</u>	<u>20</u>	<u>407</u>	<u>2,955</u>



DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

22 FAIR VALUE MEASUREMENTS

Assets measured at fair value:
2014

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Fair Value At end of period \$000
Land (Note 21)	-	1,620	-	1,620
	-	1,620	-	1,620

There were no transfers between Levels 1, 2 or 3 during the period.

Valuation techniques to derive Level 2 fair values

Level 2 fair values of Land are derived using the market approach. Market evidence of sales prices of comparable land in close proximity is used to determine price per square metre.

	2014 \$000
23 INTANGIBLE ASSETS	
<u>Computer software</u>	
At cost	575
Accumulated amortisation	(11)
Accumulated impairment losses	-
	<u>564</u>
<u>Intangible work in progress</u>	
In progress costs	1,032
	<u>1,596</u>
<u>Reconciliations</u>	
<u>Computer costs</u>	
Contributions by owners	22
Additions	553
Amortisation expense	(11)
Carrying amount at end of period	<u>564</u>
<u>Intangible work in progress</u>	
Carrying amount at start of period	-
Additions	1,032
Carrying amount at end of period	<u>1,032</u>

24 IMPAIRMENT OF ASSETS

There were no indications of impairment to property, plant and equipment or intangible assets at 30 June 2014.

The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period.

All surplus assets at 30 June 2014 have either been classified as assets held for sale or written-off.



DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	2014 \$000
25 PAYABLES	
<u>Current</u>	
Trade payables	468
Accrued expenses	2,575
Accrued salaries	1,072
	<u>4,115</u>
26 PROVISIONS	
<u>Current</u>	
<i>Employee benefits provision</i>	
Annual leave ^(a)	1,890
Long service leave ^(b)	2,285
	<u>4,175</u>
<i>Other provisions</i>	
Employment on-costs ^(c)	463
	<u>4,638</u>
<u>Non-current</u>	
<i>Employee benefits provision</i>	
Long service leave ^(b)	2,635
<i>Other provisions</i>	
Employment on-costs ^(c)	292
	<u>2,927</u>

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period	1,890
More than 12 months after the end of the reporting period	-
	<u>1,890</u>

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period	2,285
More than 12 months after the end of the reporting period	2,635
	<u>4,920</u>

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

The associated expense, apart from the unwinding of discount (finance cost) is disclosed in note 11 'Other expenses'.



DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	2014 \$000
Movements in other provisions	
Movements in each class of provisions during the period, other than employee benefits, are set out below.	
<u>Employment on-cost provision</u>	
Carrying amount transferred from DPaW	819
Additional/(reversals of) provisions recognised	92
Payments/other sacrifices of economic benefits	(156)
Carrying amount at end of period	<u>755</u>
27 OTHER LIABILITIES	
<u>Current</u>	
Unearned revenue - Industry regulation licences	<u>850</u>
28 EQUITY	
The Western Australian Government holds the equity interest in the Department on behalf of the community. Equity represents the residual interest in the net assets of the Department. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.	
<u>Contributed equity</u>	
Balance at start of period	-
<u>Contributions by owners</u>	
Capital appropriation	855
<u>Other contributions by owners</u>	
Transfer of net assets from DPaW	31,477
<u>Distributions to owners</u>	
Cash transferred to Government	(6,910)
Total distributions to owners	(6,910)
Balance at end of period	<u>25,422</u>
<u>Reserves</u>	
<u>Asset revaluation reserve</u>	
Balance at start of period	-
Net revaluation increments	
Land	70
Balance at end of period	<u>70</u>
<u>Accumulated surplus</u>	
Balance at start of period	-
Result for the period	14,143
Balance at end of period	<u>14,143</u>
Total Equity at end of period	<u>39,635</u>



DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	2014 \$000
29 NOTES TO THE STATEMENT OF CASH FLOWS	
Reconciliation of cash	
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:	
Cash and cash equivalents	5,711
Restricted cash and cash equivalents (see note 17 'Restricted cash and cash equivalents')	<u>27,597</u>
	<u>33,308</u>
Reconciliation of net cost of services to net cash flows provided by operating activities	
Net income (cost of services)	7,861
<u>Non-cash items:</u>	
Depreciation and amortisation expense (note 8 Depreciation and amortisation expense)	382
Services received free of charge (note 16 Income from State Government)	999
Loss on disposal of non-current assets	15
<u>(Increase)/decrease in assets:</u>	
Current receivables ^(a)	(2,174)
Other current assets	201
<u>Increase in liabilities:</u>	
Current payables ^(a)	1,947
Current provisions	64
Non-current provisions	56
Net GST payments ^(b)	(377)
Change in GST in receivables/payables ^(c)	<u>35</u>
Net cash provided by operating activities	<u>9,007</u>

(a) Note that the Australian Taxation office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

(b) This is the net GST paid/received, i.e. Cash transactions.

(c) This reverses out the GST in receivables and payables.



DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

2014
\$000

30 SERVICES PROVIDED FREE OF CHARGE

During the period the following services were provided to other agencies free of charge for functions outside the normal operations of the Department:
KABC - accommodation and administrative support services

259

31 COMMITMENTS

Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Within 1 year	3,133
Later than 1 year and not later than 5 years	10,597
Later than 5 years	1,129
	<u>14,859</u>

The Department has entered into four property leases which are non-cancellable and rents are payable monthly in advance. The leases have terms ranging from one to five years, some with options to renew at the end of the lease. DER accommodation leases account for \$14,638k of the non-cancellable operating lease commitments for 2014. Contingent rent provisions within a lease agreement require that the minimum lease payments shall be increased by the lower of CPI or 4% per annum.

DER's fleet leases account for \$191k of the non-cancellable operating lease commitments for 2014. The lease term varies depending on the vehicle. The lease payments are fixed for the term of the lease and are payable monthly. There is no option to renew the lease at the end of the lease term. The Department leases its motor vehicle fleet and certain office premises. The lease expenditure is expensed as it is incurred. Motor vehicle leasing arrangements are under the terms of the State Fleet Funding Facility Contract administered by State Fleet - State Supply Commission.

Other expenditure commitments

Other expenditure commitments (consumables) contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:

Within 1 year	14
	<u>14</u>

The commitments are inclusive of GST.

32 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities

The following contingent liabilities are additional to the liabilities included in the financial statements:

Decommissioning and remediation of the Brookdale Liquid Waste Treatment Facility Contaminated Site - \$7.9 million.

Costs potentially payable in relation to acquittal of Cockburn Cement Ltd - \$0.12 million.

Eclipse Resources Pty Ltd claim for repayment of levies previously paid (amount is plus interest and costs) - \$5 million.



DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Eastern Metropolitan Regional Council claim for repayment of landfill levies previously paid (amount is plus interest and costs) - \$25.5 million.

Contaminated Sites Act; Transfer of liability from Cliffs Natural Resources Pty Ltd to Pluton Resources Ltd - \$2.1 million.

Contingent assets

The following contingent assets are additional to the assets included in the financial statements:

Eclipse Resources Pty Ltd - the State's counterclaim for outstanding levies (amount is plus costs and penalties) - \$10.5 million.

Moloni Corporation Pty Ltd - the State's claim for outstanding landfill levies (amount is plus costs and penalties) - \$1.2 million.

33 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No events have occurred after the end of the reporting period which would materially impact on the financial statements.



DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

34 EXPLANATORY STATEMENT

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Summary of Consolidated Account Appropriations and Income Estimates' are shown below. Significant variations are considered to be those greater than 10% or \$7 million.

Total appropriations provided to deliver services

Significant variances between estimate and actual for 2014

	2014 Estimate \$000	2014 Actual \$000	Variance \$000
Net amount appropriated to deliver services	434	4,886	(4,452) ^(a)
Total income	68,355	76,729	(8,374) ^(b)

- (a) The Department was additionally appropriated during the year to meet a Payroll Tax commitment and make voluntary separation payments.
- (b) The variance is mainly due to additional user charges and fees and landfill levy collections.

Capital contribution

Significant variances between estimate and actual for 2014
No significant variance in Capital contribution.

Capital expenditure

Significant variances between estimate and actual for 2014
Purchase of non-current physical assets

	855	1,658	803
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The variance is mainly due to expenditure on software development being classified as Intangible Assets.

Administered Income

Significant variances between estimate and actual for 2014

	2014 Estimate \$000	2014 Actual \$000	Variance \$000
Regulatory fees and fines	30	4	26

Fewer than anticipated infringement notices were issued during the year.



DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

35 FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

Financial instruments held by the Department are cash and cash equivalents, restricted cash and cash equivalents, receivables, and payables. The Department has limited exposure to financial risks. The Department's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the Department's receivables defaulting on their contractual obligations resulting in financial loss to the Department.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at note 35(c) 'Financial instrument disclosures' and note 18 'Receivables'.

Credit risk associated with the Department's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, the Department trades only with recognised, creditworthy third parties. The Department has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Department's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Department is unable to meet its financial obligations as they fall due.

The Department is exposed to liquidity risk through its trading in the normal course of business.

The Department has appropriate procedures to manage cash flows including drawdown of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.



DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Department's income or the value of its holdings of financial instruments.

The Department does not trade in foreign currency and is not materially exposed to other price risks.

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2014 \$000
<u>Financial Assets</u>	
Cash and cash equivalents	5,711
Restricted cash and cash equivalents	27,597
Loans and receivables ^(a)	13,463
<u>Financial Liabilities</u>	
Financial liabilities measured at amortised cost	4,115

(a) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable).



DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

c) Financial instrument disclosures

Credit risk

The following table details the Department's maximum exposure to credit risk and the ageing analysis of financial assets. The Department's maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Department.

The Department does not hold any collateral as security or other credit enhancement relating to the financial assets it holds.

Ageing analysis of financial assets

	Carrying Amount \$000	Past due but not impaired					More than 5 years \$000	Impaired assets \$000
		Not past due and not impaired \$000	Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000		
2014								
Cash and cash equivalents	5,711	5,711	-	-	-	-	-	
Restricted cash and cash equivalents	27,597	27,597	-	-	-	-	-	
Receivables ^(a)	13,030	11,606	1,212	89	123	-	-	
Amounts receivable for services	433	433	-	-	-	-	-	
	46,771	45,347	1,212	89	123	-	-	

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).





DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Liquidity risk and interest rate exposure
The following table details the Department's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted Average Effective Interest Rate %	Interest rate exposure		Maturity dates					
		Carrying Amount \$000	Variable interest rate \$000	Non-interest bearing \$000	Nominal Amount \$000	Up to 1 month \$000	1-3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000
2014									
<u>Financial Assets</u>									
Cash and cash equivalents	2.8	5,711	5,711	5,711	5,711	-	-	-	-
Restricted cash and cash equivalents		27,597	27,597	27,597	26,580	-	-	1,017	-
Receivables (a)		13,030	-	13,030	13,030	89	123	-	-
Amounts receivable for services		433	-	433	433	-	-	433	-
		<u>46,771</u>	<u>33,308</u>	<u>13,463</u>	<u>46,771</u>	<u>89</u>	<u>123</u>	<u>1,450</u>	<u>-</u>
<u>Financial Liabilities</u>									
Payables		4,115	-	4,115	4,115	-	-	-	-
		<u>4,115</u>	<u>-</u>	<u>4,115</u>	<u>4,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).



DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Interest rate sensitivity analysis
The following table represents a summary of the interest rate sensitivity of the Department's financial assets and financial liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	- 100 basis points		+ 100 basis points	
	Carrying Amount \$000	Surplus Equity \$000	Surplus Equity \$000	Equity \$000
2014				
<u>Financial Assets</u>				
Cash and cash equivalents	5,711	(57)	(57)	57
Restricted cash and cash equivalents	27,597	(276)	(276)	276
<u>Financial Liabilities</u>	-	-	-	-
Total Increase/(Decrease)	<u>(333)</u>	<u>(333)</u>	<u>333</u>	<u>333</u>

Fair values
The financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

36 REMUNERATION OF SENIOR OFFICERS

The number of senior officers whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:

Remuneration Band (\$)	2014
180,001 - 190,000	1
210,001 - 220,000	1
230,001 - 240,000	1
370,001 - 380,000	1
	\$000
Base remuneration and superannuation	885
Annual leave and long service leave accruals	75
Other benefits	50
Total remuneration of senior officers	1,010

The total remuneration includes the superannuation expense incurred by the Department in respect of senior officers.

37 REMUNERATION OF AUDITOR

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2014
	\$000
Auditing the accounts, financial statements and key performance indicators	75

38 RELATED AND AFFILIATED BODIES

The Department does not provide any assistance to other agencies which would deem them to be regarded as related or affiliated bodies under the definitions included in Treasurer's Instruction 951.

39 SPECIAL PURPOSE ACCOUNTS

Contaminated Sites Management Account ^(a)

The purpose of the account is to enable investigation or remediation of any site where the State or a public authority (excluding Local Government) is responsible for remediation. The account also funds DER costs of investigation and ensuring compliance with notices.

	2014
	\$000
Balance at start of period	4,682
Receipts	393
Payments	(1,806)
Balance at end of period	3,269



DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Waste Avoidance and Resource Recovery Account ^(a)

The purpose of the account is to: encourage the conservation of resources and energy through waste reduction and recycling; to promote, support and encourage viable alternatives to landfill disposal of waste; to encourage applied research and the development of appropriate waste management, waste reduction and recycling infrastructure and markets. The account is used to fund nominated programs and other waste management initiatives approved by the Minister for the Environment on the advice of the Waste Authority of Western Australia.

	2014
	\$000
Balance at start of period	18,238
Receipts	11,445
Payments	(13,569)
Balance at end of period	16,114

(a) Established under section 16(1)(b) of FMA.

40 INDIAN OCEAN TERRITORIES ACCOUNT

The purpose of the account is to account for Commonwealth funds for service delivery arrangements for services by DER to the Indian Ocean Territories.

	2014
	\$000
Balance at start of period	88
Receipts	261
Payments	(297)
Balance at end of period	52

41 SUPPLEMENTARY FINANCIAL INFORMATION

(a) Write-offs

The Department had one minor write off (\$109.50) for bad debts, revenue, debts due to the State, public or other property during the financial year.

(b) Losses through theft, defaults and other causes

The Department had no losses through theft, defaults and other causes during the financial year.

(c) Gifts of public property

The Department had no gifts of public property during the financial year.





DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

42 DISCLOSURE OF ADMINISTERED INCOME AND EXPENSES BY SERVICE

	Environmental Regulation 2014 \$000	Environmental Sustainability and Climate Change 2014 \$000	Total 2014 \$000
COST OF SERVICES			
Expenses			
Transfer payments	4	-	4
Total administered expenses	4	-	4
Income			
For transfer:			
Regulatory fees and fines	4	-	4
Total administered income	4	-	4

CERTIFICATION OF KEY PERFORMANCE INDICATORS

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 Environment Regulation's performance, and fairly represent the performance of the Department of Environment Regulation for the financial year ended 30 June 2014.

Certification of Key Performance Indicators

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 Environment Regulation's performance, and fairly represent the performance of the Department of Environment Regulation for the financial year ended 30 June 2014.


Jason Banks
Accountable Authority
17 September 2014



KEY PERFORMANCE INDICATORS

Outcomes and Key Effectiveness Indicators

Outcome: Emissions and discharges meet acceptable criteria

1. The number of exceedences of approved environment criteria by regulated activities

The number of exceedences of approved environment criteria is a key indicator of the department's effectiveness in setting and monitoring environmental standards.

	2010-11	2011-12	2012-13	2013-14
Target	50	38	38	25
Actual	33	37	21	37

Comparative figures above are taken from 2012-13 DEC audited statements, as DER was only established on 1 July 2013.

Note to indicator: The exceedence target was reduced to 25 in 2013-14 influenced by the reduced actual exceedence numbers (21) in 2012-13, which was an outlying result, in comparison to the 2011-12 actual result. As the actual exceedences (37) for 2013-14 are consistent with the 2011-12 findings, it is considered that the 2013-14 target should not have been so heavily reduced. Similarly, an increase in actual exceedences in 2013-14 may be due to an increase in the level of departmental compliance activity over 2013-14, increasing the potential for non-compliance to have been detected.

2. Number of air National Environment Protection Measure (NEPM) exceedences per annum of criteria pollutants

Monitoring of air quality against criteria pollutants enables: assessment of compliance with NEPM standards and goals set to protect human health, evaluation of the effectiveness of long term air quality management strategies and tools, and evaluation of the effectiveness of industry emission controls and management strategies.

	2010-11	2011-12	2012-13	2013-14
Target	24	35	35	28
Actual	14	32	11	8

Comparative figures above are taken from 2012-13 DEC audited statements, as DER was only established on 1 July 2013.

Note to indicator: It is not possible to associate any trends in the above figures as they are heavily influenced by unpredictable natural events and meteorological conditions. There were less smoke events detected at the NEPM ambient air monitoring network sites in 2012-13 and 2013-14 than in the previous year 2011-12.



Outcome: Adoption of environmentally sustainable practices to protect, manage and restore the state's natural resources

1. Percentage of waste in the metropolitan area diverted from landfill through recycling

	2010-11	2011-12	2012-13	2013-14
Target	45%	45%	45%	45%
Actual	41%	36%	43%	47%

Comparative figures above are taken from 2012-13 DEC audited statements, as DER was only established on 1 July 2013.

Note to indicator: Due to a one year lag in reporting, the recycling rate presented in this KPI (2013-14 Actual) utilises the most recent and accurate available data, which is for the metropolitan area only and for the 2012-13 financial year. It does not represent the actual recycling rate achieved in 2013-14.

The construction and demolition (C&D) sector generates around 50% of all waste in the metropolitan area. Reported decreases in the amount of C&D waste disposed to landfill have had a positive effect on the overall metropolitan recycling rate. The development of specifications for the use of recycled C&D waste in road works, guidelines for managing asbestos at construction and demolition recycling facilities, and the ongoing impact of landfill levy increases in 2010 have all assisted the C&D industry to increase the amount of C&D materials recycled. At the same time, increases in the recycling rates of the commercial & industrial and municipal sectors have also contributed to the overall reported improvement in the metropolitan recycling rate.



Key Efficiency Indicators

Service 1: Environmental Regulation

1.1 Average cost per air monitoring station

The average cost per air monitoring station is affected by the air quality programs and additional air quality monitoring completed during the year. Targeted air quality monitoring for specialised pollutants increases the average cost per air monitoring station.

	2010-11	2011-12	2012-13	2013-14
Target	\$363,288	\$478,338	\$491,869	\$430,769
Actual	\$441,585	\$510,504	\$531,319	\$532,462

Comparative figures above are taken from 2012-13 DEC audited statements, as DER was only established on 1 July 2013.

Note to indicator: This indicator is affected by the departmental overheads, air quality programs and monitoring completed during the year. In 2013-14 the number of monitoring sites for pollutants was identical to the previous year, however departmental overheads did not decrease as expected.

1.2 Average cost per industry licence

DER assesses applications for works approvals and licences under Part V of the *Environmental Protection Act 1986*, undertakes compliance and inspection activities of those premises and takes enforcement action in accordance with its Enforcement and Prosecutions Policy 2008. The total cost of these services together with supporting functions and corporate overheads is then compared to the number of the active licences at the end of the financial year to produce a cost of service per industry licence. This cost can be compared across time.

	2010-11	2011-12	2012-13	2013-14
Target	\$15,691	\$23,971	\$28,031	\$25,236
Actual	\$26,657	\$27,040	\$28,954	\$26,048

Comparative figures above are taken from 2012-13 DEC audited statements, as DER was only established on 1 July 2013.

Note to indicator: The actual cost per licence was marginally higher than the predicted target cost however the actual costs are the lowest since 2010-11. Increased compliance and inspection activities together with regulatory reforms being undertaken has contributed to the actual cost being higher than the predicted target cost.

1.3 Average cost per contaminated site assessment

This indicator is affected by the number of contaminated site assessments carried out each year.

	2010-11	2011-12	2012-13	2013-14
Target	\$9,002	\$5,051	\$5,834	\$5,625
Actual	\$8,297	\$6,797	\$6,922	\$5,626

Comparative figures above are taken from 2012-13 DEC audited statements, as DER was only established on 1 July 2013.

Note to indicator: The number of contaminated site assessments carried out each year has generally been increasing, meaning that the unit cost has been decreasing. In particular there has been an increase in the number of sites being reclassified, with an associated increase in the number of assessments submitted.



1.4 Average cost of remediating state sites

This indicator reflects average costs in remediating state sites. Costs can be affected by a range of variables but mainly reflect the number of sites, the nature and extent of contamination and the consequent costs of investigation and remediation.

	2010-11	2011-12	2012-13	2013-14
Target	\$1,083,728	\$496,035	\$580,286	\$285,154
Actual	\$164,182	\$705,891	\$104,630	\$150,500

Comparative figures above are taken from 2012-13 DEC audited statements, as DER was only established on 1 July 2013.

Note to indicator: Funding from the Contaminated Sites Management Account was transferred to 12 sites for 2013-14, generally to carry out small scale site investigations. The average actual cost was lower than the target as slower progress than anticipated on the remediation of the former Waste Control site, Bellevue meant that funds were only required for monitoring, and not remediation, for this project.

Service 2: Environmental Sustainability and Climate Change

2.1 Cost of administering Waste Avoidance and Resource Recovery Account as a percentage of total funds

The Waste Avoidance and Resource Recovery Account includes programs which provide grants to a range of waste reduction and recycling activities. Managing the administration costs associated with the fund is important so as to ensure the maximum levels of funding are available for waste reduction and recycling initiatives. This indicator measures the cost of administering the WARR legislation as a percentage of the total expenditure.

	2010-11	2011-12	2012-13	2013-14
Target	6%	6%	9%	8%
Actual	6%	8%	10%	11%

Comparative figures above are taken from 2012-13 DEC audited statements, as DER was only established on 1 July 2013.

Note to indicator: The 3% difference between target and actual in 2013-14 is mainly due to increases in operational expenses attributed to administration of the levy as compared to total expenditure as projected a year ago. These extra costs are mainly due to professional services associated with legal action.



2.2 Cost of administering Low Emissions Energy Development fund as a percentage of total funds

The Low Emissions Energy Development fund supports innovative technology projects at the commercial demonstration, commercialisation and local adaption stages. Decisions on funded projects are made jointly by the Ministers for Environment and Energy.

	2010-11	2011-12	2012-13	2013-14
Target	0.48%	0.52%	0.66%	0.60%
Actual	0.52%	0.58%	0.49%	0.59%

Comparative figures above are taken from 2012-13 DEC audited statements, as DER was only established on 1 July 2013.

Note to indicator: Under funding agreements in place between the Government and LEED recipients, funds are scheduled to be disbursed until 2017-18 when all the funds will be fully expended. There is a general trend to increased administration costs as a proportion of the total remaining LEED fund as it is expended. The 2011-12 year's ratio was higher due to the additional administration costs in running a LEED funding round, and the administration costs for 2012-13 and 2013-14 reflected the leave taken by the LEED Fund Manager and a probity audit for the latter.



MINISTERIAL DIRECTIVES

No ministerial directives were received during the financial year.

OTHER FINANCIAL DISCLOSURES

PRICING POLICIES OF SERVICES PROVIDED

The Department charges fees for licensing arrangements on a cost-recovery basis. These licensing arrangements include assessment and decision making on works approvals and licence applications, administration of licences, inspection and auditing of licensed premises, compliance and enforcement action, and specialist technical services which support these processes.

CAPITAL WORKS

There was no expenditure on major capital works in 2013–14.

EMPLOYMENT AND INDUSTRIAL RELATIONS

Staff profile

	2014	2013
Full-time permanent	244	n/a
Full-time contract	32	n/a
Part-time measured on FTE basis	41	n/a
On secondment	3	n/a
Total	320*	

* Average FTE for 2013–14.

WORKFORCE PLANNING

As a newly formed agency at the separation of the former Department of Environment and Conservation on 1 July 2013, the Department of Environment Regulation did not have its own Equity and Diversity Management Plan.

For the 2013–14 reporting year, the Department's obligations under the *Equal Opportunity Act 1984* were covered by Parks and Wildlife's Workforce and Diversity Plan 2014–17, approved by the Public Sector Commission in May 2014.

This plan is designed to:

- attract and retain staff;
- develop future leaders;
- promote actions in accordance with departmental values;
- build capacity; and
- ensure an inclusive, equitable and diverse workforce that is free from discrimination and harassment.

The Department will develop its own Workforce and Diversity Plan in 2014–15.

The Department's structural realignment, completed in 2013–14, was the critical first step in aligning the Department function with the Government's priorities and direction. The realignment:

- enables efficient and effective delivery of core functions now and into the future;
- provides the platform for the development of the strategic workforce planning framework during 2014–15; and
- supports the implementation of the Department's Capability Framework.

STAFF DEVELOPMENT

Applied leadership development is a key strategic initiative. In 2013–14, the groundwork was laid to establish a Corporate Leadership Group. In 2014–15, under direction of the Corporate Executive, the group will provide:

- input and advice into current and future strategic initiatives; and
- a structured opportunity for applied leadership development at all levels.

During 2013–14, the benefits of this approach were clearly demonstrated when graduates of the Aspiring Leaders Program initiated and led a departmental staff survey framed around the corporate values to identify challenges and ideas for future improvement.

In 2013–14, the Department launched its inaugural Graduate Development Program:

- A total of 117 applications were received resulting in the appointment of three graduates.
- The program is underpinned by Certificate IV in Government, a qualification aimed at building public administration capabilities.
- The program comprises three block training sessions over an 18-month period.

- Graduates are rotated through three business areas during the program with a strategic project assigned for the duration of the rotation.

In the same reporting period, the Department successfully applied to host two Aboriginal trainees as part of the Public Sector Commission's Aboriginal Traineeship Program that forms part of the Aboriginal Employment Strategy 2011–15 for the WA Public Sector. These trainees will complete their 12-month government traineeship in 2014–15.

In 2013–14, the Department established itself as an enterprise registered training organisation. This registration has facilitated the continued development and delivery of a suite of nationally recognised training courses and supporting resources and is enabling the development of public administration capabilities across the agency. The Department's scope of registration includes Certificate IV in Government (Statutory Compliance), Certificate IV in Government (Investigation) and Certificate IV in Government which underpins the Department's Graduate Development Program.

In 2013–14, the Department led the establishment of the Interagency Regulatory Training Committee to support a shared approach to the development and delivery of a

common training curriculum for environmental regulators and supporting resources as part of the Public Sector Commission's *Centre for Public Sector Excellence*. The committee comprises representatives from the Department of Environment Regulation, the Department of Mines and Petroleum, the Office of the Environmental Protection Authority and the Department of Water.

The Department's Capability Framework was initiated in 2013–14 to support the new agency structure and provide an integrated approach to organisational development and performance improvement. This approach will also enable the alignment of performance development with goals and organisational priorities.

WORKERS' COMPENSATION

In the Department's first year of operation, one compensation claim was recorded during the financial year.

In 2013–14, the workers' compensation contribution was \$156,122 (ex GST).

The number of lost time injuries was one.

GOVERNANCE DISCLOSURES

BOARD AND COMMITTEE REMUNERATION

Contaminated Sites Committee

Position	Name	Type of remuneration	Period of membership	Gross remuneration
Chair	James Malcolm	Annual	01/07/13–30/06/14	\$77,736
Member	Christopher O'Neill	Per meeting	01/07/13–30/06/14	\$5,328
Member	Jeremy Hogben	Per meeting	01/07/13–30/06/14	\$7,661
Member	Anna Ciffolilli	Per meeting	01/07/13–01/12/13	\$3,953
Member	Warren Dodge	Per meeting	02/12/13–30/06/14	\$1,560
Member	Linda Rowley	Per meeting	01/07/13–30/06/14	\$7,069

Waste Authority

Position	Name	Type of remuneration	Period of membership	Gross remuneration*
Chair	Marcus Geisler	Annual	01/07/13–30/06/14	\$43,706
Deputy Chair	Jennifer Bloom	Annual	01/07/13–25/06/14	\$27,163
Member	Glen McLeod	Annual	01/07/13–25/06/14	\$22,099
Member	Neil Foley	Annual	01/07/13–25/06/14	\$21,820
Member	Anne-Marie Bremner	Annual	01/07/13–31/03/14	\$17,206

Cockburn Sound Management Council

Position	Name	Type of remuneration	Period of membership	Gross remuneration
Chair	Kateryna Longley	Annual	01/07/13–30/06/14	\$26,787

Total **\$262,088**

* Variance in ordinary member payments due to the application of GST or superannuation payments as opted by member.

OTHER LEGAL REQUIREMENTS

ADVERTISING (*ELECTORAL ACT 1907, S 175ZE*)

In 2013–14, the Department spent a total of \$275,252 on advertising, entirely in the category of media advertising organisations.

EXPENDITURE ON ADVERTISING

Category	Paid to	Purpose	Amount
Media advertising organisations	Adcorp Australia Ltd	Statutory public notices	\$261,493
	Civil Contractors Federation	Advertising for construction and demolition waste recycling	\$652
	Community Newspaper Group	Providing information on kerbside recycling	\$9,335
	Shire of Christmas Island	Statutory public notices (Indian Ocean Territories)	\$664
	State Law Publisher	Notices in the <i>Western Australian Government Gazette</i>	\$3,108
Total			\$275,252

During 2013–14, the Department prepared an interim DAIP for 2014–15, which was lodged with the Disability Services Commission in May 2014.

DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES ***DISABILITY SERVICES ACT 1993, S29***

For the 2013–14 reporting period, the Department of Environment Regulation did not have its own Disability Access and Inclusion Plan (DAIP).

Its obligations under the *Disability Services Act 1993* were covered by the DAIP of the continuing agency, Parks and Wildlife.

During 2013–14, the Department prepared an interim DAIP for 2014–15, which was lodged with the Disability Services Commission in May 2014.

Meanwhile, the Department, in accordance with the Parks and Wildlife DAIP, undertook the following in 2013–14:

Outcome 1: People with disability have the same opportunities as other people to access the services of and any events organised by the Department.

On behalf of the Department, Parks and Wildlife issued broadcast emails to all staff reminding them of the DAIP and its requirements, including ensuring services and events are accessible.

Outcome 2: People with disability have the same opportunities as other people to access the buildings and other facilities of the Department.

In November 2013, following an access audit, the Department organised and completed modifications to its head office reception desk and public information centre counters. Both are now accessible to people who use wheelchairs and people of short stature.

Outcome 3: People with disability receive information from the Department in a format that will enable them to access the information as readily as the general population.

To ensure accessibility to content meets the Web Content Accessibility Guidelines (WCAG) standard, the Department maintained a best-practice approach to website content management. Departmental publications are produced in accordance with the WA State Government Access Guidelines, and include a statement that they are available in alternative formats on request.

Outcome 4: People with disability receive the same level and quality of service from the staff of the Department as the general population.

Accessibility considerations, included in information about the Department's obligations as a state government organisation, are provided at the induction of new employees.

In 2013–14, the Department attained registered training organisation status. Disability awareness training is included in staff training programs. Employee awareness of disability access issues was further enhanced by the display of posters in the Department's offices promoting the International Day of People with Disability in November–December 2013.

Outcome 5: People with disability have the same opportunities as the general population to make complaints to the Department.

The Department is able to receive complaints from the public via telephone, written correspondence and through the 'Contact us' function on its website. These options are offered at a reasonable standard of accessibility. Modifications to the reception counter at the front desk mean that complaints may now be made in person by anyone using a wheelchair.

Outcome 6: People with disability have the same opportunities as other people to participate in public consultation by the Department.

The Department publishes public consultations on its website. The Department's public consultation content on the website meets WCAG standards of accessibility.

In addition to the web content, the public can consult the Department by way of:

- phone;
- email;
- hard copy submission; or
- attending public meetings.

The public may also access Department staff at two metropolitan and five regional offices.

Outcome 7: People with disability have the same opportunities as other people to obtain and maintain employment with the Department.

Parks and Wildlife provided human resources services to the Department for the 2013–14 reporting period and the Department's obligations against this outcome were addressed by Parks and Wildlife's advertising practices.

COMPLIANCE STATEMENTS

Compliance issue	Significant action taken to monitor and ensure compliance
<p>Public sector standards</p> <p>One claim of a breach of the grievance standard was lodged and upheld by the Commissioner.</p>	<p>The Department's intranet site has information on the Public Sector Standards including a hyperlink to the Public Sector Commission's website.</p> <ul style="list-style-type: none"> • Ongoing training is provided to grievance officers and made available to officers required to participate on recruitment panels to ensure that the relevant standard is complied with. • Human Resources Awareness Raising refresher training is provided continuously to Department staff as a bureau service by Parks and Wildlife. • Policies and guidelines relevant to the Standards are available on the intranet.
<p>Western Australian Public Sector Code of Ethics / Department's Code of Conduct</p> <p>One allegation raised in 2012–13 in the former Department of Environment and Conservation was carried into 2013–14.</p> <p>Two new allegations were raised in 2013–14.</p> <p>One allegation was finalised in 2013–14 and two alleged breaches have been carried over to 2014–15.</p>	<p>The Department's online Accountable and Ethical Decision Making training was re-written to reflect the requirements of the new agency.</p> <ul style="list-style-type: none"> • This training was mandatory for all departmental staff during 2013–14 and a completion rate of 97 per cent was achieved. <p>For its first year of operation, the Department retained the <i>Code of Conduct</i> developed and released in March 2013 by the then Department of Environment and Conservation.</p> <ul style="list-style-type: none"> • The Department is developing its own <i>Code of Conduct</i>, to take effect in 2014–15.

RECORDKEEPING PLANS *STATE RECORDS ACT 2000, S61* STATE RECORDS COMMISSION STANDARDS

At its inception as a new agency on 1 July 2013, the Department was covered by the Recordkeeping Plan (RKP) of the continuing agency, Parks and Wildlife. In its first year of operation, the Department has made substantial progress in developing its own RKP, which is expected to be completed and lodged with the State Records Office before the end of 2014.

Mandatory records and document management training for employees is part of the Department's induction process. Recordkeeping roles and responsibilities are also included in the Department's *Code of Conduct* and ethical and accountable decision-making training.

Electronic records are captured and stored centrally including files and email correspondence.

GOVERNMENT POLICY REQUIREMENTS

SUBSTANTIVE EQUALITY

The Department is named on the Equal Opportunity Commission's list of agencies required to continue implementing the Policy Framework for Substantive Equality.

As a new agency created on 1 July 2013 at the separation of the Department of Environment and Conservation, the Department has continued to receive bureau services from the continuing agency, Parks and Wildlife, for its corporate services. Therefore, the Department's obligations under the Policy Framework for Substantive Equality are met by Parks and Wildlife's performance in this area.

OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT

The Department, through its commitment to providing, developing and maintaining a safe working environment, is continuing to:

- receive occupational safety, health (OSH) and injury management support from Parks and Wildlife through bureau services; and
- develop its internal OSH capability through an OSH Committee, administrative frameworks, operational guidelines and work practices.

Through the year, the Department:

- continued to provide an Accredited Hazardous Materials Safety Training Course to staff and external agencies;
- continued to operate a strict system of Job Safety Analysis to all field duties and updated its training video to align with the new Department;
- was jointly awarded the State Government Category Resilient Australia Award by the Federal Attorney General's Department for its Clandestine Drug Laboratory Management System, which included a focus on safety training for departmental and local government officers; and
- received refresher training in first aid, defibrillators, oxygen therapy and the use of self-contained breathing apparatus for Pollution Response officers.

Occupational safety and health performance indicators

Measure	Actual Results		Results against target	
	2012–13	2013–14	2012–13	2013–14
Number of fatalities	n/a	0	n/a	Target (0) achieved
Lost-time injury and/or disease incident rate*	n/a	0.31	n/a	Target (0 or 10% reduction) not achieved
Lost-time injury and/or disease severity rate**	n/a	0	n/a	Target (0) achieved
Percentage of injured workers returned to work				
(i) within 13 weeks	n/a	100%	n/a	Target ($\geq 80\%$) achieved
(ii) within 26 weeks	n/a	100%	n/a	Target ($\geq 80\%$) achieved
Percentage of managers trained in occupational safety, health and injury management responsibilities	n/a		n/a	n/a***

*LT Incident rate

$$\frac{\text{Number LTI}}{\text{FTE}} \times 100 = \frac{1}{320} \times 100 = 0.31$$

**LTI Severity Rate

$$\frac{\text{Number severe injuries}}{\text{Number of LTI's}} \times 100 = \frac{0}{320} \times 100 = 0$$

***Department's OSH training program in development 2013–14.

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